

Resolution Capital Global Property Securities Fund (Unhedged) Series II – Class A

RESOLUTION CAPITAL

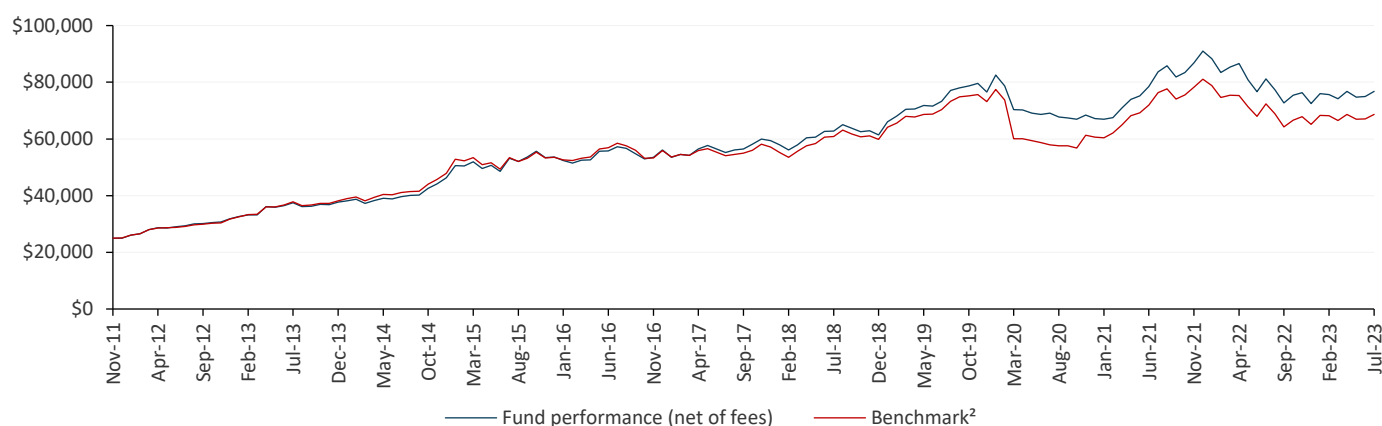
31 July 2023

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 (Net Performance) ¹	2.32	-0.06	-5.49	3.52	4.10	7.42	10.08
Benchmark ² return	2.50	0.12	-5.01	5.84	2.46	6.15	9.05
Value Added (Net Performance)	-0.18	-0.18	-0.48	-2.32	1.64	1.27	1.03

Performance numbers less than one year are cumulative while numbers greater than one year are annualised.
Past performance is no guarantee of future results.

Growth of \$25,000 invested Since Inception*



¹Please note this Fund was previously known as the Perennial Unhedged Global Property Trust. Resolution Capital was appointed the investment manager of the Fund, effective 1 November 2014. Past performance is no guarantee of future results.

²Benchmark is FTSE EPRA/NAREIT Developed Index (AUD Unhedged) Net TRI.

Source: Resolution Capital

Top 5 Weights

Security Name	%
Equity Residential	6.53
Prologis	6.48
Equinix	5.55
Welltower	4.70
Invitation Homes	4.65

Top 5 Contributors

Security Name	%
Kilroy Realty Corporation	0.27
Vicinity Centres	0.20
Host Hotels & Resorts	0.20
UNITE Group	0.19
Healthpeak Properties	0.18

Bottom 5 Contributors

Security Name	%
Public Storage	-0.11
CubeSmart	-0.09
Equity Residential	-0.08
American Tower Corp	-0.07
Sun Hung Kai Properties	-0.05

These are illustrative only and not a recommendation to buy, sell or hold any security.

Fund Details

APIR code	IOF0184AU	Management Fee	1.05% p.a.
ARSN Code	118 076 529	Buy/Sell Spread	+0.20%/-0.20%
*Inception Date	30 November 2011	Distribution Frequency	Quarterly
Fund Size	\$566.8 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.18	Risk/Return Profile	The Fund's risk band is 5 (medium to high)
Minimum Investment	\$25,000	Platform Availability	https://rescap.com/globalfundunhedged/seriesii
Benchmark	FTSE EPRA/NAREIT Developed Index (AUD Unhedged) Net TRI	Investment Timeframe	Medium to long term, being 5 or more years

Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD Unhedged) produced a total return of 2.5% for the month ended 31 July 2023. All regions posted positive total returns as evidence of disinflation and rhetoric from central bankers has become less hawkish. Lower terminal rate expectations benefited vehicles with higher financial leverage in July, as evidenced by the outperformance of both Continental Europe and the office sector.

U.S. REITs modestly underperformed the global index, returning 2.8% in local currency terms. Despite the lowest CPI print since March of '21, the Federal Reserve hiked rates an additional 0.25%. Portfolio exposure to the U.S. contributed positively to relative returns due to stock selection.

Continental Europe was the top performing region returning 9.0% in local currency terms. The market responded positively to signs of disinflation, suggesting that the end of the ECB rate hike cycle could be on the horizon. With elevated leverage in the region, a pause in rate hikes would provide much needed relief. The portfolio's underweight position detracted from relative returns.

In contrast, Hong Kong was the weakest region, returning 0.4% in local currency terms. The post-Covid reopening trade in China has disappointed thus far, with consumer spending remaining subdued. Overweight portfolio exposure contributed negatively to relative returns, albeit modestly.

Except for self-storage, all property sectors posted positive returns in July.

Self-storage was the weakest performing sector, returning -3.8% in local currency terms. Underperformance was most acute in the U.S., where the operating outlook for self-storage is decelerating from record levels and a nearly frozen housing market weighs on customer demand. Portfolio exposure to storage contributed positively to relative returns due to stock selection.

Office was the strongest performing sector returning 6.9% in local currency terms. Top performers in July were U.S. office REITs with the most pressured operating outlooks and capital markets needs. Underweight portfolio exposure contributed negatively to relative returns.

Retail modestly outperformed in July, returning 4.2% in local currency terms. Despite macro data suggesting that retail sales growth has slowed in many regions, occupier demand has remained robust, particularly for grocery-anchored retail centres. Overweight portfolio exposure contributed positively to relative returns.

There were several notable REIT announcements during the month.

At the end of July, U.S. listed single-family rental REIT, Invitation Homes (INVH), issued \$800m of unsecured notes. INVH issued \$450m of 5.45% senior notes due 2030 and \$350m of 5.5% senior notes due 2033. The U.S. unsecured market remains accessible for REITs with quality balance sheets.

U.S. data centre REIT, Digital Realty (DLR), announced the sale of a 65% interest in two stabilized hyperscale facilities in Chicago into a joint venture with GI partners for \$743m. DLR will retain a 35% ownership interest and continue to manage the day-to-day operations. This deal values the properties at a 6.5% cap rate, and puts DLR on track for the ~\$2B of planned dispositions in FY23 to fund its >\$2B development pipeline.

Europe's largest retail REIT, Unibail-Rodamco-Westfield (URW), sold its 42% stake in Westfield Mission Valley Shopping Centre for \$290m at an 8.5% cap rate. This asset was previously held in a joint venture with CPPIB and reflects URW's ongoing disposition efforts to improve its balance sheet and liquidity position.

UK student housing REIT, Unite Group (UTG), issued £300m of equity to finance previously announced development projects. The equity raise was well-executed, pricing ~4% below UTG's unaffected share price. UTG's successful issuance is likely a signal to other UK REITs with healthy balance sheets that the equity market is accommodative.

The largest U.S. storage REIT, Public Storage (PSA), announced the acquisition of Simply Self Storage from Blackstone's unlisted REIT (BREIT) for \$2.2B. Pricing suggests an initial cap rate of 5-5.5% which PSA expects to stabilize at 6.25-6.75%.

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