

Portfolio Profile

Antares Listed Property Model Portfolio October 2018



Model description and investment return objective

The Antares Listed Property Model Portfolio is an actively managed portfolio that primarily invests in property and property related securities that are listed or expected to be listed on the Australian Stock Exchange (and other regulated exchanges). The types of securities may include Real Estate Investment Trusts (REITs), property development and funds management companies, as well as infrastructure companies, where the income and assets are property related in nature.

The investment objective is to outperform the Benchmark by (before fees) over a rolling 5 year period.

Portfolio commentary

The Antares Listed Property Model Portfolio delivered a return of -4.7% (net of fees) for the month of October 2018, underperforming its benchmark by 1.6%.¹

The S&P/ASX 200 AREIT Accumulation index declined by 3.1 % in October 2018, outperforming the S&P/ASX 200 Accumulation Index by 3.0%. Industrial AREITs bucked October's downward trend finishing up by +0.1% while Retail declined by 1.4%, Office by 2.8% and Diversified AREITs fell by 7.3%.

M&A remained a feature with Oxford Properties' bid of \$5.60 per unit for the Investa Office Fund (IOF) unanimously recommended by the IOF parent board after Blackstone chose not to increase its \$5.52 per unit offer and dropped out of the bidding. Shopping Centres of Australasia (SCP) acquired three sub-regional and seven neighbourhood shopping centre assets from Vicinity (VCX) for \$573mn on a yield of 7.5%. Charter Hall Long Wale REIT (CLW) raised \$80mn to help fund the acquisition of an industrial asset in Sydney and a part share of an office block in WA. Also raising capital was Centuria Metropolitan which raised \$276mn to help fund the purchase of the Hines Global REIT portfolio. There were quarterly updates from several REITs during the month with key features being a slowing in residential sales in contrast to improved retail sales.

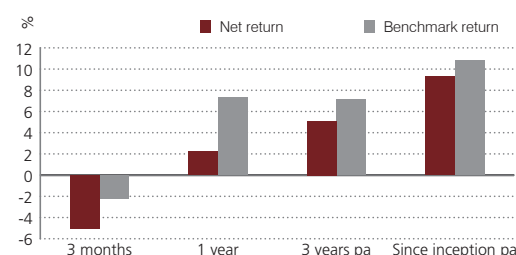
We are holding a concentrated 15 stock portfolio with a view that the sector is now reasonable value after the market fell in October. Our security selection and portfolio construction continue to be driven by our proprietary, bottom up research process. The outcome is that our biggest portfolio positions will be in the stocks which we rate highly on our qualitative investment criteria, and that show the greatest value based on our long term valuation models.

The Portfolio's biggest overweight positions are in large cap stocks that represent attractive value based on our bottom-up stock valuations – being Scentre Group, Stockland and Unibail-Rodamco-Westfield. The Model Portfolio also owns overweight positions in the following small cap REIT's – Abacus Property Group, Carindale Property Trust, Convenience Retail REIT and Vital Harvest REIT. The Portfolio's other key overweight positions are Mirvac Group, Viva Energy REIT, Sydney Airport, and small-cap residential developer Peet.

Portfolio facts

Inception date:	9 October 2014
Portfolio size at 31 October 2018:	\$1.2m
Benchmark:	S&P/ASX 200 A-REIT Accumulation Index
Investment timeframe:	At least 5 years
No. of shares:	10 to 30
Indicative portfolio turnover:	10-30% pa

Net return² vs benchmark return



Top 10 share holdings

as at 31 October 2018 (alphabetical order)

- Dexus
- Goodman Group
- GPT Group
- Mirvac Group
- Peet
- Scentre Group
- Stockland
- Unibail-Rodamco-Westfield
- Vicinity Centres
- Viva Energy REIT

Investment returns as at 31 October 2018¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	Since inception pa
Net return ² %	-4.7	-5.0	2.2	5.1	-	-	9.3
Gross return ³ %	-4.6	-4.8	3.0	5.9	-	-	10.0
Benchmark return %	-3.1	-2.2	7.3	7.1	-	-	10.8
Net excess return %	-1.6	-2.8	-5.1	-2.0	-	-	-1.5
Gross excess return %	-1.5	-2.6	-4.3	-1.2	-	-	-0.8

¹ Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document.

² Performance is based on the income and market value of the Model Portfolio and is net of fees. The performance of individual portfolios may differ to the performance of the Model Portfolio due to cash flows, portfolio reweighting and timing issues.

³ Gross returns are provided to show performance against the investment objective.

Investor profile

This Portfolio is designed for investors who wish to benefit from the returns and diversification benefits provided by listed property and property related securities. Returns from listed property can comprise both distribution of income and capital growth, and are mainly derived from the Portfolio's investments in listed securities. The types of securities may include Listed Property Trusts, Real Estate Investment Trusts, property development and funds management companies, as well as infrastructure companies, where the income and assets are property related in nature. Investors should also be comfortable with potential fluctuations in capital values in the short to medium-term.

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$2,000
Income treatment:	Monthly distribution or re-investment
Administration fee:	Nil
Entry fee:	Nil
Exit fee:	Nil
Management fee:	0.67% (incl. net effect of GST) per annum

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Oct 18
Australian shares	90%	100%	99%	98%
Cash and cash equivalents	1%	0%	10%	2%

About Antares

Antares is a dedicated asset management business managing more than \$36.1bn on behalf of Australian investors, with \$6.4bn in Australian equities and more than \$29.7bn in fixed income (as at 30 September 2018).

At Antares we are wholly focused on delivering performance for investors through an investment approach underpinned by dedication, experience and discipline. We recognise and are ready for market uncertainty, and believe great performance is achieved through a focus on both risk and return. Antares consists of two divisions – Antares Equities (formerly Portfolio Partners and Aviva Investors) and Antares Fixed Income (formerly National Specialist Investment Management).

For further information please contact our Client Services Team - Toll Free: 1800 671 849

Stock Activity

Buys / Additions

Abacus Property Group (ABP) - We recently purchased Abacus Property Group (ABP) for the Model Portfolio. ABP is a diversified REIT that owns a high quality self-storage portfolio which we think is under-valued by the market. ABP's balance sheet is strong and the distribution payout ratio is conservative. We think the stock is well positioned to grow potential dividends in a sustainable manner over the medium term.

Viva Energy REIT (VVR) – We also added Viva Energy REIT (VVR) to the portfolio. VVR listed in 2016 as a specialist REIT that owns a portfolio of over 400 Coles branded petrol stations. The petrol stations are operated as a joint venture between Coles and Viva Energy. VVR is purely the landlord of the petrol stations, which have long term leases in place. VVR currently has a strong balance sheet, a simple corporate structure and a good quality management team. We purchased the stock at a price below its Net Tangible Asset (NTA) backing of \$2.20 per security and are confident in its ability to grow distributions from here.

Sales / Reductions

Nil

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