

# APN AREIT

## Product Type

## Legal Type

Investment Trusts

## Fund Status

Open

### Manager's Quarterly Comments 30 Sep 2019

Market review The AREIT Index delivered a total return of 1.1% for the quarter ended September 2019, underperforming the broader market (as measured by the S&P/ASX 300 Accumulation Index) which returned 2.6% over the quarter. • The Diversified sector was up 2.9% over the quarter with Charter Hall Long WALE (CLW) up 16.1% and Stockland (SGP) up 9.1% • The Office sector was down 4.2% over the quarter with Dexus (DXS) down 8.1% but saw Cromwell (CMW) up 11.6% • The Retail sector was up 5.8% with Scentre Group (SCG) up 5.3%, Unibail Rodamco Westfield (UBW) up 8.0% and Aventus Group (AVN) up 17.6% • The Industrial sector was down 5.2% over the quarter largely reflecting the performance of Goodman Group (GMG) which was down 5.7% over the quarter. Fund performance and activity The APN AREIT Fund (the Fund) provided a total return of 3.61% for the quarter ended 30 September 2019, outperforming the S&P/ASX 300 Property Accumulation Index (AREIT Index) by 2.48%. Since inception (January 2009), the Fund has delivered a total return of 14.00% pa outperforming the AREIT Index by 1.34% pa over the same period. Over the quarter, the stocks impacting the Fund's outperformance relative to the AREIT Index were the fund underweight positions in underperforming stocks such as Goodman Group (GMG) which was down 5.7% over the quarter, the fund underweight position in Dexus (DXS) which was down 8.1% and its overweight positions in Aventus Group (AVN) which was up 17.6%.

### PDS Objective

To provide investors with a consistent, relatively high level of income combined with some capital growth, sourced primarily from AREITs listed on the ASX.

### Fund Investment Strategy

The Fund will invest in AREITs and cash/fixed interest. The Fund will not invest in direct property. It will continually review and, if appropriate, reweight the Fund's investments with the objective of optimising the Fund's distributable income.

### Fees

#### One-time

Entry Fee/Contribution Fee	0.00%
Exit Fee/Withdrawal Fee	0.00%
Buy/Sell Spread	0.51%

#### Annual

ICR pa (30 Jun 2019)	0.85%
Performance Fee pa (30 Jun 2019)	0.00%
Management Fee pa	0.85%
Admin Fee pa	0.00%

### Sustainability Info 31 Oct 2019

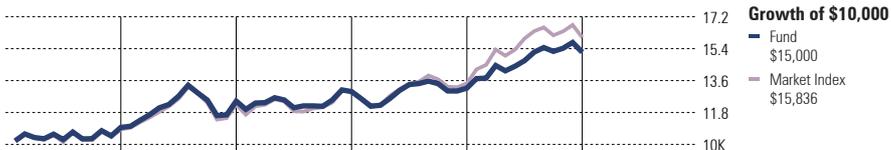
Portfolio Sustainability Score	14 / 100
Environmental	3 / 100
Social	4 / 100
Governance	5 / 100

Based on 96% of AUM.

The Morningstar Portfolio Sustainability Score is an asset-weighted average of Sustainalytics' company-level ESG Risk Rating. The Sustainalytics' company-level ESG Risk Rating measures the degree to which a company's economic value may be at risk driven by ESG issues. The ESG Risk Rating evaluates the remaining unmanaged ESG risk exposure of a company after taking into account its management of such risks. The score is not an evaluation of the fund's performance or overall

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### Performance 31 Dec 2019



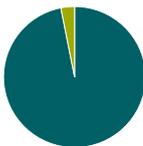
	2015	2016	2017	2018	2019	YTD	Annual
	14.55	13.75	4.38	1.55	15.58	NAv	Total Return %
	6.79	6.23	6.42	6.53	6.14	NAv	Income Return %
	7.31	7.12	-1.93	-4.70	8.95	NAv	Growth Return %
	NAv	NAv	NAv	NAv	NAv	NAv	Tax-Adj Return %

Trailing	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr
Total Return %	3.30	15.58	7.00	9.81	11.52
Income Return %	2.92	6.14	6.36	6.42	7.56
Growth Return %	0.37	8.95	0.61	3.20	3.71
Tax Adjusted Return %	NAv	NAv	NAv	NAv	NAv
Market Index %	0.40	19.57	9.54	11.21	11.63

Market Index: S&P/ASX 300 A-REIT TR

### Asset Allocation

Composition (31 Dec 2019)	% Assets
Domestic Equity	0.00
Int'l Equity	0.00
Listed Property	96.90
Unlisted Property	0.00
Dom Fixed Interest	0.00
Intl Fixed Interest	0.00
Cash	3.10
Other	0.00



### Risk Measures

	1yr	5yr	15yr
Standard Deviation	8.94	10.45	NAv
Sharpe Ratio	1.53	0.78	NAv
Alpha	0.44	-0.24	NAv
Beta	0.76	0.88	NAv
R-Squared	91.62	95.1	NAv

### Upside/Downside Capture

Upside Capture	79.02	86.15	NAv
Downside Capture	76.2	85.04	NAv
Batting Averages	41.67	51.67	NAv

### Portfolio 31 Dec 2019

Top 10 Stock Holdings	Sector	% Assets	Top 5 Sector Weightings	% Assets
Scentre Group	🏠	20.01	🏠 Real Estate	100.00
Stockland Corp Ltd	🏠	8.28		
Mirvac Group	🏠	6.27		
Vicinity Centres	🏠	5.95		
GPT Group	🏠	5.46		
Goodman Group	🏠	5.24		
Dexus	🏠	5.23		
Charter Hall Retail REIT	🏠	4.35		
Unibail-Rodamco-Westfield ADR	🏠	3.83		
Aventus Retail Property Fund	🏠	3.73		
			Top 5 Countries	% Assets
			Australia	96.05
			France	3.95

### Operations

#### Investment Details

APIR Code	APN0008AU
Fund Inception	19 Jan 2009
Net Assets (Mil) 31 Dec 2019	\$1,263.72
Entry Price 10 Jan 2020	\$1.8207
Exit Price 10 Jan 2020	\$1.8115

#### Manager Info

Responsible Entity(RE)	APN Funds Management Ltd
RE Telephone	+61 03 8656 1000
RE Website	NAv
Fund Manager	APN Funds Management Ltd

#### Distribution

Distributions Frequency	Monthly			
Year Ended 30 June	2016	2017	2018	2019
Distributed CPU	10.43	10.43	10.43	10.43

investment merit.

# Managed Fund Investment Detail Disclosure Statement - Basic

## PDS Objective

Under this section of the Product Disclosure Statement (PDS), the manager outlines the goals and investment horizon of the product.

## Fund Investment Strategy

Taken directly from the PDS, this paragraph reveals the fund manager's investment approach to achieve their stated objective.

## Performance

**Growth of \$10,000:** The graph compares the growth of \$10,000 in a fund with that of a capital market index chosen by Morningstar and with that of the average growth for all funds in its Morningstar peer group. The index is an unmanaged portfolio of specified securities. The index and the category average do not reflect any initial expenses however the category average returns are net of ongoing fees. A fund's portfolio may differ significantly from the securities in the index.

Total return reflects performance without adjusting for sales charges but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of distributions. Growth return is the percentage change in the scheme's soft close exit price adjusted for any capital re-organisation. Income return is the total return less growth return and reflects the level of distributions from a fund. For Australian funds, performance is not adjusted for taxation. For New Zealand PIE funds, tax credits are added back to the performance. For New Zealand non-PIE funds returns are calculated net of tax. Trailing returns for periods over one year are annualised.

Tax-Adjusted return is a pre-liquidation performance calculation for Australian funds only that assumes the taxed distribution amount (as opposed to the gross distribution amount used in the total return calculation) is reinvested.

## Asset Allocation

The composition graphic represents a breakdown of the fund's holdings into general investment classes based on surveyed data provided by the fund manager.

**Top 10 Stock Holdings:** The largest equity exposure of a fund's portfolio. Portfolio holdings information is based on the most recent information available to Morningstar.

**Top 5 Sector Weightings:** The Morningstar sector structure divides the stock universe into 129 industries ranging from semiconductors to medical equipment. These industries are classified into 41 industry groups, which are then used to construct 12 separate sectors.

**Top 5 Countries:** The largest geographical exposure of a fund's stock assets. Country assignments are based on the primary exchange where each stock is traded.

## Risk Measures

**Standard Deviation:** A statistical measure of the volatility of the fund's returns.

**Sharpe Ratio:** A risk-adjusted measure to determine reward per unit of risk.

**Alpha:** A measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

**Beta:** A measure of systematic risk with respect to a benchmark.

**R-Squared:** Reflects the percentage of a fund's performance that can be explained by movements in its benchmark.

**Upside Capture Ratio:** Measures fund manager's performance in up markets relative to the market (benchmark) itself. It is calculated by taking the fund's upside capture return and dividing it by the benchmark's upside capture return.

**Downside Capture Ratio:** Measures fund manager's performance in a down markets. A down-market is defined as those periods (months or quarters) in which market return is less than 0. It determines what percentage of the down-market was captured by the manager.

**Batting Averages:** A measure of a manager's ability to consistently beat the market. It is calculated by dividing the number of months in which the manager beat or matched an index by the total number of months in the period.

## Fees

**Entry Fee/Contribution Fee:** The amount paid or payable against the initial, and any subsequent, contributions made into a product by or for a retail client for the product.

**Exit Fee/Termination Fee:** The amount paid or payable on the disposal of all interests held in a financial product.

**Buy/Sell Spread:** The difference between the price at which you can buy a unit and sell a unit on any given day. This is a transaction cost incurred by the investor that reflects the actual or estimated transaction costs incurred by the fund in dealing with the underlying securities.

**ICR:** The Indirect Cost Ratio is a ratio of the fund's management costs that are not deducted directly from a member's or product holder's account, to the fund's total average net assets. Note: A dollar-based fee charged directly against a member's account, such as management cost is not included in the indirect cost ratio.

**MER:** The Management Expense Ratio, usually expressed as an annual percentage figure as a proportion of the Net Asset Value of the Fund, is the amount of an investor's money invested the Fund Manager takes each year to pay for the costs of operating and marketing the Fund.

**Performance Fee:** The amount paid or payable, calculated by reference to the performance of a product or fund above a specified hurdle rate.

**Management Fee:** The percentage deducted from a fund's average net assets to pay the investment manager for managing the fund's investments. For tiered fee structures, it is the highest fee. It is collected from the prospectus.

**Admin Fee:** The percentage fee deducted for general

administration of the fund. For tiered fee structures, it is the highest fee.

## Portfolio Sustainability Score

The Morningstar Portfolio Sustainability Score is an asset-weighted average of Sustainalytics' company-level ESG Risk Rating. The Sustainalytics' company-level ESG Risk Rating measures the degree to which a company's economic value may be at risk driven by ESG issues. The ESG Risk Rating evaluates the remaining unmanaged ESG risk exposure of a company after taking into account its management of such risks. The score is not an evaluation of the fund's performance or overall investment merit.

Portfolio Sustainability Score is rendered on a 0-100 scale, where lower scores are better, using an asset-weighted average of all covered securities. To receive a Portfolio Sustainability Score, at least 67% of a portfolio's assets under management must have a company ESG Risk Rating.

## Operations

**Minimum Initial Investment:** The smallest investment amount accepted by the product to establish a new account.

**Minimum Additional Investment:** The amount required to make subsequent investments in the product.

**Minimum Withdrawal:** The smallest amount that can be taken out of the product at one time.

**Distributions Frequency:** The number of times per year a fund intends to distribute for the life of the offer document.