

### 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:** \$254 million (January 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 | ●     |      |        |       | ●     |       |

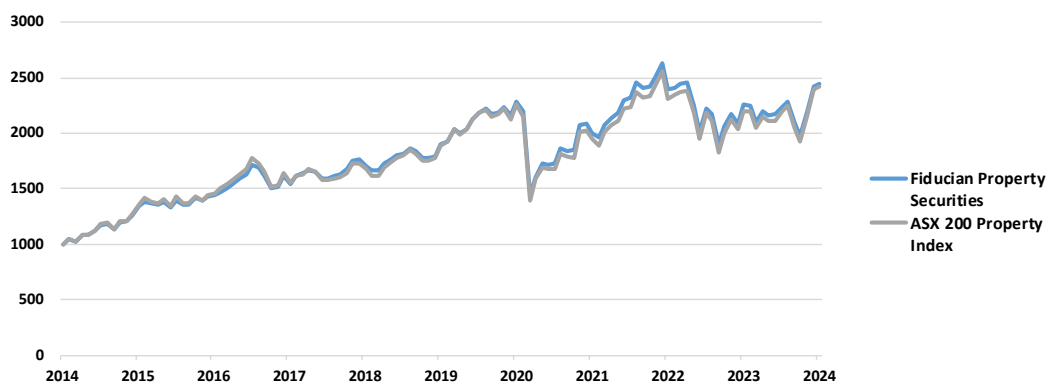
### Performance and Risk

After fee returns as at 31 January 2024

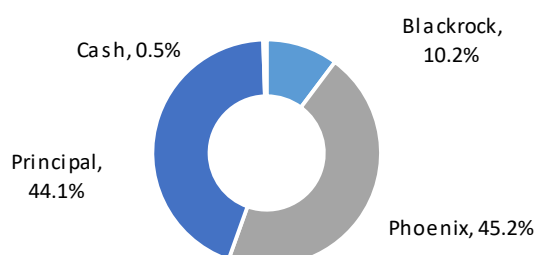
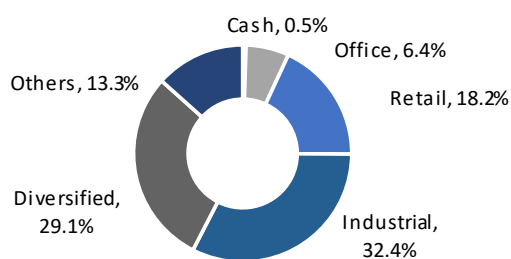
|        | 1 Mth | 3 Mth | 6 Mth | 1 Yr  | 3 Yrs | 5 Yrs | 7yrs | 10 Yrs |
|--------|-------|-------|-------|-------|-------|-------|------|--------|
| Fund   | 1.2%  | 24.0% | 9.4%  | 8.6%  | 7.0%  | 5.3%  | 6.8% | 9.3%   |
| Index  | 1.3%  | 25.4% | 10.4% | 10.2% | 7.6%  | 5.1%  | 6.5% | 9.2%   |
| Excess | -0.1% | -1.4% | -1.0% | -1.6% | -0.6% | 0.2%  | 0.2% | 0.1%   |

Risk Exposure

|                             | 1 Yr  | 3 Yrs | 5 Yrs | 10 Yrs |
|-----------------------------|-------|-------|-------|--------|
| Fund Volatility (Std Dev %) | 20.2% | 20.6% | 24.5% | 19.0%  |
| Benchmark (Std Dev %)       | 21.2% | 22.0% | 25.9% | 20.3%  |
| Beta                        | 0.88  | 0.91  | 0.93  | 0.93   |
| Tracking Error (% pa)       | 1.1%  | 2.1%  | 2.3%  | 2.1%   |



### Sector exposures and current manager weights



### Market Commentary and Outlook

The elevated rates of inflation observed across most of the world in the past two years have shown continued signs of moderating, as restrictive monetary policy has been proving effective in returning inflation rates back towards the target levels of most central banks. However, better than expected economic growth data in many parts of the world has made the timing of potential interest rate cuts less certain.

Global equity market performance was mixed in January. In the US, the broad market (S&P 500 index) gained 1.6%, and the Australian stock market (ASX 200 index) gained 1.2%. Emerging markets were broadly lower, led by declines in China (-6.3%). Fixed income returns were flat, and the Australian dollar declined by 3.3% against the US dollar.

Looking ahead, monetary policy could become less restrictive this year, which could 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 1.2% in January, which was broadly in line with the listed property index return of 1.3%. Over the 12 months to the end of January, the Fund rose by 8.6% compared to the index return of 10.2%.

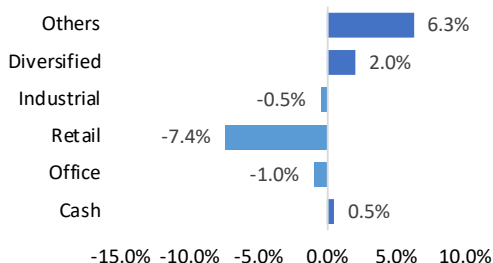
The majority of listed companies have recently conducted portfolio revaluations as a part of their annual reporting disclosures. So far, this has resulted in only modest declines in reported net asset values. In contrast, the listed market appears to have priced in significant declines in property values, 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. 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 | 29.6%  |
| Stockland            | REITS - Diversified          | 9.4%   |
| Scentre Group        | REITS - Shopping Centers     | 9.2%   |
| Gpt Group            | REITS - Diversified          | 7.6%   |
| Charter Hall Limited | REITS - Diversified          | 5.8%   |
| Mirvac Group         | REITS - Diversified          | 5.1%   |
| Dexus                | REITS - Office Property      | 3.9%   |
| Vicinity Centres     | REITS - Shopping Centers     | 3.1%   |
| Centuria Industrial  | REITS - Warehouse/Industrial | 2.4%   |
| National Storage     | REITS - Storage              | 2.2%   |



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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](http://fiducian.com.au)) before making a decision about whether to acquire or continue to hold any financial product.