Portfolio report

UBS CBRE Property Securities Fund
Australia Equity
Client report from 01.01.2024 to 31.03.2024

Performance Comments

The Fund returned 17.83% during the March quarter, outperforming the S&P/ ASX 300 AREIT Index by 1.67%.

The largest contributor to quarterly performance was the Fund's underweight position in Dexus. A large exposure to the officesub-sector continues to weigh on Dexus, with the REIT reporting challenging fundamentals during its half-yearly update. Office vacancy continues to expand in the key Sydney and Melbourne markets. Incentives are expected to remain elevated in the near-term, whilst leasing conditions are mixed as tenants gravitate towards flexible working models.

The Fund's underweight position in Vicinity Centresalso contributed to quarterly performance. Lost rent during the construction phase of its Chatswood Chase asset redevelopment continues to weigh on the forward earnings outlook. The redevelopment is expected to earn an attractive return once complete. The Fund maintains an underweight position in Vicinity due to underlying cost of living pressures and moderating discretionary spending.

The largest detractor from quarterly performance was the Fund's overweight position in Rural Funds Group. The agricultural assetowner has guided to non-core divestments to provide additional funding capacity towards its substantial macadamia development strategy, which we believe will alleviate balance sheet pressures. The Fund continues to be attracted to the Group's uncorrelated cash flows, triple net lease structures, and appreciating asset backing.

The Fund's overweight position in Lifestyle Communities also detracted from quarterly performance after announcing a $275m fullyunderwritten entitlement offer. The proceeds will be used to acquire additional land sites from distressed vendors, which we believe represents a step change for Lifestyle's growth outlook to scale its operating model and annuity stream with a recapitalisedbalance sheet.

After fees and expenses, the portfolio increased by 17.83% over the quarter, outperforming its benchmark.

% Return (Net)	Fund[1]	Benchmark*	Difference
3 months	17.83	16.16	1.67
1 year	40.66	35.36	5.30
3 years	12.20	11.50	0.70
5 years	8.76	6.71	2.05
Calendar Year to Date	17.83	16.16	1.67
Since inception (02/93)	8.24	8.51	(0.27)

[1]Performance figures are net of ongoing fees and expenses.

* S&P/ASX 300 Property Accumulation Index

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. Performance can be volatile and future returns can vary from past returns.

Source: UBS Asset Management. These figures refer to the past. Past performance is not a reliable indicator of future results.

Stock Contributors & Detractors (%)

Company name	Return	Contribution	Over / underweight
Goodman Group	33.64	0.68	OW
Vicinity Centres	7.49	0.32	UW
Dexus	3.00	0.25	UW
National Storage Reit	4.35	0.23	UW
Charter Hall Long Wale	3.36	0.21	UW
Total of top 5 Contributors		**1.69**	
Homeco Daily Needs Reit	5.81	(0.10)	OW
Arena Reit	8.22	(0.15)	OW
Lifestyle Communities L	(12.89)	(0.32)	OW
Stockland	8.99	(0.37)	OW
Rural Funds Group	(0.03)	(0.39)	OW
Total of top 5 Detractors		**(1.33)**	

Note: Position at quarter-end, which may be different to the position during the quarter.

Portfolio Positioning

Active Positions by Stock (%)

Top 5 Overweights		Top 5 Underweights	
Goodman	35.00	GPT	(17.98)
Scentre	14.55	Stockland	(17.42)
Ingenia Communities	4.20	Mirvac	(15.12)
HMC Capital	3.93	Charter Hall	(11.79)
Dexus	2.73	Charter Hall Long Wale REIT	(6.23)

Note: Position at quarter-end, which may be different to the position during the quarter.

Market Review

The Australian REIT market (S&P/ASX 300 A-REIT Index) increased by 16.2% in the March quarter, outperforming the broader equity market which returned 5.4% (S&P/ASX 300 Index).

The March quarter was dominated by earnings results, which were generally above market expectations.

The industrial subsector continued to demonstrate strong rental growth and vacancy rates are near record lows. Office market conditions remain challenged, with landlords continuing to report bifurcated demand and elevated leasing incentives. Retail names reported higher occupancy, supported by high specialty sales productivity and comparatively low occupancy costs. Funds management activity remains subdued, accentuated by a sharp slowdown in investor inflows. Residential developers reported improving buyer sentiment, a moderation of cost growth to normalisedlevels, and improving production time frames.

During the quarter M&A activity re-emerged within the sector. BWP Trust made a scrip-for-scrip bid to acquire 100% of Newmark Property REIT. The implied price per share reflects a 17% discount to Newmark's book value, and 43% premium to the prior closing price. In another scrip-for-scrip bid, Aspen announced an offer to acquire 100% of Eureka securities to create a merged entity with improved diversification and scale benefits. Seperately, Charter Hall and Charter Hall Retail REIT jointly acquired a 14.8% stake in Hotel Property Investments.

Outlook & Strategy

Interest rate headwinds are receding, and earnings growth is re-emerging. Real estate securities perform strongly in a stabilised or falling rate environment, with resilient cash flows and cost of capital advantages to pursue accretive growth opportunities.

A-REITs are well-positioned with conservative gearing and hedging levels. The Fund is maintaining a balanced exposure to value and growth-orientated names. Positioning is towards companies with quality assets, aligned management teams, and earnings growth underpinned by attractive supply/demand imbalances. The Fund is selectively positioned to several deeper value real estate securities which are expected to benefit from interest rate moderation. The Fund is strategically positioned to take advantage of subsectors experiencing attractive long-dated structural themes such as residential, industrial,
agriculture, and childcare.

As market stabilization persists, we anticipate the Australian REIT sector will benefit from increased transaction volumes,
capital inflows, and accelerating earnings growth.

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