Resolution Capital Global Property Securities Fund – Series II

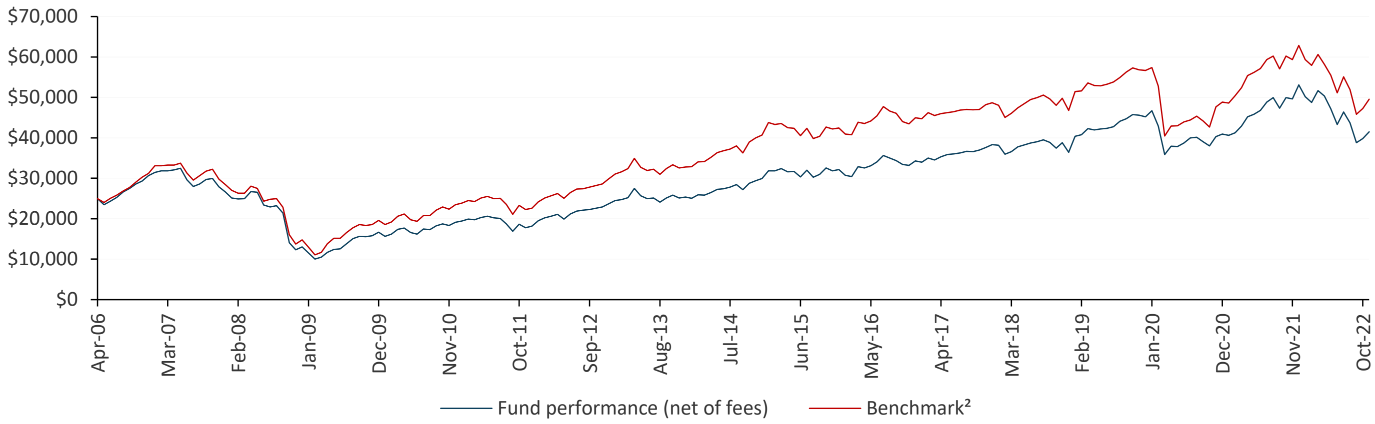
30 November 2022

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]	4.17	-5.10	-16.37	-3.08	1.96	6.12	3.10
Benchmark[2] return	4.97	-4.60	-16.48	-4.43	0.57	5.64	4.21
Value Added (Net Performance)	-0.80	-0.50	0.11	1.35	1.38	0.48	-1.11

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*



[1]Please note this Fund was previously known as the Perennial Hedged Global Property Wholesale Trust. Resolution Capital was appointed the investment manager of the Fund effective 1 November 2014. Past performance is no guarantee of future results.
[2]Benchmark is FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI. Prior to 1 April 2015 the benchmark was UBS Global Real Estate Investors Index (AUD Hedged) Net TRI and prior to 1 November 2014 the FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI.
Source: Resolution Capital

Top 5 Weights

Security Name	%
Prologis	7.61
Kimco Realty Corporation	6.45
Invitation Homes	5.77
Public Storage	5.27
Equity Residential	5.19

Top 5 Contributors

Security Name	%
Equinix	0.60
Welltower	0.47
Federal Realty Investment	0.31
Mitsubishi Estate Company	0.23
Healthpeak Properties	0.23

Bottom 5 Contributors

Security Name	%
Public Storage	-0.54
Rexford Industrial Realty	-0.13
Host Hotels & Resorts	-0.12
Equity Residential	-0.11
Essex Property Trust	-0.11

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

Fund Details

APIR code	IOF0081AU	**Management Fee**	1.05% p.a.
ARSN Code	118 190 542	**Buy/Sell Spread**	+0.20%/-0.20%
***Inception Date**	30 April 2006	**Distribution Frequency**	Quarterly
Fund Size	$440.7 Million	**No. of Stocks**	Generally 30 to 60
NAV per Unit	$1.09	**Risk/Return Profile**	The Fund's risk band is 5 (medium to high)
Minimum Investment	$25,000	**Platform Availability**	https://rescap.com/globalfund/seriesii
Benchmark	FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI	**Investment Timeframe**	Medium to long term, being 5 or more years

Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD Hedged) produced a total return of 5.0% for the month ended 30 November 2022. All regions posted positive returns. While inflation figures reported by major economies remain elevated, some fell below consensus expectations. Meanwhile other leading indicators (such as employment and rental housing survey data points) suggest inflation is cooling. The ensuing recalibration of interest rate expectations and in turn REIT earnings and valuation expectations, provided some relief for REIT returns during the month.

The U.S. returned 5.7% in local currency terms on the back of more muted inflation metrics. The consumer price index for October came in below consensus expectations. Other leading indicators also pointed to cooling inflation, including the unemployment rate which increased 20bps to 3.7%. On November 30, the Fed Chairman signalled a slower pace of interest rate rises.

Hong Kong was the strongest region returning 14.0% in local currency terms on post-COVID reopening hopes. Whilst the relaxation of restrictions is slow and ongoing, small strides made during the month should help its struggling economy. China policy makers announced minor adjustments which reflect a subtle shift toward easing, perhaps in response to recent public protests against China's tough stance. Our underweight exposure to Hong Kong detracted from performance.

Japan was the weakest region returning 0.8% in local currency terms. Its GDP unexpectedly contracted by 0.3% quarter-on-quarter on a seasonally adjusted basis, despite recently easing COVID restrictions. Yen weakness in Japan magnifies import costs and impedes consumption, but positively it supports the recovery of inbound tourism. Our underweight exposure to Japan contributed positively to performance.

All property sectors posted positive returns in November, except self-storage.

Data centres was notably strong, returning +18.6% in local currency terms on the back of positive 3Q22 earnings results. Demand remains significantly ahead of historical trends with REITs citing record bookings, and supply is constrained leading to 3-year-low vacancy rates in major markets. Our exposure to Equinix (EQIX) contributed positively to performance.

Healthcare was another bright spot, returning +9.2% in local currency terms. A highlight of 3Q22 earnings results was the ongoing recovery in senior housing demand as both occupancy and rate growth continued to improve and agency labour expense pressure abated. Additionally, U.S. healthcare REIT Welltower (WELL) announced the restructuring of its joint venture with troubled operator ProMedica, which involved transitioning 145 skilled nursing facilities to a new operator, which is a tenant credit upgrade for WELL. Our overweight exposure to healthcare and WELL contributed positively to performance.

Self-storage was relatively weak, returning -4.8% in local currency terms as 3Q22 earnings results pointed to a return to more normalised trading conditions with occupancy and rental rates edging lower. Our overweight exposure to self-storage detracted from performance.

The reality of rising interest rate headwinds continued to set in. One of several stark debt issuances during the month was completed by highly indebted German Residential REIT Vonovia (VNA). Vonovia issued €1.5bn of bonds with a blended 6.25-year term and a ~4.9% coupon that reflected a giant +370bps spread to the company's 1.2% average in-place borrowing cost.

At the end of the month, Segro (SGRO) took advantage of a slight improvement in conditions to issue £350m 5.125% 19 year bonds. This is a small issuance for the company and helps term out future capital needs.

Several REITs issued convertible bonds in the month, in an effort to soften the impact of higher debt costs. While a convertible may offer a lower coupon and thereby mute the additional interest expense, longer term dilution would be incurred upon conversion into common stock if the embedded equity option were exercised.

In November, Dexus (DXS) issued a A$500m 3.5% 2027 convertible bond with a 30% convert premium. In Hong Kong, Link REIT (823) issued a HK$3.3bn 4.5% 2027 convertible bond with a 17% convert premium.

Contact Us

Investor Contact Details	**Adviser Contact Details**
Pinnacle Investment Management	Pinnacle Investment Management
Email: service@pinnacleinvestment.com	Email: distribution@pinnacleinvestment.com
Phone: 1300 010 311	Phone: 1300 010 311