

Resolution Capital Real Assets Fund - Class A

31 December 2021

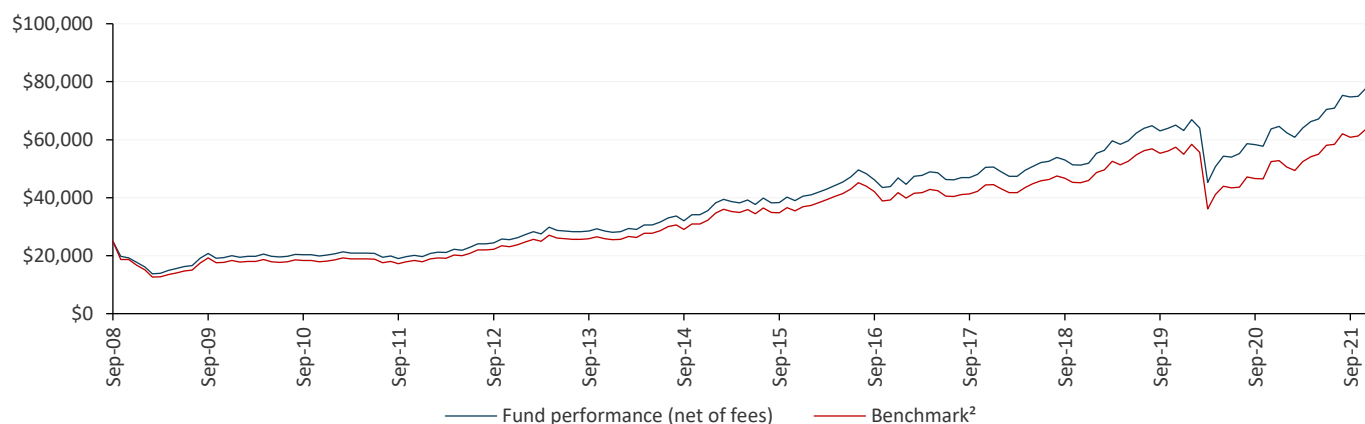


Performance Summary

	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	10 Years p.a. %	Since Inception* p.a. %
Fund Return (After Fees) ¹	5.37	9.78	27.02	16.47	11.87	15.35	9.37
Benchmark ² return	5.24	10.07	27.03	13.40	9.90	14.11	7.72
Value Added (After Fees)	0.13	-0.29	-0.01	3.07	1.97	1.24	1.65

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.

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

Source: Resolution Capital

Top 5 Weights

Security Name	%
Goodman Group	21.86
Scentre Group	11.79
Charter Hall Group	6.77
Mirvac Group	6.54
Transurban Group	4.77

Top 5 Contributors

Security Name	%
Goodman Group	1.67
Charter Hall Group	0.51
Scentre Group	0.28
Arena REIT	0.28
National Storage REIT	0.26

Bottom 5 Contributors

Security Name	%
Cellnex Telecom	-0.04
Stockland	-0.01
Stride Investment Mgmt	-0.01
Vicinity Centres	0.00
RAM Essential Services	0.00

Fund Details

APIR code	WHT0014AU	Management Fee	0.65% p.a. plus 20% of outperformance above the benchmark
ARSN Code	131 850 363	Buy/Sell Spread	+0.20%/-0.20%
*Inception Date	30 September 2008	Distribution Frequency	Quarterly
Fund Size	\$40.2 Million	No. of Stocks	Generally 20 to 35
NAV per Unit	\$0.63	Investment Manager	Resolution Capital
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 5.2% for the month ended 31 December 2021, outperforming the Australian equities market by 2.6% (S&P/ASX 300 Total Return Index).

The market continued to digest news emerging regarding the Covid-19 Omicron variant, which whilst more contagious, appears to be less severe in terms of health impacts.

Broadly speaking, infrastructure performed in line with real estate. Industrial, childcare and storage REITs outperformed whilst retail, office, residential and diversified underperformed.

Key events for the REIT sector during the month included strong property portfolio revaluations, earnings guidance upgrades and in the broader real estate market, meaningful transactional activity.

Starting with AREIT property valuations: Revaluations announced during the month were particularly strong for childcare, industrial, grocery anchored shopping centres, large format retail and self-storage. In these sectors revaluations ranged from high single digit to low double digit growth. Large malls and office buildings were the notable laggards.

With respect to earnings guidance upgrades, the most notable was from property fund manager, Charter Hall Group (CHC). After upgrading 2022 guidance in November, CHC again upgraded in December owing to growth in funds under management and positive revaluations crystallising performance fees. The new guidance represents an extraordinary 72% earnings growth over 2021. Separately, CHC surprised the market by acquiring a 50% interest in Australian based equity fund manager Paradise Investment Management (PIM) for \$207m, equating to a P/E multiple of 10x. The acquisition represents a strategic shift outside CHC's core real estate business. The deal has a positive, but relatively small, financial impact for CHC and the rationale includes cross-selling new and existing products across the platforms.

Other REITs to upgrade guidance included Charter Hall Retail REIT (CQR) due to acquisitions, and diversified landlord Growthpoint (GOZ) due to acquisitions, leasing success and lower debt costs.

Moving to transactions, stakes in several large regional malls traded following elevated activity in recent months. Unlisted AMP managed funds were prominent. AMP Shopping Centre Fund (ASCF) acquired a 25% stake in Macquarie Centre for \$423m and AMP Capital Retail Trust (ACRT) acquired the remaining 20% of Pacific Fair it didn't previously own for \$336m. Both stakes were acquired from Dexus' (DXS) unlisted Wholesale Property Fund at book value and a mid-4% cap rate. ACRT had purchased 80% of Pacific Fair in recent months.

Separately, Dexus announced the sale of several office assets. These include 50% interests in two A-grade Sydney office assets for \$478m representing a 1.5% discount to June 2021 valuations. The third sale, of a North Sydney office building with a short lease, represented a 5% discount.

Dexus also announced that Blackstone had acquired the Government of Singapore Investment Corporation's (GIC) 49% interest in its unlisted Australian Logistics Trust (DALT) for ~\$2.1bn, a significant premium to book value.

Moving to funds management activity, grocery anchored retail landlord Shopping Centres Australasia (SCP) established a \$750m joint venture with GIC. The JV will invest in convenience shopping centres located in metropolitan locations and is split 80% GIC / 20% SCP. SCP will seed the JV with \$285m of assets from its balance sheet.

Within infrastructure, toll road developer and operator Transurban (TCL) reached an agreement with the Victorian Government and subcontractor John Holland in relation to its problematic West Gate Tunnel project. The project has been delayed by disputes relating to the disposal of contaminated soil. TCL will split the cost overruns with Government, incurring an additional \$2.0bn. The agreement avoids a protracted legal battle with the project completion delayed to 2025.

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