



Zenith Property Review – Strong Returns Unlikely to be Repeated as Key Personnel Turnover Plagues Sector

Monday August 5, 2013. Zenith Investment Partners (Zenith) Investment Analyst Jonathan Baird has released the 2013 Listed Property Review and confirmed that although the sector performed strongly both domestically and abroad over the past 12 months, the strong returns are unlikely to be repeated in the coming year.

In addition, the Sector review noted that investment team turnover continues to plague fund managers. Baird described the personnel turnover situation as having a ‘*domino effect*’ with changes impacting many of the managers rated by Zenith.

Zenith expects that high level of turnover to continue with a number of managers seeking experienced personnel to fill key vacancies and while noting that there are some positives associated with staff turnover, there are negatives that will require careful management.

Despite these issues, the Listed Property Sector, both domestically and abroad, performed strongly during the twelve months to May 2013, with the S&P/ASX 300 (A-REIT) Index rising 30.62% and the FTSE Developed Rental Index returning 25.55%.

Referring to the Zenith Property Sector report Baird said, “Many managers have indicated that the Sector’s strong returns over the past 12 months has increased the number of securities trading above fair value, and therefore the magnitude of returns over the past 12 months are unlikely to be replicated in the coming year.”

Zenith’s Sector Report also noted that both “domestic and global Real Estate Investment Trusts (REITs) are now trading close to long-term average price to tangible book value”.

From an initial investment universe of 78 Property products: 6 were rated “Highly Recommended”; 18 “Recommended”; and 13 were assigned an “Approved” rating – ***see table below.***

Standout performer was the S&P Global Infrastructure Index returning over 20%.

Jonathan Baird concluded, “This year managers also highlighted the return of Real Estate Investment Trusts to more traditional business models as being a key driver of the increased investor confidence in the sector.”

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Property Manager

Rating

Domestic - Active Property Managers

APN AREIT Fund	Highly Recommended
BT Wholesale Property Investment Fund	Highly Recommended
BT Wholesale Property Securities Fund	Highly Recommended
Cromwell Phoenix Property Securities Fund	Highly Recommended
All Star Maple-Brown Abbott Listed Property Fund	Recommended
Antares Listed Property Fund	Recommended
EQT SGH Wholesale Property Income Fund	Recommended
Legg Mason Property Securities Trust - Class A	Recommended
SG Hiscock Wholesale Property Fund	Recommended
SG Hiscock Wholesale Property Securities Fund	Recommended
UBS Property Securities Fund	Recommended
Zurich Investments Australian Property Securities Fund	Recommended
AMP Capital Listed Property Trusts Fund - Class A units	Approved
Perennial Australian Property Wholesale Trust	Approved
RREEF Paladin Property Securities Fund	Approved

Domestic - Index Property Manager

BlackRock Indexed Australian Listed Property Fund	Recommended
Vanguard Australian Property Securities Index Fund	Recommended

Global - Active Property Managers

Resolution Capital Global Property Securities Fund	Highly Recommended
UBS Clarion Global Property Securities Fund Highly	Recommended
AMP Capital Global Property Securities Fund - Class A Units	Recommended
BT Wholesale Global Property Securities Fund	Recommended
Principal Global Property Securities Fund	Recommended
Advance Property Securities Multi-Blend Fund-Wholesale Units	Approved
CFS Wholesale Global Property Securities	Approved
Dimensional Global Real Estate Investment Trust	Approved
EQT SGH LaSalle Global Listed Property Securities Trust	Approved
Invesco Wholesale Global Property Securities Fund	Approved
Perennial Hedged Global Property Wholesale Trust	Approved
Perennial UnHedged Global Property Wholesale Trust	Approved
RREEF Global (Ex-Australia) Property Securities Fund	Approved
RREEF Global Property Securities Fund	Approved

Global - Index Property Manager

Vanguard International Property Securities Index Fund (Hedged)	Recommended
Vanguard International Property Securities Index Fund	Recommended

Other

AMP Capital Core Property Fund - Class A	Recommended
Aurora Property Buy Write Income Trust - ASX:AUP	Recommended
Aurora Property Buy Write Income Trust	Recommended
APN Asian REIT Fund	Approved