



Build your wealth

Challenger Property Securities Fund

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For many Australian investors property can be an ideal investment vehicle. Buying ‘bricks and mortar’ is seen as a way of building a financial future or securing a reliable income for the long term.

While investing in residential rental property can be a good way to accumulate wealth, it is difficult to achieve adequate diversification given the capital outlay required.

There are a number of options available to investors today which aim to provide greater exposure to the broader property market. One such option is investing in property securities.

What are property securities?

Property securities are investments that derive their income and growth from real estate activities. Types of property securities include: listed property trusts (LPTs) sometimes known as real estate investment trusts (REITs) and property investment companies.

By investing in LPTs, investors can gain access to a diversified and professionally managed portfolio of real estate investments. LPTs are listed on a stock exchange which means investors can buy or sell more easily as LPTs are generally more liquid than unlisted securities. Similarly LPTs offer a low cost entry into the property market and can provide greater diversification than investors would be able to achieve buying property directly themselves. One other advantage of LPT exposure is that the tax deferred income components earned by the LPT may be passed through to investors.

Investors can derive both income (rental income) and capital growth from property securities investments.

In addition to residential property there are four main property sectors available to investors. Within each of these sectors are sub sectors based on the location and quality of the property and property’s use.

Property sectors	Types of properties
Retail	Shopping centres and supermarkets
Commercial	CBD and suburban office buildings
Industrial	Factories, warehouses and manufacturing plants
Tourism & leisure	Hotels, resorts and sporting facilities

The performance in each property sector is influenced by different drivers and each sector has different rental returns, rental growth rates and capital growth returns. These factors will also change over the course of an economic cycle, so it can be difficult to know where to invest.

The **Challenger Property Securities Fund**, managed by our experienced real estate securities team, does the hard work for you by seeking out the best opportunities in the property securities market.

Our investment approach

The Challenger Property Securities Fund aims to provide investors with regular income and medium to long-term capital growth.

We identify major trends in the economy, and look at how these trends will influence financial and property markets. By analysing both of these markets, we aim to position the Fund to take advantage of future economic and property market developments.

The Fund’s portfolio of securities is constructed to provide a depth of diversification and it invests only in property securities that we expect will deliver superior performance over the medium to long term.

An experienced investment team

Led by co-heads John White and John Longo, the Challenger Real Estate Securities team has over 40 years of combined experience and is one of the most experienced and respected in the Australian property securities market.

Our commitment to the Australian property market has been rewarded by strong support from Australian investors including many large institutional investors.

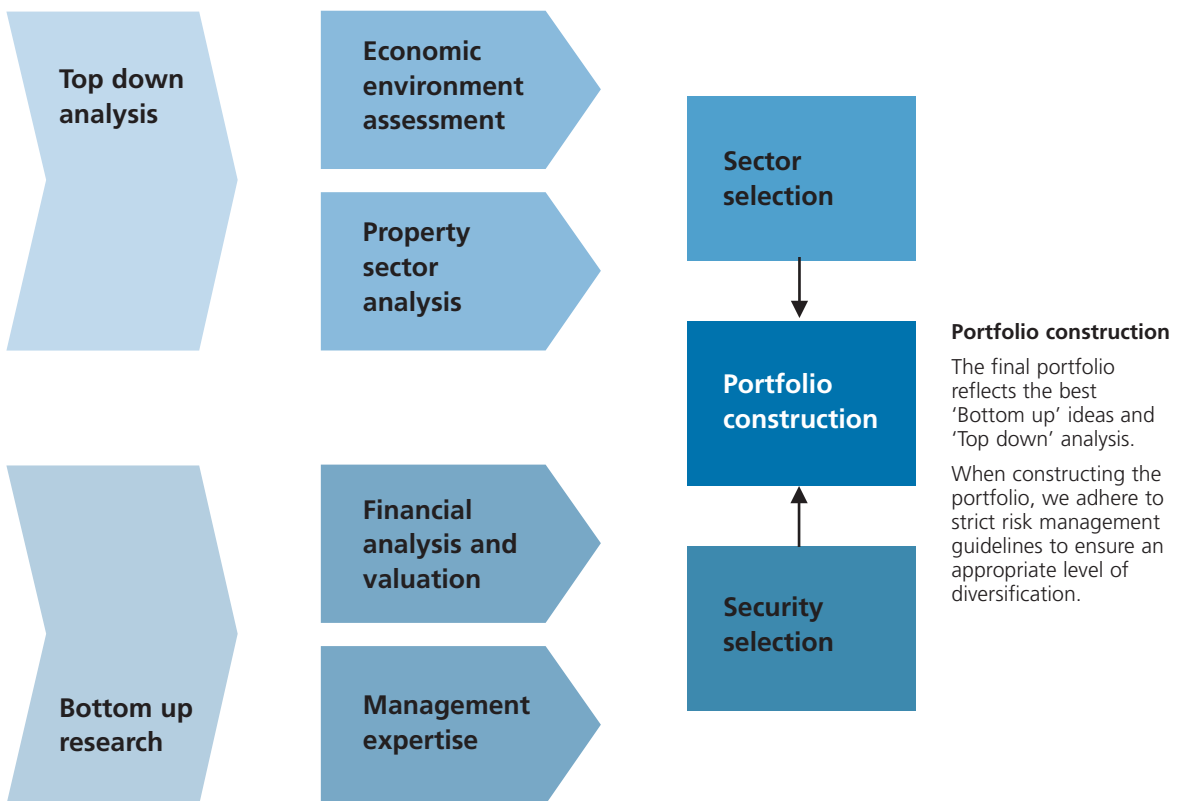
Investment process

Our unique investment process combines property market research and individual property securities analysis to create a diversified portfolio of the most attractive property securities in the market.

Top down analysis

By examining the wider economic environment, including such factors as interest rates, economic growth, retail sales and various business surveys, guidance is provided to identify attractive sectors in the property market.

Further in depth analysis of individual property sectors is also undertaken including research on the supply and demand forces that are likely to influence the future direction of occupancy rates, rental growth and capital growth. This analysis will determine the preferred sectors when constructing the portfolio.



Bottom up research

When considering the individual securities to include in the Fund, we analyse the full financial history of each security and forecast future income. This analysis aims to identify attractively priced securities filtered through our valuation models.

We also research the expertise and objectives of the management team responsible for the investment strategy and ongoing management of the properties belonging to a security. We believe it is important that the objectives of management are aligned with those of investors and we look for investments with a clearly defined investment strategy, a proven track record and robust organisational structure.

Portfolio construction and management summary

Market sector	Property securities
Investment universe	Challenger Property Securities Fund invests primarily in securities listed or about to list on the ASX. (but may include other exchanges). The Fund's securities may include: listed property trusts, real estate investment trusts or companies engaged in property investment, management, development or construction.
Benchmark	The Fund aims to provide returns above the S&P/ASX 300 Property Trust Accumulation Index, over rolling three-year periods.
Stock selection criteria	Investment decisions are based on qualitative and quantitative factors using fundamental research.
Investment time frame	At least three years

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