

# Resolution Capital Global Property Securities Fund – Series II

# RESOLUTION CAPITAL

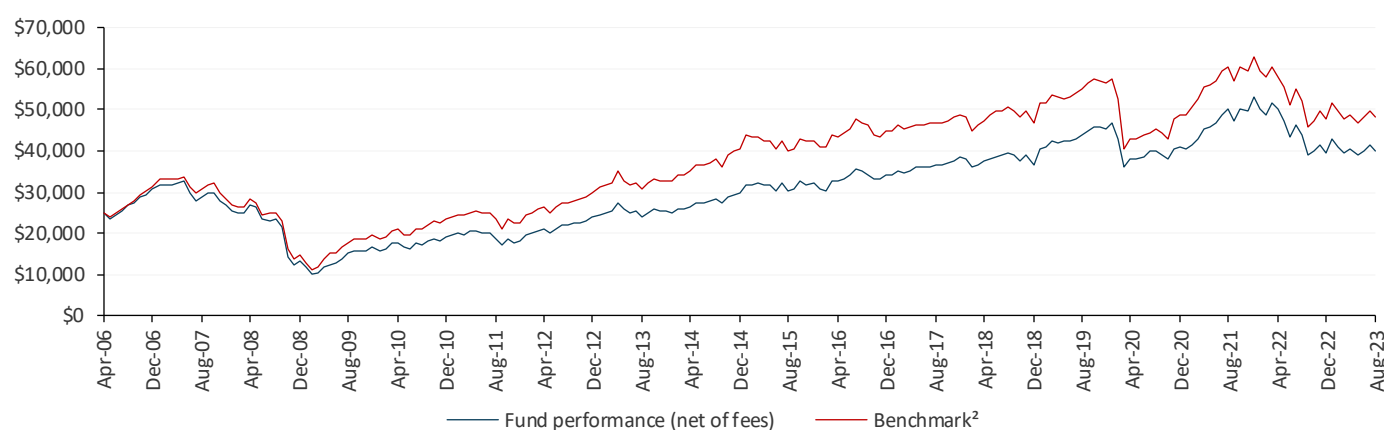
31 August 2023

## 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>	-2.67	3.38	-8.25	-0.02	0.29	5.22	2.76
Benchmark <sup>2</sup> return	-2.70	3.23	-7.01	2.15	-0.90	4.54	3.87
Value Added (Net Performance)	0.03	0.15	-1.24	-2.17	1.19	0.68	-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\*



<sup>1</sup>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.

<sup>2</sup>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	%
Equity Residential	6.72
Prologis	6.54
Equinix	6.07
Welltower	4.96
Invitation Homes	4.58

## Top 5 Contributors

Security Name	%
Mitsui Fudosan	0.42
Digital Realty	0.25
Welltower	0.25
Prologis	0.23
Mitsubishi Estate Company	0.16

## Bottom 5 Contributors

Security Name	%
Host Hotels & Resorts	-0.28
Link REIT	-0.23
Derwent London	-0.18
Realty Income	-0.18
Sun Hung Kai Properties	-0.10

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	\$463.1 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	<a href="https://rescap.com/globalfund/series-ii">https://rescap.com/globalfund/series-ii</a>
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 -2.7% for the month ended 31 August 2023. Negative total returns were posted in all regions except Japan and Europe, with headlines throughout the month centring around half yearly or end of financial year earnings.

U.S. REITs underperformed the global index, returning -3.2% in local currency terms. Inflation trends showed ongoing improvement in August with month-on-month CPI results down to or near long-term trends for most major CPI categories, except for rents. However, wages and wages growth continue to remain elevated preventing the Federal Reserve from signalling the end of inflation concerns. Portfolio exposure to the U.S. contributed positively to relative returns due to stock selection.

Japan was the top performing market in the global index, returning 2.7% in local currency terms. During the month the Japanese economy demonstrated strong GDP growth, spurred by net exports driven by a weaker Yen. Despite a slight loosening of yield curve control (YCC) policy the Bank of Japan (BoJ) continues to maintain an ultra-easy monetary policy, which remains highly accommodative and lends support to REIT earnings. Portfolio exposure to Japan contributed positively to relative returns.

In contrast, Hong Kong was the weakest region, returning -9.7% in local currency terms. The region has suffered from a continued decline in Chinese consumer confidence amid a deteriorating Chinese property market which has prompted several interventions from China's central bank and the People's Bank of China (PBoC). Portfolio exposure to Hong Kong detracted from relative returns.

All property sectors posted negative returns in August.

Retail was the weakest performing sector, returning -5.6% in local currency terms. While retail REITs posted generally solid results which showed robust leasing activity, increasing consumer uncertainty weighed down the sector with warnings of slowing discretionary sales and higher bad debt. Overweight portfolio exposure contributed negatively to relative returns.

Data centres was the best performing sector for the month, returning -0.2% in local currency terms. Data centre results were in line with expectations, however, generative AI and its potential impact on demand drove strong performance.

There were two significant M&A transactions over the month.

Hersha Hospitality Trust (HT), a U.S. hotel REIT, announced its acquisition by private equity firm KSL Capital Partners in an all-cash transaction that values the company at ~US\$1.4bn. The purchase price was 60% above the last share price and value per key of ~US\$362,000.

U.S. shopping centre REIT Kimco Realty (KIM) announced an agreement to buy RPT Realty (RPT) in an all-stock transaction for ~\$2bn. The transaction price reflected an 18% premium to RPT's last share price and 8.1% implied cap rate. The deal will add 43 wholly owned and 13 JV shopping centres to KIM's portfolio of 528 properties and is expected to close in early 2024.

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Disclaimer: This communication is prepared by Resolution Capital Limited ('Resolution Capital') (ABN 50 108 584 167, AFSL 274491) as the investment manager of the Resolution Capital Global Property Securities Fund – Series II (ARSN 118 190 542) ('the Funds'). Pinnacle Fund Services Limited ('PFSL') (ABN 29 082 494 362, AFSL 238371) is the product issuer of the Funds. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') (ABN 22 100 325 184). The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund are available via the links below. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund. Links to the Product Disclosure Statement: [IOF0081AU](#), Links to the Target Market Determination: [IOF0081AU](#). For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email [service@pinnacleinvestment.com](mailto:service@pinnacleinvestment.com). This communication is for general information only. It is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is for illustrative purposes only and is not indicative of future performance. Whilst Resolution Capital, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Resolution Capital, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication. Any opinions and forecasts reflect the judgment and assumptions of Resolution Capital and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future. Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Resolution Capital. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication.