

## Market Overview

The S&P/ASX300 Australian Real Estate Investment Trust (A-REIT) sector returned +9.8% over the quarter compared to the S&P/ASX300 Accumulation index which gained +8.4%. Over the last 6 months property (+3.0%) has underperformed equities (+4.3%), though over the last 12 months both have provided the same overall performance (+13.2%). The largest contributors to the property index for the quarter included positive performance from Scentre Group and Goodman Group. Westfield Corporation was removed from the index as part of its acquisition by Unibail-Rodamco, and was replaced by Unibail-Rodamco-Westfield CDIs.

Economic data for Australia started the quarter with a weak March quarter inflation print (+0.4%) giving an annual inflation rate of +1.9%. GDP numbers were better than expected, rising +1.0% over the first quarter, or +3.1% for the year, helped by higher mining exports and strong government expenditure. Unemployment decreased to 5.4% driven by a decrease in the number of people looking for jobs. Relatively unchanged underemployment and underutilisation continuing to be a headwind for meaningful wages growth. Previous quarter wage growth registered only +0.5%, with the yearly gain just +2.1%. The RBA remained consistent in its view that inflation would continue to remain low for some time, as the central bank maintained the cash rate at +1.50%. The Australian dollar finished the quarter lower at US73.9c.

Investa Office Fund (IOF +23.7%) was the best performing stock over the quarter after receiving an unsolicited takeover bid and subsequently entering into a scheme implementation agreement to be acquired. They also announced increased valuations across their portfolio. The worst performing stock over the quarter was Rural Funds Group (RFF -4.7%) whose declining stock price slowed after the acquisition of a Queensland cattle property.

## Performance as at 30 June 2018

	Gross %	Out-performance % <sup>^</sup>	Benchmark % <sup>*</sup>
1 Month	2.06	-0.21	2.27
3 Months	9.40	-0.42	9.82
6 Months	2.97	-0.05	3.02
1 Year	13.12	-0.07	13.2
2 Years (pa)	3.61	0.26	3.35
3 Years (pa)	9.91	-0.08	9.99
Since inception (pa) <sup>*</sup>	5.05	-0.32	5.37

\*Please also note that the Blackrock property securities model is closed.

# Model performance inception date: 16/8/2006.

**Past performance is no indicator of future performance.** Long term performance returns show the potential volatility of returns over time. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Fluctuation may be particularly marked in the case of a higher volatility Model and the value of an investment may fall suddenly and substantially. Model portfolio composition and performance have been based on theoretical tracking of the model portfolio and are gross of fees and do not take tax positions into account. Please note, actual portfolios may not perform in the same manner as the model depicted in this document, depending on the nature of your personal portfolio and any customisations. Rounding used in the presentation of data may result in minor variations.

## Summary

<b>Model Portfolio Name</b>	BlackRock Property Securities Index
<b>Model Code</b>	BR0007
<b>Model inception date</b>	24/07/2006
<b>Principal investment objective</b>	Match total return (income and growth) of the S&P/ASX 300 A-REIT Accumulation Index
<b>Can derivatives be used?</b>	No
<b>Indicative number of stocks</b>	Up to 30
<b>Minimum Model investment</b>	No fixed minimum*
<b>Model Provider's Fees*</b>	
<b>Investment Fee</b>	0.10% p.a.
<b>Performance Fee applicable?</b>	No
<b>Benchmark Index</b>	S&P/ASX 300 A-REIT Accumulation Index

\* Please refer to the Product Disclosure Statement for further details.

## About the Model Portfolios

### Investment objective

The BlackRock Property Securities Index Model Portfolio (the "Model") seeks to match the total return of the S&P/ASX 300 A-REIT Accumulation Index, before taking into account Model fees and expenses.

### Investment strategy

The investment objective of this Model is pursued by investing in a representative sample of securities held in the S&P/ASX 300 A-REIT Accumulation Index. The index is comprised of listed vehicles classified as Property Trusts, in the Australian stock market. The Model may invest in securities that have been or are expected to be included in the index.

### Designed for investors who...

- Seek exposure to listed property trusts
- Are satisfied with index returns without any active investment management
- Accept risks consistent with listed property trusts