

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: \$264 million (February 2024)

Management cost: 0.96%

Total management costs: 1.01%

Application/Exit fee: Nil

Inception Date: March 1997

Manager	Style			Size		
	Value	Core	Growth	Large	Broad	Small
Principal			●		●	
Phoenix	●				●	
Blackrock	●				●	

Performance and Risk

After fee returns as at 29 February 2024

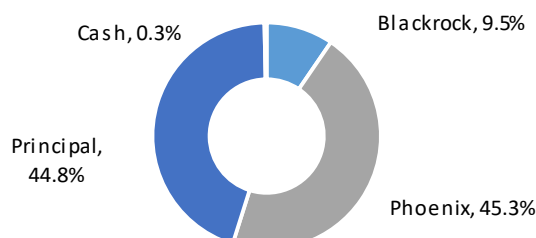
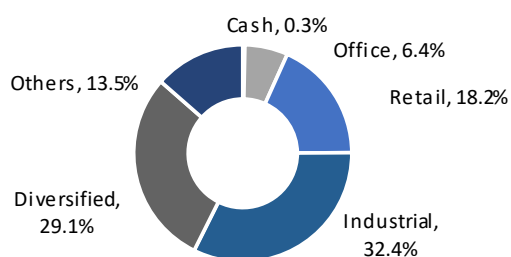
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	4.8%	17.6%	12.4%	14.0%	9.4%	5.9%	6.8%	9.4%
Index	5.1%	18.7%	13.4%	16.1%	10.4%	5.8%	6.7%	9.3%
Excess	-0.3%	-1.1%	-1.0%	-2.0%	-0.9%	0.2%	0.2%	0.1%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	20.5%	20.7%	24.6%	19.0%
Benchmark (Std Dev %)	21.5%	22.0%	26.0%	20.3%
Beta	0.88	0.91	0.93	0.93
Tracking Error (% pa)	1.1%	2.0%	2.3%	2.1%



Sector exposures and current manager weights



Market Commentary and Outlook

Measures of global economic growth have generally been better than expected in recent months. There have been some signs of improvement in manufacturing activity, and consumer spending has remained robust. The downside to this is that inflation has also been slightly higher, and interest rates are likely to stay ‘higher for longer’ than previously anticipated.

Global equity market performance was strong in February. In the US, the broad market (S&P 500 index) gained 5.2%, bolstered by a number of positive earnings announcements, and the Australian stock market (ASX 200 index) gained 0.8%. Emerging markets rebounded, led by gains in China (+8.1%) following the announcement of government measures to support the stock market. Fixed income returns were negative as longer term bond yields increased.

Looking ahead, monetary policy could become less restrictive this year, which may be positive for markets. However, geopolitical risks, alongside slower economic growth in the coming year represent potential headwinds. The International Monetary Fund (IMF) recently updated its economic outlook, and is now forecasting global growth to be 3.1% in 2024. This is above previous estimates, but still below the long-term trend rate of growth. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

Fund Commentary

The Fiducian Property Securities Fund gained 4.8% in February, which was below the listed property index return of 5.1%. Over the 12 months to the end of February, the Fund rose by 14.0%.

The listed property sector rose by 5.1% in February, which was above the broader market (ASX 200) return of 0.8%.

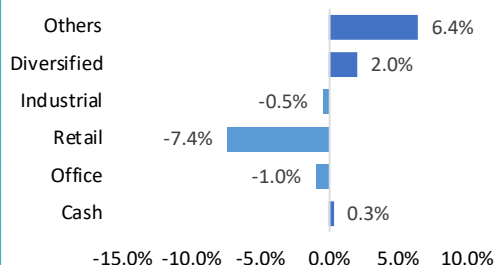
The majority of listed companies have recently conducted portfolio revaluations as a part of their reporting disclosures. So far, this has resulted in only modest declines in reported net asset values. In contrast, the listed market appears to have priced-in significant declines in property values, offering large discounts to unlisted property valuations, even after the strong performance of the listed sector in recent months.

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

Stock	Industry	Weight
Goodman Group	REITS - Warehouse/Industrial	33.5%
Scentre Group	REITS - Shopping Centers	9.1%
Stockland	REITS - Diversified	9.0%
Gpt Group	REITS - Diversified	6.6%
Charter Hall Limited	REITS - Diversified	5.2%
Mirvac Group	REITS - Diversified	5.1%
Dexus	REITS - Office Property	3.6%
Vicinity Centres	REITS - Shopping Centers	2.8%
Centuria Industrial	REITS - Warehouse/Industrial	2.4%
National Storage	REITS - Storage	2.0%



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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.