CBRE Australian Property Securities Fund - Class A

September 2026

Fund Description

The Fund is an actively managed fund investing in a portfolio of 15-25 securities, primarily comprising Australian listed property securities, with limited exposure to international property and property-related securities.

Investment Strategy

The Fund uses a multi-step investment process that combines top-down sector allocation with bottom-up stock selection. Top-down sector allocation is determined through a systematic evaluation of listed and direct property market trends and conditions. Bottom-up stock selection is driven by proprietary analytical techniques to conduct fundamental company analysis.

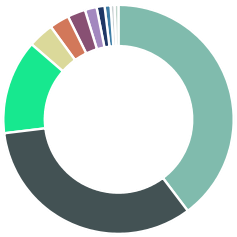
Investment Objective

The Fund aims to outperform the S&P/ASX 300 A-REIT (Sector) Total Return Index (after management fees and costs) over rolling three-year periods.

Fund Information

Inception Date	1-Feb-1993
Fund Size	A$324m
Management Fee	0.85% p.a.
Minimum Initial Investment	A$50,000
Distributions	Quarterly
Buy/Sell Spread	+/-0.25%
Currency Management	Unhedged
APIR Code	SBC0816AU

Sector exposure (%)



Top 10 positions by stock

Name	Country	Portfolio Weight (%)
Goodman Group	Australia	39.55
Charter Hall Group	Australia	9.98
GPT Group	Australia	9.21
Stockland	Australia	8.51
Scentre Group	Australia	8.08
Mirvac Group	Australia	5.53
Vicinity Centres	Australia	5.33
Digico Infrastructure REIT	Australia	3.55
Ingenia Communities Group	Australia	2.44
Arena REIT	Australia	1.63

Top 5 overweight by stocks

Name	Country	Active Weight (%)
Charter Hall Group	Australia	4.03
GPT Group	Australia	3.37
Digico Infrastructure REIT	Australia	2.82
Goodman Group	Australia	2.46
Stockland	Australia	1.51

Top 5 underweight by stocks

Name	Country	Active Weight (%)
Scentre Group	Australia	(4.13)
Dexus	Australia	(3.37)
Region Group	Australia	(1.71)
BWP Group	Australia	(1.46)
Charter Hall Long Wale REIT	Australia	(1.42)

Fund net performance

Class A

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	7 Years p.a.	10 Years p.a.	Since Inception p.a. 1/02/1993
Fund Net Return	-1.98%	-8.31%	-14.79%	10.01%	2.95%	4.58%	6.52%	7.50%
Benchmark Return*	-1.86%	-8.36%	-14.09%	9.34%	2.91%	3.47%	5.26%	7.74%
Active Return (After fees)	-0.12%	0.05%	-0.70%	0.67%	0.04%	1.11%	1.26%	-0.24%

* S&P/ASX 300 A-REIT (Sector) Total Return Index. Prior to 1 June 2012, the benchmark was 85% S&P/ASX 300 Property Accumulation Index, 15% EPRA NAREIT developed index (hedged in AUD).
Performance figures are net of ongoing fees and expenses. The performance figures quoted are historical, calculated using end of month redemption prices, and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions.
Past performance is not a reliable indicator of future performance. Performance may be volatile and future returns may vary from past returns.

#The performance data presented herein pertains specifically to the Class A Fund month-end unit prices expressed in Australian Dollars. Net return of the Fund has been calculated after the deduction of management fees and operating costs. Please note that these figures do not factor in the potential tax obligations at an individual investor level. This is historical performance data. The value of an investment can rise and fall and past performance is not indicative of future performance. All figures disclosed within this report are net of GST and RITC. Investors are reminded to seek independent financial advice before making investment decisions based on this performance data.

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PERFORMANCE REVIEW

The Australian listed real estate market, represented by the S&P/ASX 300 A-REIT Index, returned -1.9% in September, outperforming the broader S&P/ASX 300 Index, which returned -2.4%. The Reserve Bank of Australia increased the cash rate by 25 basis points to 4.60% and indicated that further increases may be required to moderate aggregate demand. With inflation remaining elevated, the market is now fully pricing at least one additional rate increase by February 2027.

Company activity remained elevated. Ingenia Communities received a series of takeover proposals from Warburg Pincus after its earlier bid for Peet. The latest proposal is conditional on Ingenia not completing its acquisition of Peet, and financial due diligence has been granted. Abacus Group also agreed to sell its remaining 19.6% interest in Storage King Group following the platform's internalisation, with an approximately 10 percentage point institutional block trade completed during the month.

Investment environment

The investment environment has improved and capital flows are recovering, although near-term economic growth remains affected by higher fuel prices and the expected path of interest rates. Australian GDP is forecast to grow 1.3% in 2026 and 1.6% in 2027. The labour market is gradually softening, with unemployment at 4.6% in August, while core inflation has accelerated to 3.6%, above the RBA's 2-3% target range, partly reflecting higher energy and housing costs.

Property fundamentals

Retail sales remain resilient, supported by lower occupancy costs and strong sales productivity. Industrial conditions have softened, with vacancy and leasing incentives rising across major markets. Office vacancy remains elevated, although valuations appear to be troughing and investor demand is improving. The residential cycle is maturing, with investor activity easing following higher interest rates and changes to federal taxation settings.

Sector valuation

The A-REIT sector is forecast to deliver earnings growth of 6% in FY2027, led by fund managers and data centres. Balance sheets remain strong, with sector gearing of 27%, compared with more than 40% before the global financial crisis. The sector trades at an 18% discount to CBRE Investment Management's assessment of net asset value, which is expected to grow 4% in FY2027.

*The market review reflects the S&P/ASX 300 A-REIT Index as at 30 September 2026. Index performance reflects the reinvestment of earnings and gains but does not reflect fees or expenses, which would reduce returns. An index is unmanaged and is not available for direct investment. Past performance is not a guarantee of future results.

PORTFOLIO POSITIONING

The CBRE Australian Property Securities Fund (the Fund) returned –1.98% in September (net), under performing its benchmark, which returned -1.86%. For the September quarter, the Fund returned –8.31%, compared with –8.36% for the benchmark, an outperformance of 0.05%.

Contributors

The largest contributor during September was the Fund's underweight position in Aspen Group, which returned -12% and underperformed the index. The investment team remains cautious on residential-exposed companies as residential prices, auction clearance rates and transaction volumes weaken.

The underweight position in Charter Hall Retail REIT also contributed as the company declined following the cash rate increase and rise in Australian government bond yields. The company remains exposed to higher debt costs and has lower hedge coverage than other non-discretionary retail REITs.

Detractors

The largest detractor during September was the Fund's overweight position in Qualitas. Despite recent share price weakness, the investment team believes the outlook for assets under management and earnings growth in FY2027 and FY2028 remains robust, supported by attractive valuation, strong transaction activity in the first quarter of FY2027 and no exposure to the recent failure of residential developer Bathla Group.

The overweight position in Arena REIT also detracted as the resolution of a major tenant bankruptcy took longer than anticipated. Arena subsequently entered a Heads of Agreement to sell a significant majority of the affected early learning centres to a key competitor, after which its share price increased by approximately 20% over two trading days.

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MARKET OUTLOOK

As a new real estate cycle unfolds, CBRE Investment Management (CBRE IM) is witnessing a pivotal shift from defence to offense among companies, underscored by improving cash flows and robust dividend coverage.

Rising construction costs are constraining supply across most asset classes and enhancing existing landlord pricing power. Fixed-rate debt and rental leases with annual CPI escalations offer protection and upside capture of persistent inflation. Balance sheets are healthy and dividends payout ratios are conservative, preserving excess cash for accretive growth opportunities.

CBRE IM believes listed real estate offers a compelling investment opportunity with resilient income, attractive valuations, and healthy total returns.

Allocating to listed real estate reduces concentration in broad equities and adds income characteristics that wider indices do not provide. CBRE IM sees genuine value in the sector and are actively managing the portfolio to capture it.

Preferred sectors

- Data Centres – accelerating structural demand is underpinned by cloud computing migration and AI adoption.
- Fund Managers – improving transaction activity and valuation outlook.
- Land Lease Communities – growing demand for affordable housing with demographic tailwinds, rents majority funded by the aged pension.
- Malls – positive tenant sales and leasing metrics are supported by lower occupancy costs and high sales productivity.

Cautious sectors

- Office – elevated vacancy and incentives, valuations are troughing, elongated recovery expected.
- Residential – housing sentiment and price expectations are moderating due to affordability constraints and tax changes.
- Industrial and Logistics – market vacancy and leasing incentives are rising; rental growth outlook is modest.
- Self-storage – demand is moderating due to cost-of-living pressures and lower housing turnover.
- Long Weighted Average Lease Expiry (WALE) – exposed to higher bond yields, low inflation-capture, diminishing investor interest.

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Further Information

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Platform Availability

AMP North	BT Panorama	CFS Edge
HUB24	Insignia Expand	Macquarie Wrap
Mason Stevens	Netwealth	

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