

BLACKROCK GLOBAL REAL ESTATE SECURITIES FUND (AUST)

FUND UPDATE

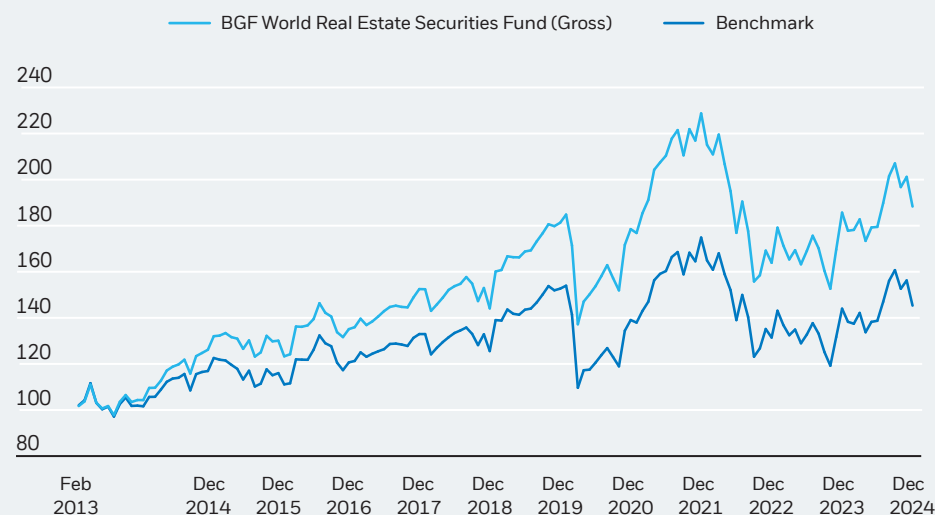
31 December 2024

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Global Real Estate Securities Fund (Aust) (Class D) (Gross of Fees)	-2.39	1.89	10.81	10.81	-	-	10.55
FTSE EPRA Nareit Developed Index Net TRI (AUD)	-2.23	1.19	11.24	11.24	-	-	9.42
Outperformance (Gross of Fees)	-0.16	0.70	-0.43	-0.43	-	-	1.13
BlackRock Global Real Estate Securities Fund (Aust) (Class S) (Gross of Fees)	-2.39	1.88	10.79	10.79	-	-	10.53
FTSE EPRA Nareit Developed Index Net TRI (AUD)	-2.23	1.19	11.24	11.24	-	-	9.42
Outperformance (Gross of Fees)	-0.16	0.69	-0.45	-0.45	-	-	1.11

Fund Inception: 24 July 2023. Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees and expenses. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information.

Cumulative Return (Gross of fees) to 31 December 2024



The cumulative performance data refers to the track record of the Underlying Fund, BGF World Real Estate Securities Fund. Inception of the Underlying Fund: 25 February 2013.

Portfolio Managers



James Wilkinson
Managing Director,
Global Head of Global Real
Asset Securities



Raj Rehan
Managing Director,
Head of Real Estate
Securities



Benjamin Tai
Director,
Senior Analyst

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

Performance Summary

Performance Overview

In December, the World Real Estate Securities Strategy gross of fees returns slightly underperformed the FTSE EPRA Nareit Developed Net Index, finishing the month -6.5% versus -7.1% for the benchmark.

Regions

US REITs underperformed in December, declining -7.6% for the month. Lodging (-3.8%), Residential (Single-family Housing -4.4%, Manufactured Homes -3.9%) and Retail (-5.4%) REITs outperformed the broader sector. Lodging REITs outperformed following US election results in November, and a view inflation could be higher for longer. Manufactured Homes outperformed after SUI announced some board changes that were viewed positive by the market and Single-family Housing outperformed given rebalancing into the new year in a resilient business. Retail third-quarter leasing results were strong, and valuations benefited after Blackstone agreed to acquire Retail Opportunity Investments Corp (ROIC) at a high 5% cap rate. Healthcare (-8.3%) and Industrial (-8.9%) were weaker due to implications from election results: reduced healthcare funding and the impact of tariffs.

Performance of EMEA real estate equities remained negative in December. As the market began to price in higher interest rates for longer in the region, yield sensitive sectors underperformed. The weakest performance was seen in the Healthcare, Residential and Industrial sectors. Investors remain concerned over the outlook for demand in the Industrial and Self-Storage sectors, which weighed on share prices resulting in relative underperformance. Outperformance was seen in the Swiss region, given its 'safe haven' status. While news flow was light across the month, there remains evidence of increasing activity in the transactional markets which is a positive for the sector looking into 2025.

APAC property stocks saw broad weakness (-5.7% USD) in December due to profit taking and Australia recording a sharper decline (-10.9% USD) relative to the other Asian peers (-2% to -4% USD). Weakness in Australia is primarily attributed to a currency headwind translation (AUD saw a 4+% depreciation against USD in December), resulting in a potential hawkish influence on RBA's policy path. Long-term JGBs had broken above 1.0% in December, translating to weakness in Japan (-3.1% USD) while Trump's victory in the recent US Presidential election had translated into continued weakness in Hong Kong and Singapore.

Stocks

Top Contributors

Our underweight position to **Public Storage**, a US self-storage operator, is the largest contributor for the month. The stock underperformed in December along with the sector given tepid demand and uncertainty around the return of renters.

Iron Mountain, a US information management company that we do not hold in the portfolio, was also a relative contributor over the month. The stock pulled back in December from its recent strong run. We continue to view the stock as overvalued given our view that Records Storage is an ex-growth industry and is trading similar to a pure datacenter business.

Top Detractors

CubeSmart, another US self-storage operator, was one of the top detractors over the month. Like Public Storage mentioned above, the stock sold off in December along with the sector given tepid demand and uncertainty around the return of renters. While we had positive attribution from Public Storage, the large overweight to CubeSmart was an overall detractor for the month.

Mitsui Fudosan, a Japanese developer, was also a detractor for the month. The stock had seen weak share price performance until recently, where management had underlined their commitment to increase Office rents and a faster pace of asset divestment to crystallise gains. That said, investors' concerns have always been centered around growth and that remains the case.

Changes

We initiated a position in **Sunstone Hotel Investors (SHO)**, funded by an exit of **Host Hotels & Resorts (HST)**. Bloomberg reported that Trinity Investments have expressed an interest in acquiring SHO for "about \$13 per share" (a 20% premium to SHO's unaffected price, representing a mid-high 12x EBITDA multiple), where we saw an asymmetric upside opportunity.

We continued to add to **Prologis**, funded by an exit of **Rexford Industrial** and **STAG Industrial**, following our conversations with the managements during the NAREIT annual conference. While there are concerns about weakening consumer strength for STAG and Rexford, Prologis' platform is strengthening, with rapid growth in their datacenter business which is not yet appreciated by the market, and a positive outlook on tariffs.

Key Positioning

The Strategy maintains its largest sector overweight positioning in Hong Kong REITs and Hong Kong Developers versus the benchmark.

The largest sector underweights are to Australian REITs and Singapore REITs.

Over the month we increased the cash position from 1.4% to 1.6% at the end of December.

Top Active Holdings

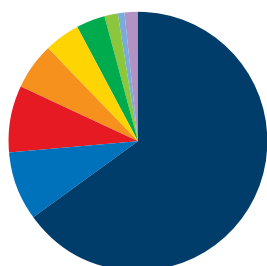
Holding

PUBLIC STORAGE REIT
REALTY INCOME REIT CORP
EQUINIX REIT INC
MID AMERICA APARTMENT COMMUNITIES
AVALONBAY COMMUNITIES REIT INC
DIGITAL REALTY TRUST REIT INC
AGREE REALTY REIT CORP
IRON MOUNTAIN INC
MITSUBISHI ESTATE CO LTD
REGENCY CENTERS REIT CORP

Top Holdings

Holding	Weight %
EQUINIX REIT INC	7.95
PROLOGIS REIT INC	6.30
AVALONBAY COMMUNITIES REIT INC	4.05
SIMON PROPERTY GROUP REIT INC	3.72
WELLTOWER INC	3.37
MID AMERICA APARTMENT COMMUNITIES	3.32
EXTRA SPACE STORAGE REIT INC	2.77
VICI PPTYS INC	2.64
MITSUBISHI ESTATE CO LTD	2.59
VENTAS REIT INC	2.48

Country Exposure (%)



United States	65.14
Japan	8.67
Europe Ex UK	8.23
Australia	5.88
Hong Kong	4.44
United Kingdom	3.58
Singapore	1.82
Canada	0.63
Cash	1.61

About the Fund

Investment Objective

The Fund seeks to maximise total return by investing in a portfolio of global real estate securities.

Investment Strategy

The Fund aims to achieve its investment objective through investing in the BGF World Real Estate Securities Fund (Underlying Fund).

The Underlying Fund invests globally at least 70% of its total assets in the equity securities of companies whose predominant economic activity is in the real estate sector. This may include residential and/or commercial real estate focused companies as well as real estate operating companies and real estate holding companies (for example, real estate investment trusts).

The Underlying Fund is actively managed by BlackRock Investment Management, LLC, along with other co-adviser entities that are part of the BlackRock group (Investment Adviser), a member of the BlackRock group. The Investment Adviser has discretion to select the Underlying Fund's investments. In doing so, the Investment Adviser will refer to the FTSE EPRA/Nareit Developed Index (the Index) when constructing the Underlying Fund's portfolio, and also for risk management purposes to ensure that the active risk (i.e., degree of deviation from the Index) taken by the Underlying Fund remains appropriate given the Underlying Fund's investment objective and policy. The Investment Adviser is not bound by the components or weighting of the Index when selecting investments. The Investment Adviser may also use its discretion to invest in securities not included in the Index in order to take advantage of specific investment opportunities. However, the industry sector requirements of the investment objective and policy may have the effect of limiting the extent to which the portfolio holdings will deviate from the Index.

Should be considered by investors who...

- ▶ Seek to invest in a Fund which provides investors with access to a professionally managed portfolio of listed global real estate securities.
- ▶ Seek potential growth and income. The Fund aims to maximise return through a combination of capital growth and income.
- ▶ Want an investment which provides global exposure. The Fund provides broad exposure to a portfolio of global real estate securities that may include residential and/or commercial real estate focused companies as well as real estate operating companies and real estate holding companies.

Fund Details

BlackRock Global Real Estate Securities Fund (Aust) (Class D)

APIR Code (Class D)	BLK0677AU
Buy/Sell Spread	0.00%/0.00%
Fund Size	\$5,678
Management Fee (Class D)	0.75%

BlackRock Global Real Estate Securities Fund (Aust) (Class S)

APIR Code (Class S)	BLK4727AU
Buy/Sell Spread	0.00%/0.00%
Fund Size	\$82,503
Management Fee (Class S)	0.55%

* Fund size of the Australian Fund – excludes the AUM of the Underlying Fund into which the Fund invests.

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