

Resolution Capital Real Assets Fund - Class A

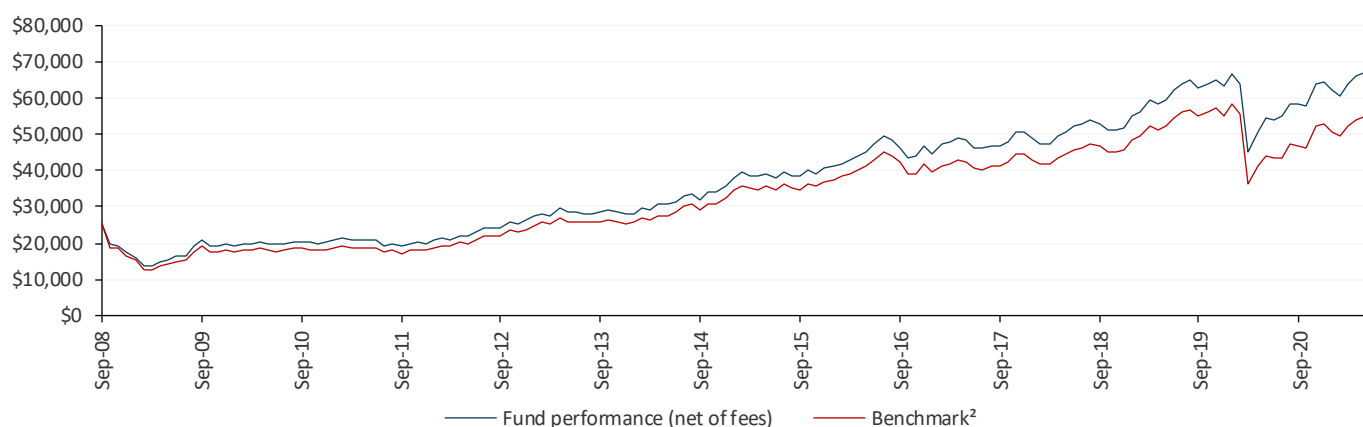
30 June 2021



Performance Summary

	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	10 Years p.a. %	Since Inception* p.a. %
Fund Return (After Fees) ¹	4.88	9.94	30.41	10.59	8.38	13.00	8.46
Benchmark ² return	5.56	10.74	33.91	8.22	6.24	11.96	6.83
Value Added (After Fees)	-0.68	-0.80	-3.50	2.37	2.14	1.04	1.63

Growth of \$25,000 invested Since Inception*



¹Please note the strategy of the Fund changed effective 1 October 2019. The Resolution Capital Real Assets Fund was previously known as the Resolution Capital Core Plus Property Securities Fund.

²Benchmark is S&P/ASX 300 AREIT Accumulation Index.

Top 5 Weights

Security Name	%
Goodman Group	17.48
Scentre Group	10.69
Mirvac Group	8.75
Transurban Group	6.29
Stockland	5.52

Top 5 Contributors

Security Name	%
Goodman Group	1.63
Mirvac Group	0.58
Charter Hall Group	0.41
Switch	0.29
Transurban Group	0.28

Bottom 5 Contributors

Security Name	%
National Storage REIT	-0.06
Napier Port	-0.05
Hainan Meilan Airport	-0.05
Klepierre	-0.03
Sydney Airport	-0.02

Fund Details

APIR code	WHT0014AU	Management Fee	0.65% p.a. plus 20% of outperformance above the benchmark
ARSN Code	131 850 363	Buy/Sell Spread	+0.20%/-0.20%
*Inception Date	30 September 2008	Distribution Frequency	Quarterly
Fund Size	\$24.2 Million	No. of Stocks	Generally 20 to 35
NAV per Unit	\$0.54	Investment Manager	Resolution Capital
Minimum Investment	\$25,000	Platform Availability	https://rescap.com/realassetsfund
Benchmark	S&P/ASX 300 AREIT Accumulation Index	Investment Timeframe	Medium to long term, being 5 or more years

Market Commentary

The S&P/ASX 300 A-REIT Accumulation Index produced a total return of 5.6% for the month ended 30 June 2021, outperforming the Australian equities market (S&P/ASX300 Accumulation Index) by 3.3%.

All infrastructure sub-sectors underperformed the A-REIT index.

A-REIT sub-sector performance saw industrial and diversified companies outperform, whilst office, retail and self-storage companies underperformed.

Monthly A-REIT news spanned revaluations, operational updates, transactions and equity issuance.

Starting with revaluations, a raft of REITs announced Jun-21 draft revaluations. Broadly speaking, revaluations rose mid-single digits across the sector over the half year. Industrial values rose the strongest, followed by long WALE assets including service stations, pubs and social infrastructure. Retail revaluations were mixed with large malls and CBD assets falling, whilst more resilient convenience-oriented neighbourhood malls and large format retail posted 5-10% gains. Office values rose low single digits, with longer WALE and suburban/fringe location offices outperforming.

As a consequence of ~6% positive revaluations in 2H21 combined with net acquisitions, fund manager Charter Hall (CHC) reported that its funds under management has grown 28% over FY21 to \$52bn.

Moving to earnings upgrades, large format retail landlord Aventus (AVN) upgraded FY21 FFO guidance by ~2%, representing 7% growth on FY20. Key drivers include a lower cost of debt, one-off adjustments and most importantly, underlying portfolio strength as furniture and homeware tenants have enjoyed robust sales growth.

Diversified landlord Charter Hall Long WALE REIT (CLW) acquired stakes in three retail, industrial and Bunnings properties. Given the dearth of CBD retail transactional activity, the most interesting was the purchase of a 33% stake in the Myer Bourke St Mall property in Melbourne for \$135m, representing a 6% yield. Diversified landlord Abacus (ABP) acquired the other 33% stake. The acquisition price represents a 5% discount to co-owner Vicinity's (VCX) December valuation. Consequently, CLW upgraded FY22 EPS growth guidance from 2.75% to 4.5%.

Turning to equity raisings, self-storage landlord National Storage REIT (NSR) raised \$325m to reduce leverage and create investment capacity for acquisitions. Strong operational conditions led to a ~3% upgrade to FY21 EPS guidance. NSR provided FY22 EPS growth guidance of greater than 8%.

Office and industrial landlord Irongate (IAP) raised \$50m of equity to partially fund the \$74m acquisition of a Canberra office asset on a 5.13% yield.

Office landlord Dexus (DXS) participated in an equity raising by investing \$180m in the unlisted Australian Unity Healthcare Property Fund that is subject to a takeover bid by NorthWest. This represents a 7% stake. DXS provided the fund with rights to acquire a 25% interest in its Bragg Centre healthcare development.

Within infrastructure, news largely related to regulatory determinations.

Utility AusNet's (AST) regulator published its draft 2022-27 regulatory determination for its electricity transmission business. Allowed revenues were 2% below AST's proposal due to lower operating and capital expenditure allowances, partially offset by a higher allowed return on capital. This was broadly in line with expectations. The final determination is typically more favourable than the draft.

New Zealand port Napier (NPH) held an investor day where it suggested that FY25 earnings before interest costs, tax and depreciation would be 50% higher than FY20, supported by log export volume growth in particular.

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