

Fund description

The Fund invests in a diversified group of specialist listed property managers. The Fund utilises the Fiducian “Manage the Manager” process, carefully selecting best of breed managers with different sector exposures with the aim of achieving superior returns with reduced risk.

Typically, property securities provide attractive levels of income plus a small amount of capital growth. Returns from property trusts are generally lower than shares, but typically exhibit lower variance in price during market declines.

The recommended holding period for this fund is at least 6 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 093 544 079

APIR code: FPS0007AU

Benchmark: ASX 200 Property Accumulation Index

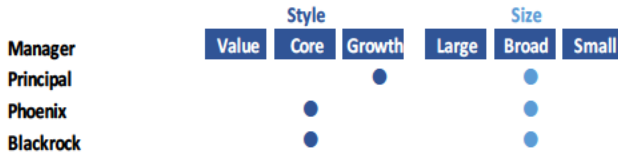
Current fund size: \$266 million (April 2024)

Management cost: 0.96%

Total management costs: 1.01%

Application/Exit fee: Nil

Inception Date: March 1997



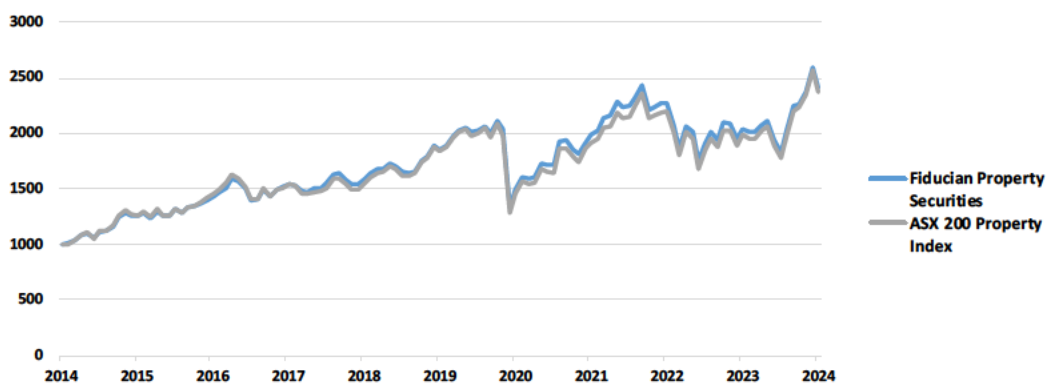
Performance and Risk

After fee returns as at 30 April 2024

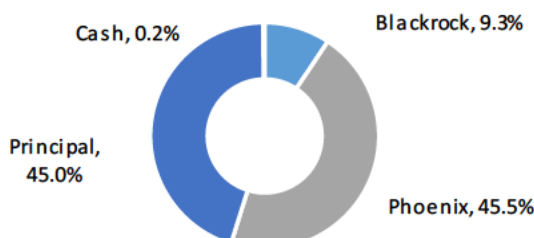
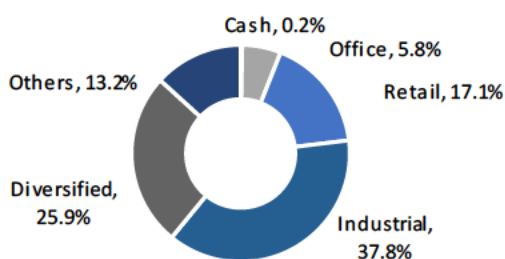
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-7.2%	6.0%	31.4%	18.1%	6.7%	5.4%	6.5%	9.1%
Index	-7.8%	6.3%	33.3%	19.6%	7.4%	5.3%	6.3%	9.0%
Excess	0.6%	-0.3%	-1.9%	-1.6%	-0.7%	0.1%	0.2%	0.1%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	21.8%	21.4%	25.0%	19.3%
Benchmark (Std Dev %)	23.0%	22.9%	26.4%	20.6%
Beta	0.87	0.91	0.93	0.92
Tracking Error (% pa)	1.5%	2.1%	2.3%	2.2%



Sector exposures and current manager weights



Market Commentary and Outlook

The global economy has continued to expand at a moderate pace, although growth in some of the advanced economies, particularly in Europe and Japan, remains weak. Inflation data continues to point to a moderation in pricing pressures, although recent consumer price data in countries including Australia and the United States has been higher than expected. This means that interest rates are likely to stay ‘higher for longer’ than previously anticipated.

This news that inflation had not been falling as rapidly as expected was negative for global equity markets. In the US, the broad market (S&P 500 index) declined by 4.2%, and the Australian market (ASX 200 index) was 2.9% lower over the month. Commodities had a positive month, with gains in copper, iron ore and coal prices. Rising long-term interest rates resulted in negative returns for fixed income assets.

Looking ahead, monetary policy could begin to become less restrictive towards the end of this year if inflation rates continue to decline, which could help to sustain markets. However, geopolitical risks represent potential headwinds. Despite this, the IMF is now forecasting global growth to be 3.2% in 2024, which is close to the long-term trend rate for growth. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

Fund Commentary

The Fiducian Property Securities Fund declined by 7.2% in April, which was above the listed property index return of -7.8%. Over the 12 months to the end of April, the Fund rose by 18.1%.

The listed property sector declined by 7.8% in April, which was below the broader market (ASX 200) return of -2.9%. Year to date, the sector has risen by 7.7%.

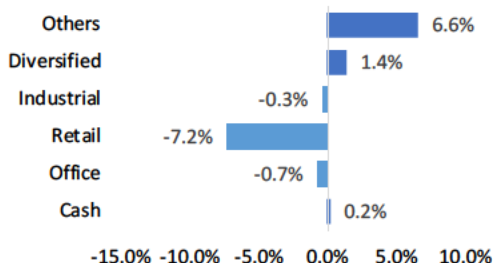
Longer-term interest rates moved higher during the month, and this was negative for interest rate sensitive sectors such as property.

Over the coming year, conditions in the Industrial property sector are expected to remain strong, while the operating conditions for Retail landlords have continued to improve. The outlook for residential developers appears more balanced, while the outlook for office occupancy remains uncertain due to ongoing high vacancy rates. High interest rates remain a headwind for the sector, but property trust share prices appear to have already factored this in to a considerable degree and valuations for the listed sector appear relatively attractive.

Overall, the underlying sector exposures of the Fund are an overweight in the ‘Other’ category and an underweight to the Retail sector, with other sectors broadly in line with the index. The ‘Other’ category includes asset classes such as self storage facilities, data centers and residential development companies. This broad category has exhibited strong growth in recent years.

Top stock holdings and sector tilts

Top Australian Stocks	Industry	Weight
Goodman Group	REITS - Warehouse/Industrial	35.6%
Scentre Group	REITS - Shopping Centers	9.4%
Stockland Npv	REITS - Diversified	8.6%
Gpt Group	REITS - Diversified	6.0%
Mirvac Group	REITS - Diversified	5.5%
Charter Hall Group	REITS - Diversified	4.9%
Dexus	REITS - Office Property	3.4%
Vicinity Centers	REITS - Shopping Centers	2.7%
Centuria Industrial	REITS - Warehouse/Industrial	2.3%
National Storage	REITS - Storage	2.1%



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The information has been compiled from sources considered reliable, but is not guaranteed. Past performance is not indicative of future performance and we do not guarantee the performance of the Fund or any specific rate of return. Potential investors should also obtain and consider the relevant Target Market Determination (TMD) and Product Disclosure Statement (PDS) (available from your financial adviser and via fiducian.com.au) before making a decision about whether to acquire or continue to hold any financial product.