

# SIM Wholesale Property Securities Fund Quarterly Investment Report March 2012

## Fund Summary

**Investment Objective:** The objective of this Fund is to provide capital growth over the long term by investing in listed property trusts and companies that invest in properties.

**APIR Code:** SUN01116U

**Fund Establishment:** 27 April 2004

**Management Costs:** Up to 0.80% of the Fund's asset value

## Market Review

The SIM Wholesale Property Securities Fund underperformed its benchmark, the S&P/ASX 200 Australian Real Estate Investment Trusts (A-REITs) Index in the March quarter.

Over the first quarter of 2012 the listed property sector reported steady but generally positive numbers and a reassuringly confident outlook for the rest of 2012. However recent reports of earnings downgrades on the back of weaker retail and residential sectors meant that the sector underperformed the broader equities market particularly in the last part of quarter 1. The consensus amongst the analyst community is avoidance of excessive exposure to the consumer faced REIT names.

For the March 2012 quarter the S&P/ASX 200 Australian Real Estate Investment Trusts (A-REITs) Accumulation Index gained 7.0% whilst the 12-month return was up 1.6%.

The best performing stocks for the quarter were Goodman Group (+21.1%) and Westfield Group (+16.2%). Goodman Group announced strong half year numbers in February with profits up 34.4%. The company is also considering purchases or opportunities in Europe. Westfield continued its strong start for the year as it remained the favourite retail REIT amongst the analyst community with a strong growth profile driven by exposure to offshore assets.

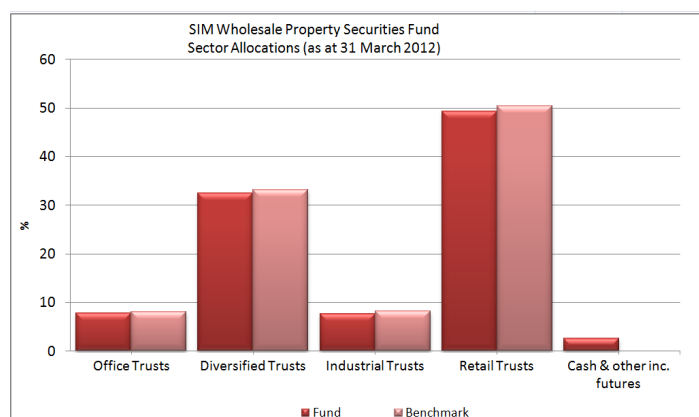
Amongst the worst performing stocks for the quarter were Charter Hall Office REIT (-12.3%) and Stockland (-7.8%). In February, Charter Hall Office REIT reported a 2011-12 interim net profit of AUD \$19.6 million, which was a 58% drop from previous profit numbers. Also in February, Stockland reported a 7.8% profit decline on first half 2012 numbers. The company cited that its residential division was the biggest drag on the overall profit result. The company however maintained full year guidance.

## Market Outlook

The hot topic for the Australian REITs sector is debt refinancing. An estimated \$23 billion needs to be refinanced this calendar year taking the total rolled debt over the current 3-year period to \$82 billion. However, market sentiment remains reassured by action such as Centro's vehicles paying down debt successfully last year, and generally strong fiscal management from the sector. According to a recent report from Moody's Investors Services, the Australian REIT sector enjoys "a strong liquidity profile of short-term debt and adequate undrawn lines."

## Sector Allocations

This graph shows the effective sector allocation for the SIM Wholesale Property Securities Fund, compared with that of its benchmark.



## Fund Performance<sup>\*\*</sup>

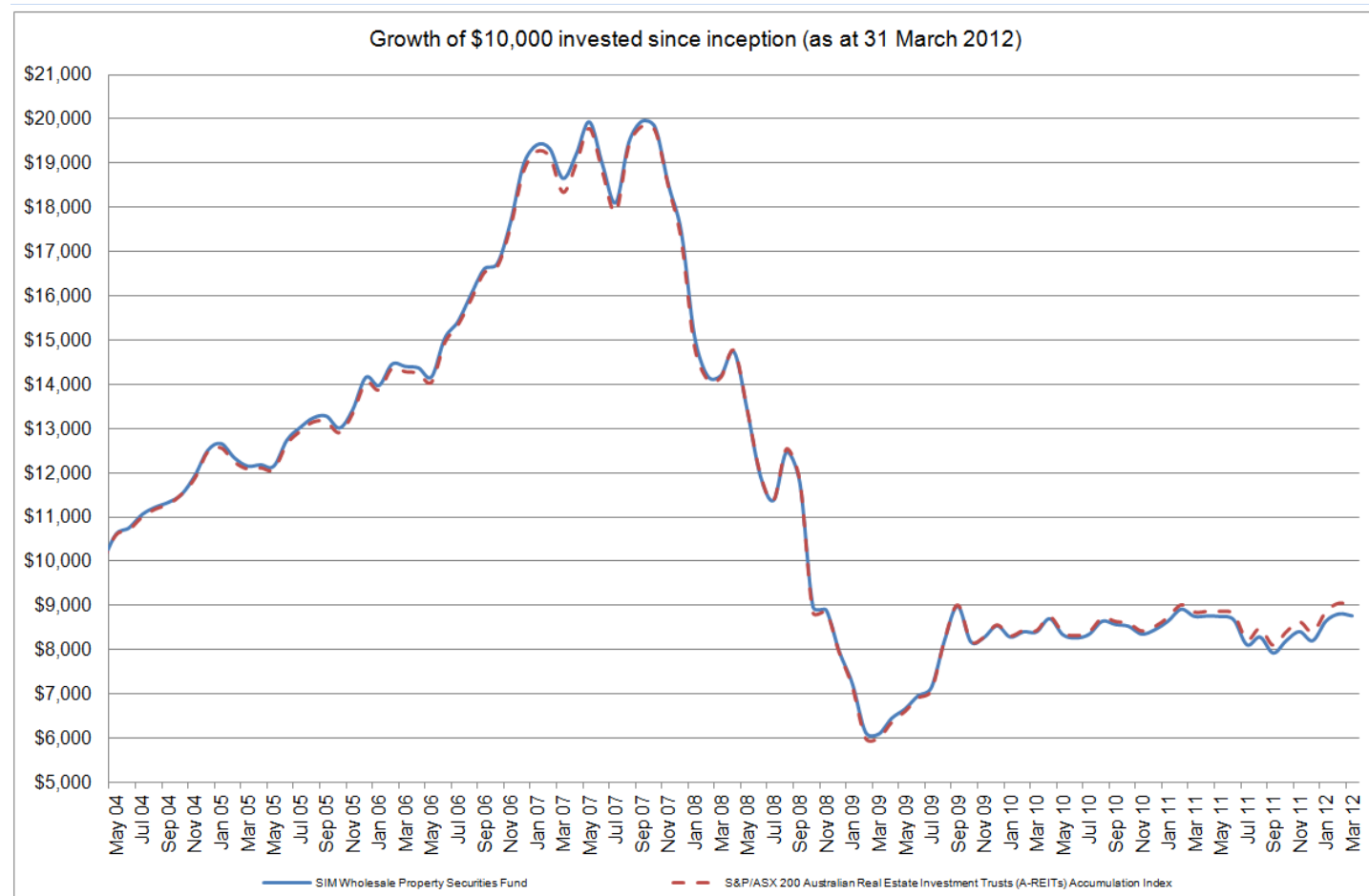
Period ending 31 March 2012	3 months %	6 months %	1 year %	2 years % p.a.	3 years % p.a.	5 years % p.a.
Total Return	6.87	10.62	0.13	2.14	12.90	-14.02
Distribution Return	4.75	11.68	12.10	7.09	6.42	6.02
Growth Return	2.12	-1.06	-11.97	-4.95	6.48	-20.04
S&P/ASX 200 Australian Real Estate Investment Trusts (A-REITs) Accumulation Index	7.01	10.98	1.57	3.25	14.42	-13.28

\*All performance figures are calculated using hard close end of month exit prices and do not include any entry or exit fees or any taxation consequences and are net of nominal transaction and banking costs in any underlying funds invested in. The performance figures do allow for the historic ongoing fee. Income and distributions are assumed to be reinvested back into the Fund.

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## Performance Graph

This graph compares the value of \$10,000 invested in the SIM Wholesale Property Securities Fund since April 2004 against its benchmark.



## Stock Holdings

Top 5 / Bottom 5 Contributors	
Stock Name	Contribution (%)
Centro Retail Australia	0.13
Commonwealth Property Office Fund	0.03
CFS Retail Property Trust	0.02
Westfield Retail Trust	0.01
Stockland	0.01
Stock Name	Detraction (%)
Goodman Group	-0.04
Westfield Group	-0.02
Abacus Property Group	-0.01
Charter Hall Group	-0.00
Charter Hall Retail REIT	-0.00

Top 10 Stock Holdings	Sector	Fund %
Westfield Group	Retail	28.08
Westfield Retail Trust	Retail	10.77
Stockland	Diversified	10.22
GPT Group	Diversified	7.83
Goodman Group	Industrial	6.73
CFS Retail Property Trust	Retail	6.34
Dexus Property Group	Diversified	6.18
Mirvac Group	Diversified	5.97
Commonwealth Property Office Fund	Office	3.09
Centro Retail Australia	Retail	2.87
<b>Total % of top 10 stock holdings</b>		<b>88.08</b>
<b>Cash &amp; other including futures</b>		<b>2.58</b>
<b>Total number of holdings</b>		<b>17</b>