

# Resolution Capital Real Assets Fund - Class A

31 January 2022

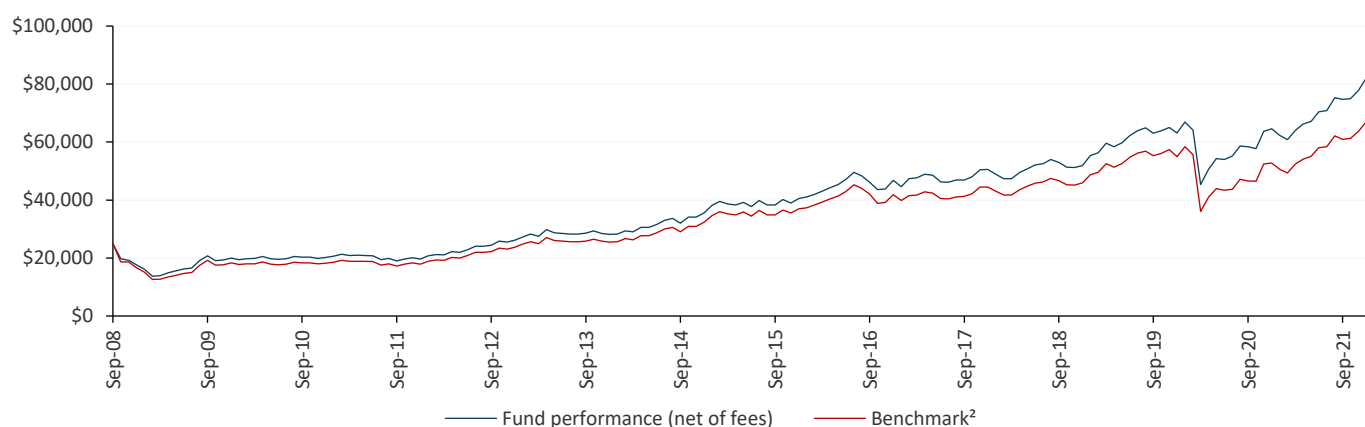


## Performance Summary

	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	10 Years p.a. %	Since Inception* p.a. %
Fund Return (After Fees) <sup>1</sup>	-9.06	-0.48	19.62	10.48	10.83	13.65	8.54
Benchmark <sup>2</sup> return	-9.45	-0.93	19.91	7.62	8.78	12.40	6.87
Value Added (After Fees)	0.39	0.45	-0.29	2.86	2.05	1.25	1.67

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\*



<sup>1</sup>Please 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.

<sup>2</sup>Benchmark is S&P/ASX 300 AREIT Total Return Index.

Source: Resolution Capital

## Top 5 Weights

Security Name	%
Goodman Group	21.55
Scentre Group	12.25
Charter Hall Group	6.53
Mirvac Group	6.17
Transurban Group	4.71

## Top 5 Contributors

Security Name	%
Aena SME	0.05
Irongate Group	0.02
Union Pacific	0.00
SSE Plc.	0.00
Vital Healthcare	0.00

## Bottom 5 Contributors

Security Name	%
Goodman Group	-2.56
Charter Hall Group	-1.27
Scentre Group	-0.91
Mirvac Group	-0.71
Transurban Group	-0.48

## Fund Details

<b>APIR code</b>	WHT0014AU	<b>Management Fee</b>	0.65% p.a. plus 20% of outperformance above the benchmark
<b>ARSN Code</b>	131 850 363	<b>Buy/Sell Spread</b>	+0.20%/-0.20%
<b>*Inception Date</b>	30 September 2008	<b>Distribution Frequency</b>	Quarterly
<b>Fund Size</b>	\$38.3 Million	<b>No. of Stocks</b>	Generally 20 to 35
<b>NAV per Unit</b>	\$0.57	<b>Investment Manager</b>	Resolution Capital
<b>Minimum Investment</b>	\$25,000	<b>Platform Availability</b>	<a href="https://rescap.com/realassetsfund">https://rescap.com/realassetsfund</a>
<b>Benchmark</b>	S&P/ASX 300 AREIT Total Return Index	<b>Investment Timeframe</b>	Medium to long term, being 5 or more years

## Market Commentary

The S&P/ASX 300 AREIT Total Return Index produced a total return of -9.4% for the month ended 31 January 2022, underperforming the Australian equities market by 2.9% (S&P/ASX 300 Total Return Index).

Global equity markets came under pressure as the U.S. Federal Reserve messaged it would increase interest rates in response to elevated inflation and favourable economic data. Bond yields rose and higher multiple growth-oriented companies underperformed. Within real estate, property fund managers and industrial REITs underperformed, whilst retail and office outperformed. Broadly speaking, infrastructure outperformed real estate.

Key events during the month included merger and acquisition (M&A) activity, property transactions, management changes and company updates.

Starting with M&A, property fund manager Charter Hall (CHC) partnered with Dutch pension fund PGGM to bid to acquire ASX-listed office and industrial REIT Irongate (IAP). The bid implies a ~5.0% cap rate and represents a 21% premium to the close price and 23% premium to Net Tangible Assets. The partnership has agreed to a call option to acquire major shareholder 360 Capital's 19.9% stake in IAP. The agreement enables 360 Capital to acquire certain IAP properties.

Meanwhile, shareholders of large format retail landlord Aventus (AVN) voted in favour of the proposed merger with the HomeCo Daily Needs REIT (HDN).

Moving to transactions, Dexus (DXS) agreed to sell a 33% interest in the recently acquired \$1.3bn Jandakot airport and industrial precinct in West Australia to superannuation fund, CBUS. Dexus and its managed Dexus Industria REIT (DXI) each retain 33% stakes.

The strong property revaluations witnessed in December continued as pub landlord Hotel Property Investments (HPI) announced a 9.5% uplift, whilst petrol station landlord Waypoint REIT (WPR) announced a 4% uplift. In both instances capitalisation rate compression was the predominant driver of the positive revaluation.

A number of management changes were announced. Firstly, diversified landlord GPT announced several changes to its senior leadership team. Management will be restructured along sector lines, resulting in separate heads for the respective retail, office and industrial divisions. Consequently, the funds management division will be merged into the three sectors. Secondly, Charter Hall Retail REIT (CQR) announced the departure of its Fund Manager who will be replaced via an internal promotion. Thirdly, toll road operator Atlas Arteria's (ALX) Chief Financial Officer resigned for an external opportunity. A search to appoint a successor is underway.

Moving to earnings, property fund manager Centuria Capital (CNI) announced an FY22 earnings guidance upgrade to 21% growth, driven by transactional activity and performance fees.

Within infrastructure, toll road operator Atlas Arteria (ALX) announced that 4th quarter 2021 traffic was <1% below 2019 levels, as the recovery in French traffic continues to outpace its U.S. and German roads. Over the quarter traffic on its key French road, APRR, was 2% above 2019 whilst in the U.S. traffic is still 27% lower given a greater reliance on commuter traffic and the resultant impact of working from home. ALX's group traffic and revenue over 2021 remained below 2019 levels given mobility restrictions earlier in the year.

Lastly, Auckland Airport (AIA) confirmed the delay of tariff negotiations with airlines by one year given the uncertainty relating to the trajectory of the passenger recovery. Consequently, tariffs will be frozen in FY23.

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