

# Investors going global to spread risk

**Florence Chong**  
Fund managers

FUND managers are changing their strategies to cater for growing numbers of institutional investors wanting to take their money out of Australia's struggling listed property trusts and invest offshore.

Invesco Australia and Sydney-based Pengana Capital are offering local institutions access to globally listed property trusts and development companies.

Invesco Australia chief executive Mick O'Brien said the company had changed the benchmark of its Invesco Wholesale Global Property Securities Fund to accommodate the trend. "We've seen a growing number of institutional investors who have com-

pletely moved out of A-REITs into global REITs," Mr O'Brien said. "We are just starting to see the retail market follow suit."

The Invesco Wholesale Global Property Securities Fund will now include Australian REITs.

That was because some institutional investors no longer had a dedicated investment in A-REITs, but still wanted some Australian exposure, he said.

Meanwhile, diversified fund manager Pengana Capital has closed its Australian Property Securities Fund and launched an Asian real estate securities fund.

Portfolio manger Tim Shaw said the Australian real estate securities sector had been volatile because of higher gearing and non-rental income.

The potential for long-term

recovery remained, but there was concern there would be more capital raisings and ongoing volatility in Australia, Mr Shaw said.

Invesco Real Estate Securities team senior portfolio manager Mark Blackburn, who is visiting Australia, said a small group of A-REITs could deliver double-digit returns in the long term.

"It would be a mistake to ignore them. These high-quality trusts are worthy of consideration," he said yesterday.

Based on an average capitalisation of about 8.5 per cent today, he said, this small group of A-REITs represented the best value relative to REITs in other parts of the world.

Compared with the US, he said, Australia offered stronger economic fundamentals and was a

stable country. "We see Australia as having better government policies and it is not as indebted as the US," he said.

The Invesco team, which focuses on about 70-80 real estate stocks worldwide, treats Australia as part of the Asia-Pacific region, not as a "standalone market".

Mr Blackburn acknowledged the sector had problems, mainly the concentration of the benchmark S&P/ASX A-REITs Index and the shift from property-based investment for rental incomes to other businesses such as funds management and development.

Invesco did not oppose trusts adding value to their business but some A-REITs dabbled in financial engineering, such as using foreign exchange hedges to prop up distribution income.