

Ironbark Global (ex-Australia) Property Securities Fund

BENCHMARK

FTSE EPRA NAREIT Developed Rental ex-Australia Index (hedged to \$A, total return, net of withholding tax)

OBJECTIVE

Seeks to outperform its benchmark, after fees, over rolling three-year periods.

APIR

MGL0010AU

ARSN

110 908 793

INCEPTION DATE

20 October 2004

FUND SIZE

\$107.2m

MANAGEMENT FEE

1.0000% p.a.

EXIT PRICE

\$1.2483

BUY / SELL SPREAD

+0.30% / -0.30%

Net performance (%)

	1 month	3 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception p.a. ²
Fund	5.01	-4.91	17.61	6.91	7.78	5.77	9.23	7.63
Benchmark ¹	5.02	-3.61	15.75	4.42	5.94	4.78	8.64	7.67
Active	-0.01	-1.30	1.86	2.49	1.84	0.99	0.59	-0.04

Top overweight stocks³

Stock	Country
AvalonBay Communities	United States
Life Storage	United States
Boston Properties	United States
Kimco Realty Corporation	United States
Apartment Income REIT Corp	United States

Top underweight stocks³

Stock	Country
Realty Income Corporation	United States
Alexandria Real Estate Equities	United States
Equity Residential	United States
Equinix	United States
Extra Space Storage	United States

Top 5 monthly contributors and detractors³

Contributing stock	Country
Welltower	United States
Life Storage	United States
Castellum	Sweden
CyrusOne	United States
Camden Property Trust	United States

Detracting stock	Country
Vonovia	Germany
Sun Communities	United States
Essential Properties Realty Trust	United States
Mid-America Apartment Communities	United States
Extra Space Storage	United States

Top 5 quarterly contributors and detractors³

Contributing stock	Country
Welltower	United States
Boston Properties	United States
Unibail-Rodamco-Westfield	Netherlands
Samhallsbyggnadsbolaget I Norden	Sweden
Invitation Homes	United States

Detracting stock	Country
Ventas	United States
Sun Communities	United States
Digital Realty Trust	United States
Extra Space Storage	United States
SBA Communications Corp	United States

Past performance is not indicative of future results. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Returns are rounded to two decimal places. Slight variations to actual calculations may occur.

¹The Fund was inception 20 October 2004. From 20 October 2004 to 31 January 2015, the benchmark was the UBS Global ex Australia Real Estate Investors Index (TR, Net of WHT Hedged to AUD). From 1 February 2015 to 31 January 2022 the Fund's benchmark was changed to the FTSE EPRA/NAREIT Developed ex Australia Index (TR, Net of WHT Hedged to AUD). From 1 February 2022 the Fund's benchmark was changed to the FTSE EPRA NAREIT Developed Rental ex Australia Index (TR, Net of WHT Hedged to AUD).

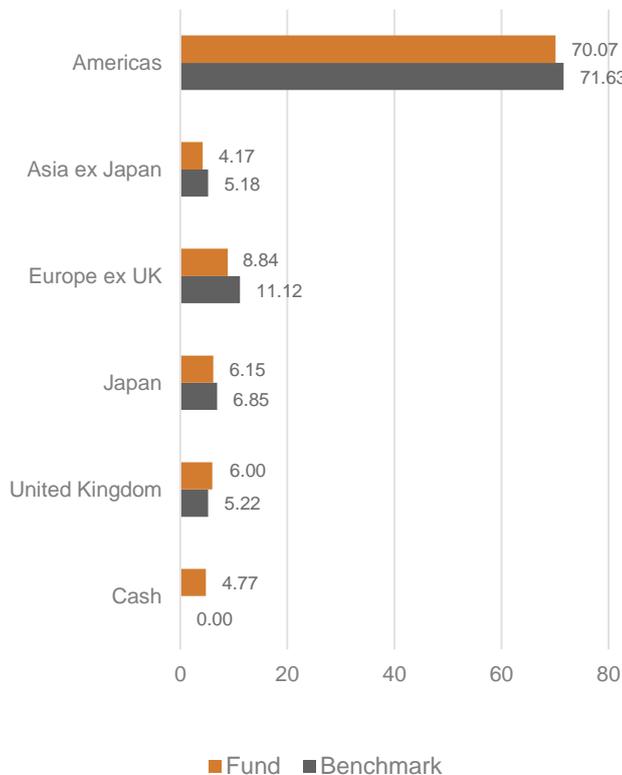
²This figure represents the annualised performance of the Fund from inception.

³Regional and country allocation is based on country of listing.

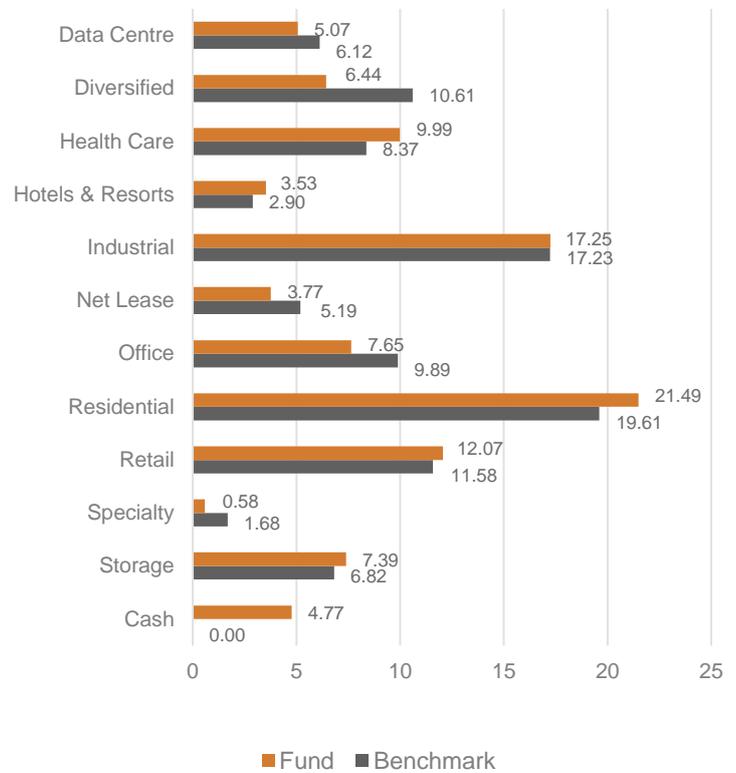
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Regional asset allocation (%)¹



Sector asset allocation (%)¹



¹Regional and country allocation is based on country of listing.

Market review

Global property stocks fell with the FTSE EPRA/NAREIT Developed Rental Ex-Australia Index returning -3.2% (in USD terms), outperforming the broader equity market as measured by the MSCI World which returned -4.6%. More broadly, global stocks struggled in the first quarter as concerns about rising inflation, tighter US Federal Reserve policy, and Russia's invasion of Ukraine weighed. Stocks had their first losing quarter since the pandemic begun while strengthening rate hike outlooks drove material bond selloffs. Meanwhile, commodity prices rose sharply on continuing geopolitical tensions restricting supply.

Property stocks posted a loss but finished well off their lows due to a strong rally in March. At the global sector level, a strong value rotation weighed on industrial/ logistics stocks globally for much of the quarter while select cyclical and recovery-oriented segments found favour. Performance was also mixed across geographies. Asia ex Japan (3.3%) led the way on the back of gains in Hong Kong SAR and Singapore developers. Japan (1.3%) was boosted by strength from the developers as investors sought them out as an inflation hedge while guidance upgrades and capital management initiatives also provided support. In the UK (-2.6%), the more macro-sensitive large caps underperformed their smaller niche counterparts. Across the Americas (-4.2%), recovery trends provided a boost to hotels, healthcare, and office stocks in the region while the growth-oriented segments (towers, data centers, malls, industrial) lagged. Finally, in Continental Europe (-5.9%), Nordics was the worst performer given their proximity to the conflict region while the residential and industrial segments also struggled.

Performance review

The Ironbark Global (ex Australia) Property Securities Fund (the 'Fund') returned -4.91% (net) for the quarter, underperforming the FTSE EPRA/NAREIT Developed Rental ex-Australia Index Net Hedged to \$A return of -3.61% by -1.30%.

Overall, allocation and stock selection both had a negative impact on relative performance. From an allocation perspective, the leading negative contributors were bucket allocation in the Americas and Continental Europe. The underweight to outperforming Asia ex Japan also had a negative impact. At the stock level, selection was positive in Asia ex Japan, Continental Europe and Japan, however, this was more than offset by negative selection in the Americas and UK.

Americas performance review

The Americas portion of the portfolio returned -5.8%, underperforming the local benchmark return of -4.2% (in local currency terms). Bucket allocation and stock selection were negative contributors during the quarter. The underweight to outperforming office was the leading detractor. Office REITs were supported by merger and acquisition activity with Monarch Alternative Capital offering to acquire real estate manager Paramount Group Inc. The expectation for rising office utilisation rates as workers return to the office likely also boosted sentiment. Meanwhile, at the stock level, the leading negative contributor was self-storage, namely the bias toward mid-cap storage names which lagged large cap peer Public Storage.

Europe performance review

The UK portion of the portfolio returned -3.9%, underperforming the local benchmark return of -2.6% (in local currency terms), whilst the Continental Europe portion of the portfolio returned -6.5%, underperforming the local benchmark of -5.9% (in local currency terms).

In the UK, selection within the large caps and smaller, niche-orientated property stocks detracted. Amongst the latter, the overweight to storage REIT, Big Yellow Group PLC was the leading negative contributor as logistics and storage names struggled amidst the broader rotation out of growth segments. Meanwhile, on the Continent positive selection was balanced by negative bucket allocation, namely the underweight to outperforming Switzerland which benefitted from a flight to safety.

Asia performance review

The Asia ex Japan portion of the portfolio returned 6.2%, outperforming the local benchmark return of 3.3% (in local currency terms), whilst the Japan portion of the portfolio returned 1.6%, outperforming the local benchmark return of 1.3% (in local currency terms).

In Asia ex Japan, bucket allocation and selection contributed to relative performance. From an allocation perspective the bias toward the Singapore developers had a positive impact along with the exposure to Singapore REITs. Meanwhile, selection was positive across all buckets in Singapore and Hong Kong SAR. In Japan, the bias toward developers such as Mitsui Fudosan and Mitsubishi Estate Company Ltd. had a positive impact as they benefitted from rising inflationary pressures as investors sought them out as an inflation hedge. Selection was also positive amongst the REITs, led by the overweight to outperforming Activia Properties Inc.

Market outlook

Long-term real interest rates have continued to grind higher, a situation which has already triggered a repricing of securities with longer-dated payoffs, many of which have been among the relative “winners” of the recovery phenomenon. This post-pandemic boom, fuelled by extraordinarily accommodative fiscal and monetary policy, has contributed to an environment where interest burdens are now substantially higher. As the Federal Reserve pivots to control inflation, policymakers must walk a fine line in this environment, as an overly aggressive rate-hiking agenda could potentially tip the economy into recessionary territory. Additionally, the investment manager would note that any increase in aggression or broadening of the conflict in Ukraine that affects the global economy or markets could potentially have an impact to the cash flow or valuations of real estate companies. The investment manager therefore continues to prefer exposure to stable businesses with likely positive earnings revisions versus more economically sensitive real estate segments.

From a long-term perspective, the investment manager believes performance for public (listed) real estate to ultimately be driven by the pricing and fundamentals of their underlying assets. Lastly, while broader sector level themes may influence regional property market performance, the investment manager believes stock selection will be the key driver going forward in this market. A focus on real estate securities with high-quality assets and sustainable business models should provide the most favourable risk/return profile.

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