

## Market Overview

The S&P/ASX300 Australian Real Estate Investment Trust (A-REIT) sector returned +2.0% over the quarter outperforming the S&P/ASX300 Accumulation index which returned +1.5%. The last 6 months have been very favourable to property (+12.0%), ahead of equities (+10.0%) which also did well. Over the last 12 months both indices have returned similarly; property +13.2%, equity +14.0%. The largest contributors to the property index for the quarter included gains by Goodman Group, Mirvac Group, Dexus Units and Stockland Units. Scentre Group was a significant detractor over the quarter.

Once again the RBA decided to hold the cash rate at 1.5%. Weak core inflation outcomes and tight financial conditions suggested that inflation would not recover to target within a reasonable timeframe. Though based on the most recent GDP data, the economy delivered above-trend growth. Labour market data showed the unemployment rate remained low at 5.3%, whilst domestic wage growth was still low at +2.1%. The central bank had less concern on housing or the recent rise in mortgage rates. The Australian dollar fell heavily against most major currencies as it depreciated to a more than two-year low to US71.0c as fears over an escalation in the trade conflict between the United States and China dominated concerns.

Mirvac Group (+11.1%) was the best performing stock for the quarter. The company was assigned an A- Stable rating from Fitch and also provided positive guidance, forecasting favourable market conditions. The worst performing stock for the quarter was Scentre Group (-9.6%).

## Performance as at 30 September 2018

	Gross %	Out-performance % <sup>^</sup>	Benchmark % <sup>*</sup>
1 Month	-1.36%	0.18%	-1.55%
3 Months	1.47%	-0.51%	1.98%
6 Months	28.17%	16.17%	12.00%
1 Year	29.70%	16.45%	13.25%
2 Years (pa)	13.17%	7.80%	5.37%
3 Years (pa)	15.45%	5.15%	10.30%
5 Years (pa)	15.71%	3.12%	12.59%
Since inception (pa) <sup>*</sup>	6.32%	0.90%	5.42%

<sup>\*</sup>Please also note that the Blackrock property securities model is closed.

<sup>#</sup> 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