

# Resolution Capital Real Assets Fund - Class A

31 March 2023

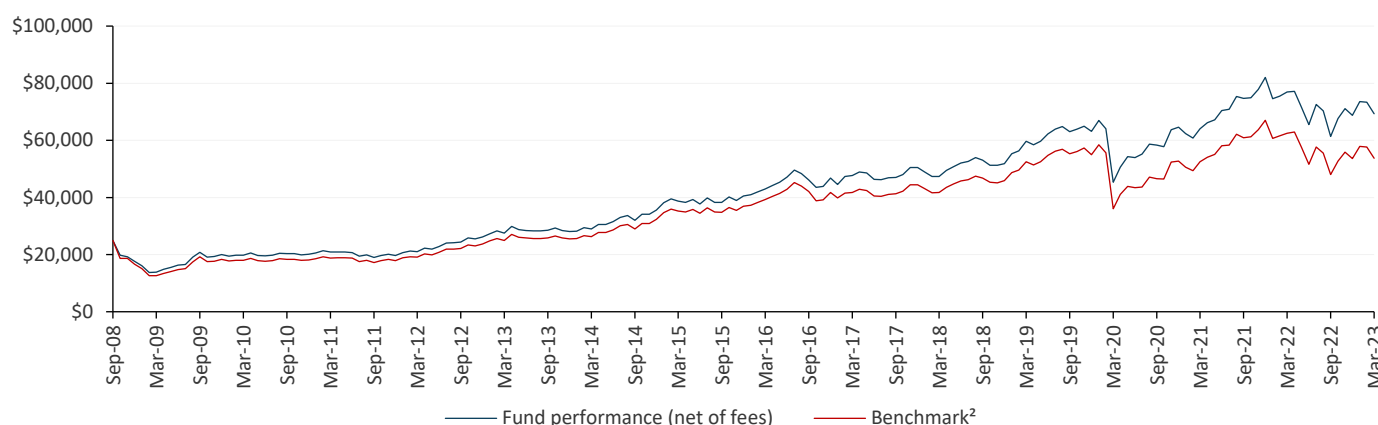


## Performance Summary

	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) <sup>1</sup>	-5.47	0.89	-9.86	15.22	7.91	9.68	7.29
Benchmark <sup>2</sup> return	-6.84	0.32	-14.02	14.20	5.19	7.95	5.42
Value Added (Net Performance)	1.37	0.57	4.16	1.02	2.72	1.73	1.87

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. Past performance is no guarantee of future results.

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

Source: Resolution Capital

## Top 5 Weights

Security Name	%
Goodman Group	18.54
Scentre Group	13.17
Vicinity Centres	6.83
Mirvac Group	4.37
Region Group	4.05

## Top 5 Contributors

Security Name	%
Stockland	0.12
Terna	0.09
Severn Trent	0.09
SSE	0.07
Ferrovial	0.05

## Bottom 5 Contributors

Security Name	%
Scentre Group	-1.09
Goodman Group	-1.02
Charter Hall Group	-0.80
Mirvac Group	-0.39
Vicinity Centres	-0.33

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

## Fund Details

<b>APIR code</b>	WHT0014AU	<b>Management Fee</b>	0.65% p.a. plus 20% of outperformance above the benchmark net of the management fee and expenses
<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>	\$59.2 Million	<b>No. of Stocks</b>	Generally 20 to 40
<b>NAV per Unit</b>	\$0.50	<b>Risk/Return Profile</b>	The Fund's risk band is 5 (medium to high)
<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 A-REIT Total Return Index produced a total return of -6.8% for the month ended 31 March 2023, underperforming the Australian equities market by 6.6% (S&P/ASX 300 Total Return Index).

During the month the Reserve Bank of Australia (RBA) raised interest rates by 0.25% to 3.60% but suggested a pause is likely near term. The failure of Silicon Valley Bank in the U.S., and the bail-out of Credit Suisse by UBS in Europe, highlighted the fragility of banks with weak capital structures and concentrated asset exposures. What this means for the broader market including REITs and infrastructure is likely tighter lending conditions and reduced credit availability for sectors with weak operating fundamentals such as office.

Within A-REITs, industrial outperformed whilst retail was in line with the benchmark and the diversified, fund managers and office sectors underperformed. Defensive, lower leveraged A-REITs generally outperformed. Broadly, infrastructure outperformed real estate.

The best performing A-REITs included residential developer and diversified landlord Stockland (SGP) and self-storage REIT National Storage (NSR).

Stockland likely benefitted from the RBA nearing a pause in hiking interest rates and early signs of a stabilising residential property market. Potential green shoots include monthly positive price growth and robust auction clearance rates, albeit the supply of listings is low. The Portfolio's underweight position detracted from relative performance.

NSR completed a \$325m equity raising constituting ~11% of shares on issue. NSR will use the proceeds to fund acquisitions, developments and de-lever the balance sheet which is well placed. Operationally, revenue growth continues to decelerate as expected from an exceptionally high level. FY23 earnings growth guidance of 8.5% was re-affirmed. The Portfolio participated in the raising and the overweight position contributed to relative performance.

A large and complex deal occurred this month involving property fund manager HMC Capital (HMC) and its externally managed HealthCo Healthcare & Wellness REIT (HCW). HMC and HCW both raised equity to fund the acquisition of a \$1.2bn portfolio of 11 hospitals leased to Healthscope. The portfolio was acquired on a 5.1% cap rate.

HMC is in the process of raising external institutional capital for a new unlisted healthcare fund which will be the eventual joint owner of the assets together with HCW. HMC raised \$125m of equity effectively as a backstop if this cannot be achieved and to participate in HCW's raising.

HCW funded its portion of the acquisition with 1) a substantial \$320m equity raising 2) debt 3) planned asset sales. The equity raising constituted 73% of issued capital at a large 33% discount to December 2022 net tangible assets. HCW's financial gearing will rise to a relatively high 36%. HMC underperformed over the month so the Portfolio's underweight position contributed to relative performance. HCW is a non-benchmark stock and the Portfolio has no position.

A key underperformer this month was fund manager Charter Hall (CHC). CHC was likely dragged by earnings headwinds stemming from ~40% office exposure, lower equity inflows, property devaluations lowering management fees from its funds, and already limited transactional activity being further impeded by potentially less bank lending. The Portfolio is positioned broadly neutral CHC.

Toll road operator Transurban (TCL) indicated it and its partners would not proceed with the development of the first stage of the ~\$3-4bn Maryland Express Lanes project in the U.S. Delayed environmental approvals and political support presented challenges. The Portfolio's position contributed to relative performance.

## Contact Us

### Investor Contact Details

Pinnacle Investment Management

Email: [service@pinnacleinvestment.com](mailto:service@pinnacleinvestment.com)

Phone: 1300 010 311

### Adviser Contact Details

Pinnacle Investment Management

Email: [distribution@pinnacleinvestment.com](mailto: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](mailto: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.