

Resolution Capital Real Assets Fund - Class A

30 September 2023

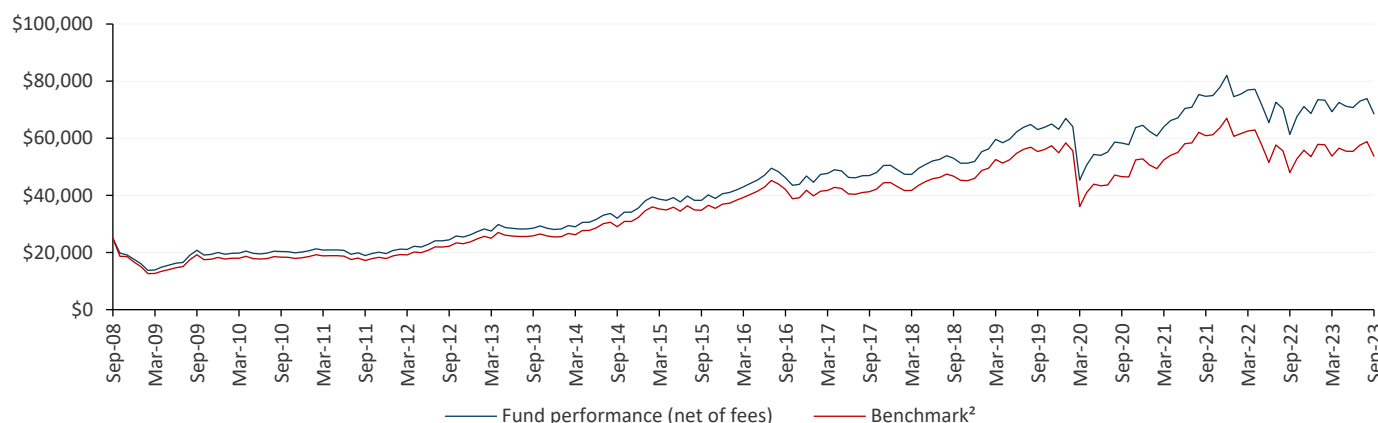


Performance Summary

	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	-7.30	-3.14	11.70	5.51	5.26	9.15	6.95
Benchmark ² return	-8.67	-3.05	11.93	4.88	2.83	7.60	5.23
Value Added (Net Performance)	1.37	-0.09	-0.23	0.63	2.43	1.55	1.72

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	24.13
Scentre Group	12.22
Vicinity Centres	5.68
Arena REIT	3.83
Region Group	3.52

Top 5 Contributors

Security Name	%
Auckland Intl Airport	0.03
Ingenia Communities Group	0.02
Derwent London	0.00
Carindale Property Trust	-0.01
Centuria Industrial REIT	-0.03

Bottom 5 Contributors

Security Name	%
Goodman Group	-1.99
Scentre Group	-1.32
Vicinity Centres	-0.54
Mirvac Group	-0.42
Arena REIT	-0.32

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	\$21.4 Million	No. of Stocks	Generally 20 to 40
NAV per Unit	\$0.48	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 -8.7% for the month ended 30 September 2023, underperforming the Australian equities market (S&P/ASX 300 Total Return Index). A-REITs underperformed as global bond yields rose significantly over the month with fewer 2024 Federal Reserve interest rate cuts now expected in the U.S. The Australian 10-year bond yield is at the highest level in more than a decade. Australian listed infrastructure outperformed property.

The Reserve Bank of Australia (RBA) held the cash rate at 4.1% in September in line with expectations but again noted “some further tightening may be required” depending on economic data. August inflation re-accelerated and the unemployment rate held at 3.7%.

Within A-REITs the office and industrial sectors outperformed, whilst retail and property fund managers underperformed. Broadly, the Portfolio’s infrastructure exposure contributed to relative performance.

Outperforming A-REITs included land lease community developer Ingenia Communities (INA) and Centuria Industrial REIT (CIP). Media speculation suggested INA was close to selling some seniors living assets. CIP sold two assets at Jun-23 book values whilst the stock price implies significant property devaluations. The Portfolio’s overweight positions in INA and CIP contributed to relative performance.

Underperforming A-REITs included interest rate sensitive property fund managers Cromwell (CMW), Charter Hall (CHC) and Home Consortium (HMC). High interest rates present headwinds to earnings via downward pressure on asset valuations and therefore management fees, as well as limiting transactional activity and equity inflows. The Portfolio’s underweight positioning in property fund managers contributed to relative performance.

Several A-REITs announced management changes. GPT appointed Charter Hall’s current Chief Financial Officer (CFO) as its new CEO. Soon after Charter Hall announced GPT’s current CFO would replace its outgoing CFO. Elsewhere, neighbourhood shopping centre landlord Region Group (RGN) announced the resignation of its Chief Operating Officer. At the start of October, Cromwell Property Group announced the resignation of its Chief Financial Officer.

Turning to deals, fund manager Centuria Capital (CNI) announced a new \$500m institutional mandate targeting industrial assets.

With respect to transactions, the media reported that a partnership managed by retail landlord Vicinity Centres (VCX) sold Midland Gate, a regional shopping centre in Perth, for ~\$465m representing an almost 15% discount to its pre-pandemic valuation. No yield was disclosed. Elsewhere, a property syndicator acquired a 50% stake in the Stockland Townsville shopping centre at a 12% discount to Jun-23 book value representing a ~8% yield.

In infrastructure, toll road operator Transurban (TCL) saw the Australian Competition and Consumer Commission (ACCC) oppose its proposed acquisition of a majority interest in the Victorian Eastlink toll road. The ACCC’s decision was on the basis that the transaction would lessen competition for future toll road concessions in the state. Separately, TCL appointed its current Head of Victoria and Strategy to the vacant CFO slot after the former CFO was promoted to CEO. The Portfolio’s TCL position contributed to relative performance.

Portfolio holding U.K. water utility Severn Trent (SVT) raised £1bn of equity representing ~18% of shares outstanding to help fund a large capex pipeline which will see the regulated asset base grow ~6% p.a. between 2025-30 on a real basis. The Portfolio participated in the raising. The Portfolio’s SVT position contributed to 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.