

# Resolution Capital Real Assets Fund - Class A

30 April 2022

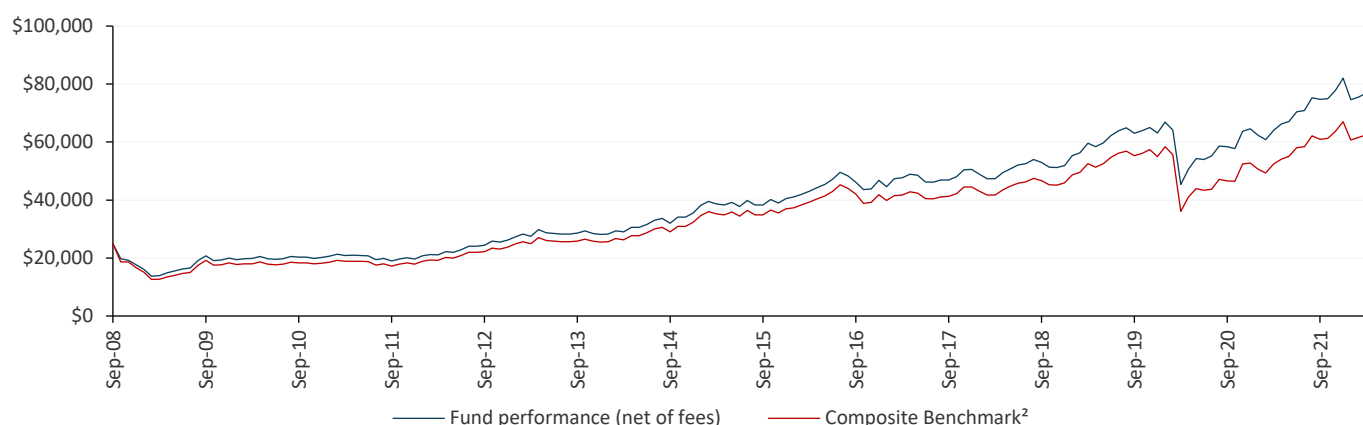
# RESOLUTION CAPITAL

## 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) <sup>1</sup>	0.34	3.48	16.57	9.70	9.53	13.25	8.65
Benchmark <sup>2</sup> return	0.69	3.72	16.39	7.02	8.00	12.03	7.03
Value Added (Net Performance)	-0.35	-0.24	0.18	2.68	1.53	1.22	1.62

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	21.09
Scentre Group	11.24
Mirvac Group	6.45
Charter Hall Group	6.39
Transurban Group	4.62

## Top 5 Contributors

Security Name	%
Goodman Group	0.96
Transurban Group	0.26
Atlas Arteria	0.19
Shopping Centres Australasia	0.13
SSE Plc.	0.13

## Bottom 5 Contributors

Security Name	%
Charter Hall Group	-0.36
Scentre Group	-0.22
Mirvac Group	-0.18
National Storage REIT	-0.16
Ingenia Communities Group	-0.12

## 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>	\$45.5 Million	<b>No. of Stocks</b>	Generally 20 to 35
<b>NAV per Unit</b>	\$0.59	<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 A-REIT Total Return Index produced a total return of 0.7% for the month ended 30 April 2022, outperforming the Australian equities market by 1.5% (S&P/ASX 300 Total Return Index).

Globally, bond yields rose in April as higher inflationary pressures persisted, with Australia recording +5.1% headline inflation, the highest in more than 20 years. Consequently, the Reserve Bank of Australia (RBA) is expected to raise interest rates multiple times over 2022.

Within A-REITs, industrial and office outperformed, whilst retail, self-storage, residential and diversified lagged. Within infrastructure, toll roads and utilities outperformed whilst airports and rail underperformed.

Key news included quarterly updates and transactions.

Diversified REITs Stockland (SGP) and Mirvac (MGR) issued quarterly updates in which they reaffirmed FY22 guidance for ~7% earnings growth. Both highlighted residential lot settlement delays because of supply chain disruptions and bad weather. Due to these same issues land lease community developer Ingenia (INA) downgraded its FY22 earnings growth guidance range to -8-4% from +3-6%, but maintained its medium-term settlement guidance to 2024.

For all these groups residential demand remains elevated but Stockland highlighted that conditions are expected to moderate as interest rates rise. Mirvac noted that its apartment projects will benefit from tight residential vacancy, affordability relative to detached homes, and deliveries coinciding with low competing supply. Mirvac also highlighted construction cost inflation of 2-5% in its commercial development pipeline.

Moving to infrastructure, toll road operator Transurban (TCL) reported 3Q22 traffic -9% vs. 2019 due to the adverse impact from Omicron and wet weather. Traffic in Brisbane and Sydney has recovered faster than in Melbourne and North America.

Auckland Airport (AIA) reported March passengers -61% vs. 2019 with minimal international travel and domestic traffic worsening due to Omicron. Volumes should improve in the coming months as trans-Tasman travel resumes.

Spanish airport operator Aena (AENA) reported 1Q22 passenger volumes -28% vs. 2019, but with a strong near-term outlook for the European summer with bookings expected to be approximately in-line with pre-Covid levels. However, higher costs, particularly electricity, are pressuring aviation profitability.

Regarding transactions, office landlord Dexus (DXS) announced the acquisition of Collimate Capital's (formerly AMP Capital) \$28bn domestic real estate and infrastructure funds management platform. Dexus will pay between \$250m to \$550m for the platform, depending on how much funds under management (FUM) remains 9 months after the deal closes. Negotiations with underlying investors are ongoing. Dexus also intends to acquire AMP's co-investment stakes for up to \$450m. The consideration implies a valuation of ~2% of FUM, 12x EBIT and 4% co-investment stake yield. The debt-funded acquisition is expected to be accretive to earnings and Dexus intends to divest assets to help fund the deal, which is expected to complete in the first half of FY23.

Service station landlord Waypoint REIT (WPR) sold a \$142m portfolio comprised of 29 largely regional assets on a 6% cap rate. This constitutes ~5% of the portfolio.

In management changes, the CEO of the HomeCo Daily Needs REIT (HDN) is retiring only months after the merger between HDN and Aventus completed. He will be replaced by HMC Capital's COO. Elsewhere, the CFO's of Waypoint REIT and Abacus (ABP) are also leaving.

## Contact Us

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