

Resolution Capital Real Assets Fund - Class A

31 October 2022

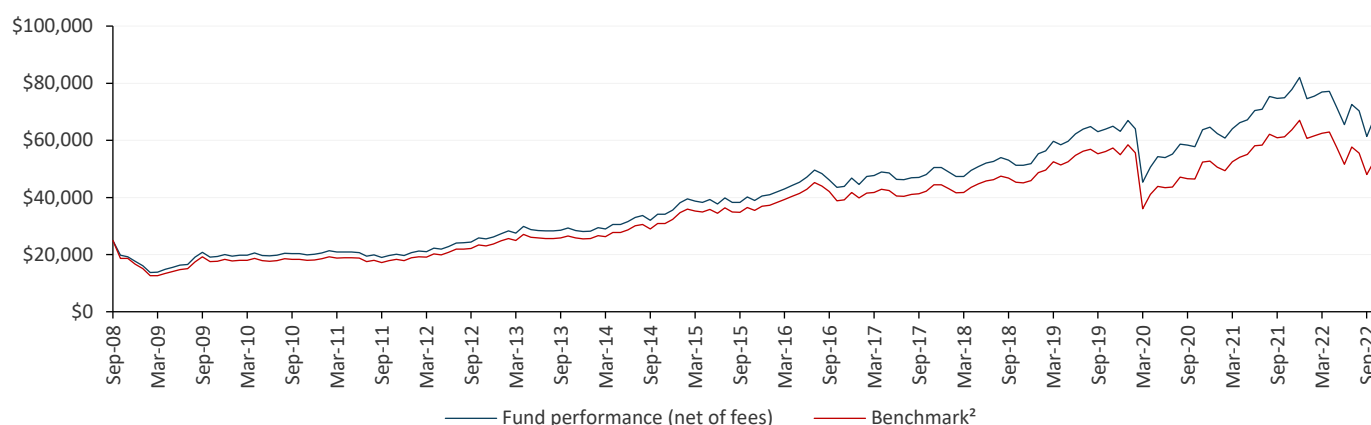
RESOLUTION CAPITAL

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) ¹	10.16	-6.92	-9.83	1.88	7.07	10.11	7.31
Benchmark ² return	9.87	-8.48	-13.86	-2.02	4.57	8.48	5.44
Value Added (Net Performance)	0.29	1.56	4.03	3.90	2.50	1.63	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*



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	15.98
Scentre Group	13.86
Vicinity Centres	6.64
Mirvac Group	5.40
Shopping Centres Australasia	5.27

Top 5 Contributors

Security Name	%
Scentre Group	1.89
Goodman Group	1.30
Shopping Centres Australasia	0.80
Vicinity Centres	0.80
Charter Hall Group	0.60

Bottom 5 Contributors

Security Name	%
Aspen Group	-0.03
Property For Industry	0.00
RAM Essential Services	0.02
Nextdc Limited	0.02
Dexus	0.02

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	\$51.2 Million	No. of Stocks	Generally 20 to 35
NAV per Unit	\$0.49	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 9.9% for the month ended 31 October 2022, outperforming the Australian equities market by 390bps (S&P/ASX 300 Total Return Index).

The Reserve Bank of Australia surprised as it raised the cash rate by 0.25% to 2.6%, lower than market expectations for a 0.5% lift. Australian headline inflation of 7.3% is the highest since 1990 and further interest rate hikes are anticipated.

Within A-REITs, self-storage, childcare, retail and diversified sectors outperformed whilst industrial and office underperformed. Broadly, infrastructure underperformed real estate but offshore airport and mobile tower holdings contributed to relative performance.

Key news related to A-REIT quarterly updates and some management changes. Key themes from A-REIT quarterly updates include:

- Earnings guidance was re-affirmed.
- Retail metrics impressed with high occupancy, improved albeit negative leasing spreads and retailer sales above pre-pandemic levels.
- Industrial market rent growth remains strong owing to robust tenant demand and low vacancy.
- Office occupancy held or improved but tenant incentives remain elevated at 30-35%.
- Residential land and apartment sales have fallen dramatically.

Retail landlord Vicinity Centres (VCX) reported higher occupancy and improved quarterly leasing spreads (ie: new vs. old rent) of -0.4% from -4.8% at Jun-22. Footfall remains 12% below pre-pandemic levels but retailer sales are higher. In addition, VCX announced its CEO will retire in June 2023 and a replacement search is underway. The Portfolio's overweight retail positioning contributed to relative performance.

Residential developers and diversified landlords Mirvac (MGR) and Stockland (SGP) both highlighted falls in residential land lot /apartment sales of 27% and 45% respectively from the previous quarter. For Stockland this was the lowest quarter of sales in more than a decade. Sales are expected to remain below trend until the interest rate outlook stabilises. Mirvac pointed to wet weather and labour shortages as risks to achieving settlement guidance. Mirvac also announced that its Head of Commercial Property would succeed its outgoing CEO. The Portfolio remains underweight both companies.

Office landlord Dexus (DXS) reported stable occupancy at 95.2% and elevated 30% incentives. There was some improvement in leasing activity, mainly with small tenants seeking to upgrade to better quality space. The Portfolio's underweight position contributed to relative performance.

Industrial landlord Centuria Industrial REIT (CIP) reported improved occupancy and strong leasing spreads of 18%. Similarly, Stockland also reported 12% spreads within its industrial portfolio but Mirvac's were only 5%. The Portfolio's industrial underweight position contributed to relative performance.

Self-storage landlord National Storage REIT (NSR) reported quarterly revenue growth of 1.2% with 2% rental growth offsetting occupancy loss. The Portfolio's overweight position contributed to relative performance.

Moving to infrastructure, toll road operator Transurban reaffirmed dividend guidance and reported that traffic improved slightly in the September quarter. Traffic in Sydney and Brisbane are at or above 2019 levels whilst North America and Melbourne still lag. The Portfolio's toll road positions detracted from relative performance.

Auckland Airport (AIA) upgraded FY2023 profit guidance due to a stronger passenger recovery. AIA expects domestic passengers at 85-90% of 2019 levels and international at 60-70%. The Portfolio's airport positions contributed to relative performance.

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