Resolution Capital Global Property Securities Fund – Series II

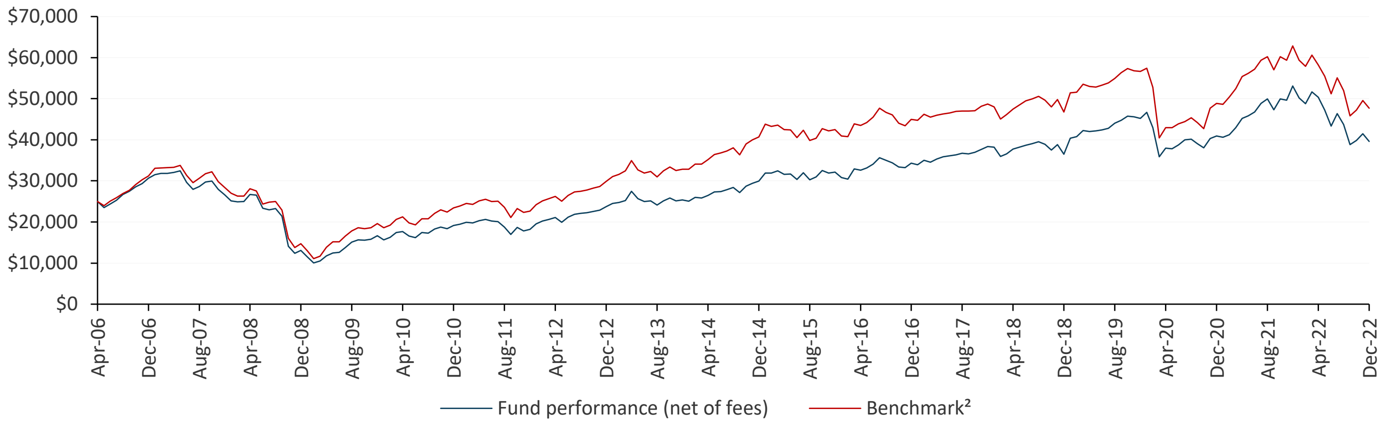
31 December 2022

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]	-4.55	2.05	-25.42	-4.29	0.64	5.25	2.80
Benchmark[2] return	-3.85	4.05	-24.16	-5.59	-0.42	4.78	3.94
Value Added (Net Performance)	-0.70	-2.00	-1.26	1.30	1.06	0.47	-1.14

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	7.20
Kimco Realty Corporation	5.99
Invitation Homes	5.47
Equity Residential	5.00
Public Storage	4.75

Top 5 Contributors

Security Name	%
Sun Hung Kai Properties	0.24
Link REIT	0.11
Warehouses De Pauw	0.08
Shurgard Self Storage	0.07
Big Yellow Group	0.05

Bottom 5 Contributors

Security Name	%
Invitation Homes	-0.61
Kimco Realty Corporation	-0.51
Equity Residential	-0.50
Federal Realty Investment	-0.42
Host Hotels & Resorts	-0.39

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	$437.3 Million	**No. of Stocks**	Generally 30 to 60
NAV per Unit	$1.03	**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 -3.8% for the month ended 31 December 2022. Hong Kong was a regional outlier with positive returns for the month. Our elevated cash position was a key contributor to relative performance.

Globally, central banks continued to increase rates in response to persistently high inflation. The U.S. Fed increased interest rates by another 50bps and emphasized further rate rises are to be expected throughout 2023. The Bank of Japan surprised markets this month by widening its bond yield curve control ("YCC") band for the first time since Q1 2021.

On the back of YCC widening, Japan was the weakest region returning -6.8% in local currency terms. The Bank of Japan signalling that it may move away from its negative interest rate policy is significant as it would be the last major central bank to do so. The Bank of Japan announcement caused a spike in the Yen and Japanese equities to fall. Our underweight exposure to Japan contributed positively to performance.

Hong Kong was the best performing region returning 12.0% in local currency terms after China abandoned its Covid zero policy and lifted lockdown restrictions, increasing expectations for the HK/China border reopening in January which has been closed for three years. The lifting of Covid restrictions in both China and Hong Kong is expected to provide a strong economic rebound to the region as China's Covid zero policy slowed economic activity to its slowest pace in two years. Our underweight exposure to Hong Kong detracted from performance.

The U.S. was relatively weak returning -5.3% in local currency terms as the labour market remains resilient in the face of rising interest rates, which together with a negative yield curve suggests the increasing likelihood of a Fed induced recession. Our overweight exposure to the U.S detracted from performance.

All property sectors posted negative returns in December. The hotels sector was the worst performer, returning -7.1% in local currency terms. U.S. hotel REIT Pebblebrook (PEB) announced a significant earnings downgrade which it attributed to a slowdown in demand from weaker business and leisure travel, negative hurricane impacts and higher operating costs. Our nil exposure to PEB and underweight exposure to hotels contributed positively to performance.

The data centre sector was the second worst performer during the month, returning -6.7% in local currency terms. The underperformance was led by Digital Realty (DLR) that announced the sudden departure of William Stein as CEO and from the board of directors. Andrew Power (former president and CFO) has been appointed as the replacement. Our nil exposure to DLR and underweight exposure to the sector contributed positively to performance.

Retail was the best performing sector, returning -0.5% in local currency terms as strong tenant demand and robust consumer spending boosted the sector amid overall market volatility. Our overweight exposure to retail contributed positively to performance.

Headwinds from rising interest rates, lower portfolio occupancies, weakening tenant demand and rising operating expenses are creating challenging operating and finance conditions for U.S. office REITs. Consequently, west coast focused Douglas Emmet (DEI) and New York focused SL Green (SLG) announced dividend cuts of 32% and 13% respectively. DEI will use the retained cash to take advantage of opportunities as well as partially funding a recently announced share repurchase program whilst SLG aims to reduce debt by $2.4bn in 2023.

Singapore's largest real estate deal of 2022 was finalised in December with Hong Kong based Link REIT (0823) entering agreements to acquire two Singaporean shopping malls, Jurong Point and Swing By @ Thomson Plaza for US$1.6bn. The acquisition will be funded by 0823's internal cash and debt facilities and reflects an initial yield of 4.9% and 6.1% discount to valuation. This transaction highlights investor confidence in the local market relative to the Asia pacific region.

Other notable transactions during December included:

- Unibail-Rodamco-Westfield (URW) sold outdoor lifestyle property, 'The Village' in Los Angeles for US$325m to the Kroenke Organisation. The deal reflects a 5.6% initial yield and 10.6% discount to the most recent valuation.

- Dexus (DXS) announced the sale of six assets comprising retail, office, industrial, storage and healthcare properties for US$327m. Four of the six assets were sold at a c.10% discount to book value with the remaining two being trading assets.

- Japanese REIT Mitsubishi Estate Co Ltd (8802) agreed to acquire office owner Regus Japan Holdings K.K. for US$280m in cash. 8802 will acquire operation and development rights as IWG's exclusive partner for flexible workplaces in Japan as part of the transaction.

- Nippon Prologis REIT, Inc (3283) announced it would acquire three Japanese logistics assets for US$320m, producing a weighted acquisition yield of 4.4%. The acquisition was partially funded by a c.US$175m equity capital raise.

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

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