

All Weather property fund explains its low-risk, defensive approach

The asset manager taps defensive characteristics in malls underpinned by grocery retailers, non-urban malls, and property in the Western Cape.



By [Justin Brown](#)



CHRIS REDDY (Pictured above)

The R247m All Weather FR Property fund's central philosophy is to provide investors with relatively low-risk exposure to JSE-listed property.

Within the retail property sector, the fund favours the defensive characteristics of malls anchored by grocery retailers such as Shoprite and Boxer. Food and other essentials help to sustain footfall even when household finances are under pressure.

All Weather portfolio manager Chris Reddy (pictured above) told Citywire South Africa that non-urban malls, especially those in townships and rural areas, are also considered defensive because they face less pressure from e-commerce than major urban malls. Occupancy costs are generally lower for these non-urban malls, while trading densities remain attractive, making retailers less inclined to surrender space.

Examples of real estate investment trusts (Reits) benefiting from these characteristics include Vukile Property fund, Dipula Properties and Resilient Reit.

Another important defensive investment theme is the Western Cape. Strong demand, limited space and semigration have supported property in the region. Reddy sees opportunities extending beyond central Cape Town towards areas such as Durbanville, Somerset West, Paarl, Franschhoek and Stellenbosch.

Logistics and industrial property

The managers are also positive about logistics and industrial property.

All Weather portfolio manager Dumisani Ndlovu said that All Weather finds the theme of logistics 'quite compelling'.



DUMISANI NDLOVU (Pictured above)

Ndlovu highlighted Equites Property fund and Fortress Real Estate Investments, arguing that corporate demand for secure supply chains continues to support logistics assets. He said Equites' ability to monetise UK assets and redeploy capital into its development pipeline could support earnings growth.

Attacq is another favoured idea because of the long-term development and densification of Waterfall in Gauteng. Its position between Johannesburg and Pretoria, along with its infrastructure and development potential, makes Waterfall a multi-year growth story.

Offices remain the weak spot

The managers rank opportunities broadly as defensive retail and industrial first, discretionary retail next, and office property last.

Office property remains challenged by oversupply, particularly in Gauteng. Negative rental reversions, where leases are renewed at lower rates, are improving, but office rents remain weaker than in retail and industrial property. Cape Town is an important exception because of stronger demand and limited supply.

The fund is 'more selective' in terms of where it's getting office exposure, according to the managers.

The strategy's defensive positioning has not prevented the fund from outperforming.

Over the one year to July 2026, it has gained 26.7%, compared with 26.1% for its benchmark, the FTSE/JSE All Property index (Alpi), and 24.1% for its category average.

Reddy identified several major sources of alpha. Dipula and Spear Reit were particularly important. All Weather bought them relatively early, before some of their larger acquisitions and an increase in benchmark representation. Subsequent index buying helped support their share prices.

Mas also contributed. All Weather participated in a corporate action and subsequently repurchased shares at a lower price.

The fund also benefited from being underweight or avoiding more challenged Reits, meaning declines in those shares had less effect on the portfolio.

All Weather is generally a long-term holder of shares rather than an active trader. Reddy said holdings such as Dipula and Spear have substantial growth runways, making it difficult and potentially counterproductive to sell them in the hope of buying them back more cheaply.

Since the fund's inception in August 2024 to July 2026, it has gained an annualised 23.9%, compared with 22.5% for the benchmark and 20.9% for the fund's category average.

Reddy said another driver over the period was aggressive Reit buying by local asset managers. Demand was further supported by larger balanced funds switching some fixed income exposure into Reits, attracted by their dividend yields and potential capital appreciation.

'You had switching from fixed income into property.'

Benchmark-cognisant approach

This favourable backdrop has not, however, prompted All Weather to take an aggressively active stance. The fund follows a benchmark-cognisant rather than highly active approach.

The managers start with the benchmark and then tilt the portfolio towards their highest-conviction opportunities. Reddy said the fund is not designed to make large active bets. Its typical 'sweet spot' is around at most 2% overweight or underweight individual shares, although deviations can occasionally be larger for shorter-term opportunities.

The objective is to generate roughly 1-2% a year in incremental alpha over time, rather than trying to dramatically outperform in any single year by assuming substantially more risk. The managers prefer several relatively small active positions so that one incorrect call does not damage the portfolio.

Those relatively modest active positions are determined through a combination of valuation, expected returns and fundamental analysis.

Investment process

Ndlovu said stock selection begins with a screening process based primarily on total shareholder return, incorporating target price upside, dividend yield, price-to-book or net asset value (NAV) valuation, liquidity and potential catalysts for a rerating.

A stock trading above NAV is not automatically excluded if the managers believe its growth prospects or defensive qualities justify the valuation.

They also consider ESG and governance risks. Reddy used Mas as an example: despite governance-related concerns around the company, the managers believed its large discount to NAV offered an attractive entry point. They seek to account for such risks through a higher discount factor rather than necessarily avoiding the stock altogether.

Easy gains are over

Reddy argues that 'a lot of the easier money' has been made in listed property.

Reit discounts to NAV have compressed sharply during the recent rally, and some large Reits are now trading at premiums. At the same time, distribution growth could moderate as rental escalations normalise closer to inflation.

All Weather therefore believes listed property is becoming increasingly a stockpicker's market, rather than one in which broad sector exposure is sufficient.

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