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

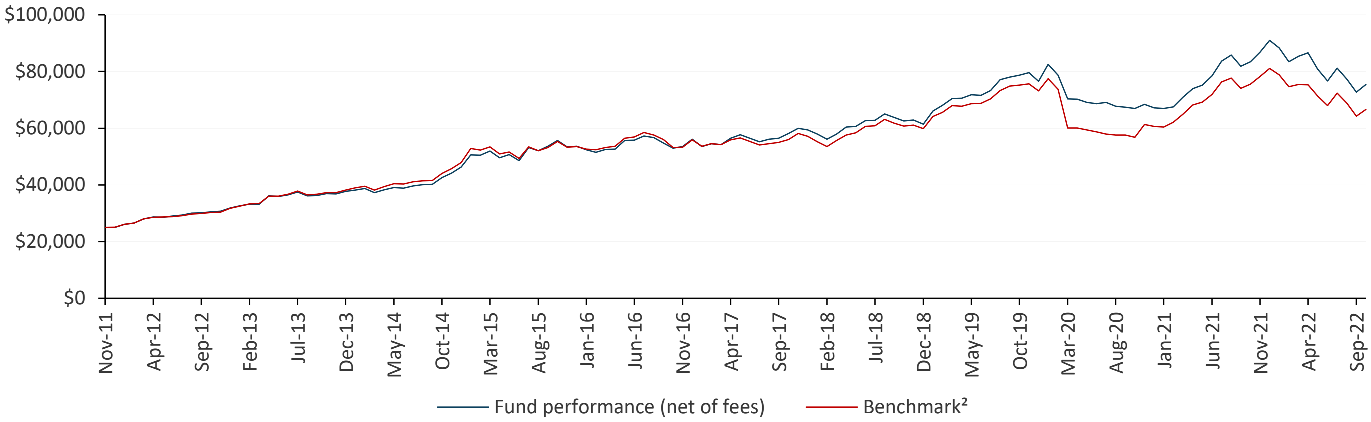
31 October 2022

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]	3.67	-7.11	-9.63	-1.43	5.35	9.46	10.63
Benchmark[2] return	3.55	-7.96	-11.84	-3.96	3.52	8.19	9.38
Value Added (Net Performance)	0.12	0.85	2.21	2.53	1.83	1.27	1.25

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*



[1]Please 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.
[2]Benchmark is FTSE EPRA/NAREIT Developed Index (AUD) Net TRI.
Source: Resolution Capital

Top 5 Weights

Security Name	%
Prologis	8.04
Kimco Realty Corporation	6.79
Public Storage	6.64
Invitation Homes	6.01
Equity Residential	5.92

Top 5 Contributors

Security Name	%
Kimco Realty Corporation	1.00
Prologis	0.70
Host Hotels & Resorts	0.43
Public Storage	0.41
Federal Realty Investment	0.41

Bottom 5 Contributors

Security Name	%
Equity Residential	-0.38
Invitation Homes	-0.37
Link REIT	-0.29
Welltower	-0.29
Essex Property Trust	-0.22

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	$534.7 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) Net TRI	**Investment Timeframe**	Medium to long term, being 5 or more years

Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD) produced a total return of 3.5% for the month ended 31 October 2022, led by Australia. Hong Kong and Singapore were outliers with negative returns for the month.

Australian markets benefited from a modest 25bps October interest rate increase to 2.85%. The RBA has signalled it can move slower than most central banks given it meets more frequently and Australia faces a better inflation trajectory with less wage/price pressures.

U.S. GDP grew 2.6% SAAR (seasonally adjusted annual rate). The labour market remained resilient with continued low unemployment and 10.7m job vacancies. Recession fears increased pressure on the Federal Reserve to temper future rate hikes.

The UK market stabilised as the third prime minister in two months took office. Despite abandoning former PM Truss' "mini-budget", the UK faces major fiscal deficit, soaring inflation, and a cooling property sector. Proposed tax hikes and spending cuts will likely dampen growth further and urge more caution in future rate hikes.

Ukraine and energy concerns continue to dominate headlines in Continental Europe, where growth remains anaemic. Germany enjoyed a modest uptick in GDP growth to +0.3% q/q, while France contracted slightly to +0.2% q/q.

Hong Kong was the weakest performing region, returning -11.4% in local currency terms. China faces growing uncertainty as President Xi commenced an unprecedented third term. China's GDP growth slowed to 3.9% in 3Q22 as zero-COVID policies kept cities in lockdown. The property sector, historically a major contributor to growth, is still reeling from the debt crisis and declining asset values.

3Q22 Reporting season kicked off in late October. Results have broadly been in-line with expectations, but initial FY23 guidance suggests a growth slowdown is ahead.

Early reporting season observations include:

- U.S. residential REITs Equity Residential (EQR) and Essex Property Trust (ESS) issued FY23 forecasts that suggest a significant rent growth deceleration. Expense pressures are expected to accelerate due to rising property taxes and repair costs. Concerningly, delinquencies are anticipated to rise, which could foretell weaking consumer balance sheets.

- Industrial REITs Prologis (PLD) and Rexford (REXR) reported strong 3Q22 results while still noting demand moderation. The sector now faces supply concerns given the ramp up in development following years of strong rent growth.

- Kimco Realty (KIM) and Site Centers (SITC) reported positive leasing trends in shopping centres, even as occupancy has plateaued. Early signs indicate higher credit losses are anticipated in 2023 after a below trend year of credit issues.

- Rising concessions in U.S. office have driven net effective rents down despite face rents being flat. Boston Properties (BXP) surprised the market with guidance that assumes occupancy declines in 2023, despite signalling otherwise at a recent investor event. Kilroy Realty (KRC) also reported modest leasing volume and declining occupancy.

- Self-storage conditions in the U.S. proved resilient as CubeSmart (CUBE) reported rent growth and occupancy is moderating slower than anticipated. A significant slowdown in NOI growth is still expected in coming quarters.

- Cofinimmo (COFB), a European healthcare REIT, reported modest rent growth driven by indexation. The company continued to acquire assets despite the shift in capital markets, which has increased leverage.

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