

Resolution Capital Real Assets Fund - Class A

31 January 2023

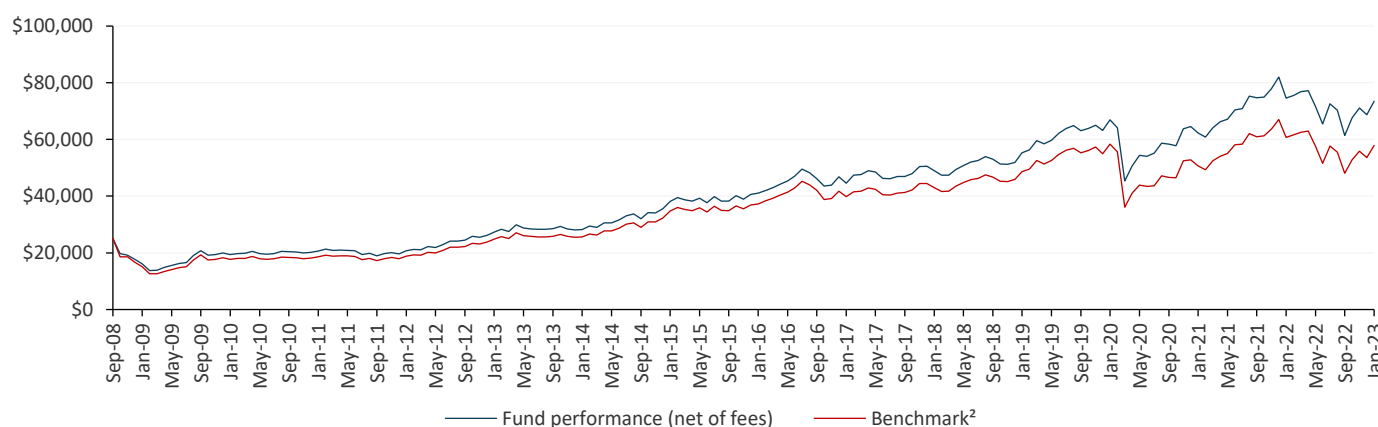
RESOLUTION CAPITAL

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	6.97	8.78	-1.44	3.17	8.47	10.40	7.81
Benchmark ² return	8.07	9.73	-4.59	-0.28	6.11	8.85	6.03
Value Added (Net Performance)	-1.10	-0.95	3.15	3.45	2.36	1.55	1.78

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 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. Past performance is no guarantee of future results.

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

Source: Resolution Capital

Top 5 Weights

Security Name	%
Goodman Group	19.39
Scentre Group	13.87
Vicinity Centres	6.27
Charter Hall Group	4.64
Region Group	4.13

Top 5 Contributors

Security Name	%
Goodman Group	2.59
Scentre Group	0.84
Charter Hall Group	0.64
Stockland	0.27
Mirvac Group	0.26

Bottom 5 Contributors

Security Name	%
Arena REIT	-0.08
Aspen Group	-0.04
Hotel Property Investments	-0.03
Region Group	-0.02
National Storage REIT	-0.01

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

Fund Details

APIR code	WHT0014AU	Management Fee	0.65% p.a. plus 20% of outperformance above the benchmark net of the management fee and expenses
ARSN Code	131 850 363	Buy/Sell Spread	+0.20%/-0.20%
*Inception Date	30 September 2008	Distribution Frequency	Quarterly
Fund Size	\$60.7 Million	No. of Stocks	Generally 20 to 40
NAV per Unit	\$0.53	Risk/Return Profile	The Fund's risk band is 5 (medium to high)
Minimum Investment	\$25,000	Platform Availability	https://rescap.com/realassetsfund
Benchmark	S&P/ASX 300 AREIT Total Return Index	Investment Timeframe	Medium to long term, being 5 or more years

Market Commentary

The S&P/ASX 300 A-REIT Total Return Index produced a total return of 8.1% for the month ended 31 January 2023, outperforming the Australian equities market by 180 basis points (S&P/ASX 300 Total Return Index). The Portfolio underperformed the S&P/ASX 300 AREIT Total Return Index (before fees).

Rising confidence that inflationary pressures have peaked led bond yields lower over the month. This buoyed the more interest rate sensitive and higher growth REITs such as fund managers. Within A-REITs industrial, fund managers and diversified were the strongest performing sectors whilst office, retail and self-storage underperformed. Broadly, infrastructure underperformed real estate with airports and toll roads outperforming utilities.

Newsflow was light in January in the lead up to profit result announcements in February.

Office landlord Dexus (DXS) provided an update on its acquisition of Collimate Capital's (formerly AMP Capital) real estate and domestic infrastructure equity business. A delay in conditions being met on AMP's side has resulted in the parties agreeing that the amount Dexus will need to pay will reduce by ~10% to \$225m and the earn out fee potential to AMP will be forfeited. The Portfolio's underweight position in Dexus contributed to relative performance.

Property fund manager Charter Hall (CHC) saw ~20% redemptions for one of its smaller office funds which had a 5 year liquidity event. Funds will be returned to investors progressively over 2023 as assets are sold. There have been increasing signs of equity flows into unlisted real estate funds pausing or reversing as interest rates have risen and listed REITs trade at deep discounts to private market real estate valuations. The Portfolio has a neutral position in CHC.

U.S. industrial REIT and portfolio holding Prologis (PLD) released a decent result with a conservative 2023 earnings growth guidance of 5.6%. Prologis suggested fundamentals remain healthy and expects 8-9% comparable rent growth, though occupancy is assumed to dip owing to rising supply deliveries. Of particular relevance to Australian industrial peer Goodman Group (GMG) which has significant development funds management earnings, Prologis highlighted that 2023 development starts will be 40% lower compared to last year with lower margins, as industrial values in the U.S. and Europe have fallen 7-16%. Interestingly, PLD reported that fund redemption requests have been modest to date. The Portfolio's underweight position in Goodman Group detracted from relative performance whilst the Prologis position contributed marginally.

With respect to management changes, retail landlord Vicinity Centres (VCX) appointed its former Chief Operating Officer Peter Huddle as CEO. Mr Huddle is well-credentialed and this move was expected.

Moving to transactions, childcare and social infrastructure landlord Charter Hall Social Infrastructure REIT (CQE) divested its ~3.5% stake in listed childcare landlord Arena REIT (ARF). CQE recycled the proceeds into a half stake in a Sydney office building located in a healthcare and medical research precinct and therefore tenanted by such tenants. The stake was acquired at a 4.8% cap rate and equates to ~\$11,300/sqm.

Turning to infrastructure, toll road operator Atlas Arteria (ALX) announced a €410m capital investment plan for its French toll road APRR. The investment relates to motorway upgrades, environmental protection and customer service improvements. ALX will be compensated via slightly higher tolls for several years. ALX also reported softer APRR traffic in 4Q22, down ~1% vs. 2019, though revenue was almost 4% above given toll escalation is linked to inflation. The Portfolio's position detracted from relative performance.

Contact Us

Investor Contact Details

Pinnacle Investment Management

Email: service@pinnacleinvestment.com

Phone: 1300 010 311

Adviser Contact Details

Pinnacle Investment Management

Email: distribution@pinnacleinvestment.com

Phone: 1300 010 311

Disclaimer: This communication is prepared by Resolution Capital Limited ('Resolution Capital') (ABN 50 108 584 167, AFSL 274491) as the investment manager of the Resolution Capital Real Assets Fund (ARSN 131 850 363) ('the Fund'). Pinnacle Fund Services Limited ('PFSL') (ABN 29 082 494 362, AFSL 238371) is the product issuer of the Funds. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') (ABN 22 100 325 184). The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund are available via the links below. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund. Links to the Product Disclosure Statement: [WHT0014AU](#), links to the Target Market Determination: [WHT0014AU](#). For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com. This communication is for general information only. It is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is for illustrative purposes only and is not indicative of future performance. Whilst Resolution Capital, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Resolution Capital, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication. Any opinions and forecasts reflect the judgment and assumptions of Resolution Capital and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future. Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Resolution Capital. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication.