

### BlackRock Property Securities Index

Model (BR0007)

MAR 2018

#### Market Overview

The S&P/ASX300 Australian Real Estate Investment Trust (A-REIT) sector was flat over March but still ended the quarter -6.2% lower compared to the broader market S&P/ASX300 Accumulation index which also fell (-3.8%). Over the last 6 and 12 months, the property index has been relatively flat (+1.1% and -0.7%) whilst the equity index has made modest gains (+3.7% and +2.9%, respectively). The largest contributors to the property index for the quarter included deduction by Westfield Corporation, Scentre Group, Stockland and Vicinity Centres.

Australian inflation for December fell short of expectations, rising +0.5% for the December quarter compared to +0.7% for the previous quarter. Over the year the annual inflation print at +1.5% remained short of the RBA target band. GDP for the December quarter grew +0.4% taking the 2017 number to +2.4%, helped by household consumption whilst trade dragged as exports fell. Compensation of employees, and wages in the labour force data, both showed increases though the annual number continued to be historically low. The unemployment rate ticked up slightly to +5.6%, as the participation rate rose, overshadowing a solid increase in full-time jobs. The RBA once again kept rates at 1.5%, reminding observers that any return to the inflation target would be a gradual one. Over the quarter the Australian dollar was lower against the US dollar finishing at US76.7c.

Cromwell Property Group (CMW +7.5%) was the best performing stock over the quarter as the company presented a solid earnings report and confirmed guidance. They also completed a share purchase plan and confirmed a foreign asset manager had taken a large share of the company. Abacus Property Group (ABP -13.7%) was the worst performing stock over the quarter even though their earnings result was solid. During the quarter the company also announced the retirement of its managing director and the acquisition of two buildings in the CBD fringes of Melbourne and Sydney.

#### Performance as at 31 March 2018

	Gross %	Out-performance % <sup>^</sup>	Benchmark % <sup>*</sup>
1 Month	0.02	-0.09	0.11
3 Months	-5.87	0.32	-6.19
6 Months	1.18	0.07	1.12
1 Year	-1.09	0.41	-1.5
2 Years (pa)	3.77	0.25	3.52
3 Years (pa)	5.68	0.12	5.57
Since inception (pa) <sup>*</sup>	4.35	-0.29	4.64

\*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