

Australian Listed Property Trust Portfolio

Performance Report – January 2019

Market overview and portfolio performance



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The DNR Capital Australian Listed Property Trust Portfolio outperformed the index in January by 0.24%. The S&P/ASX 200 A-REIT Accumulation Index was up 6.17%.

Industrial A-REITs outperformed during the month while Retail A-REITs continue to underperform. Unibai-Rodamco-Westfield (ASX:URW) was the best performing stock in the portfolio, ending up 15.10%. URW has previously been one of the poorer performing REITs in the portfolio. The merger of Westfield with Unibail, which occurred in June 2018, has created a world-class retail mall asset with premium centres in Europe, UK and the US. URW has a forecast dividend yield of 8.05%, with earnings per share growth in 2020 of 6.20%.

Portfolio overview

Portfolio profile	Medium-term capital growth through active management
Designed for	Investors who seek an active but disciplined exposure to Australian Listed Property Trusts
Investment objective	To outperform the S&P/ASX 200 A-REIT Accumulation Index by 4% p.a. (before fees) over a rolling three year period
Investable universe	ASX listed securities with a focus on S&P/ASX 200 A-REIT's
Number of stocks	4–8
Asset allocation	Australian A-REIT's 80–100% Cash 0–20%
Portfolio stock limit	35% maximum weighting

Gross active return

	1mth %	3mth %	6mth %	1yr %	3yr %	5yr %	7yr %	10yr %	Incep.* %
Listed Property Trust Portfolio	6.41	7.65	5.79	12.39	9.62	13.64	14.53	13.84	9.63
S&P/ASX 200 A-REIT Accumulation Index	6.17	7.49	5.07	12.97	8.95	13.57	14.41	12.23	6.41
Excess Return	0.24	0.16	0.72	-0.58	0.67	0.07	0.12	1.61	3.22

* Inception date—October 2002

Investment growth

Time period: 1/10/2002 to 31/01/2019



Source: DNR Capital

Performance data relates to the DNR Capital model portfolio. Performance of an investment in this model portfolio through a Portfolio Service may have different performance to the performance in this monthly update as a result of different policies and procedures at different Portfolio Service operators.

Past performance is not an indication of future performance. No allowance has been made for taxation and fees are not taken into account.

Investment philosophy

DNR Capital believes that quality businesses outperform through the cycle and focuses on identifying those quality securities that can defend and grow their business and purchases them when they are trading below intrinsic value. By maintaining a strong valuation discipline with a medium-term focus, DNR Capital looks to identify those securities where the current price does not fully reflect the intrinsic value.

Investment strategy

The investment process uses a combination of bottom-up security selection with a top-down overlay.

The bottom-up security selection process will favour those with the following characteristics:

- Strong underlying assets—DNR Capital believes higher quality assets will outperform through the business cycle both in terms of capital appreciation and yield growth.

- Low-debt to medium-debt levels—DNR Capital invests in securities where the debt profile is appropriate given the quantum and nature of cash flow produced from the underlying portfolio.
- High-quality management with a strong track record of delivering asset and share price performance.
- Stable portfolio investment strategy—DNR Capital believes a changing asset mix can be a signal of problems or poor management.

DNR Capital follows a range of economic indicators that are reviewed regularly from a top-down portfolio perspective. These measures are used to formulate an economic overview which provides a backdrop to investment decision making and influences portfolio construction.

Platform access

- AMP PPS
- HUB24
- OneVue

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If you have invested in the Australian Listed Property Trust Portfolio via a service such as investor directed portfolio service, managed account service or separately managed account ('Portfolio Service'), you can obtain information from the Portfolio Service operator. If you invest via a Portfolio Service, different terms may apply to your investment. You should read the disclosure document for that Portfolio Service and consider your circumstances prior to investing.

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