Resolution Capital Real Assets Fund - Class A

31 March 2024

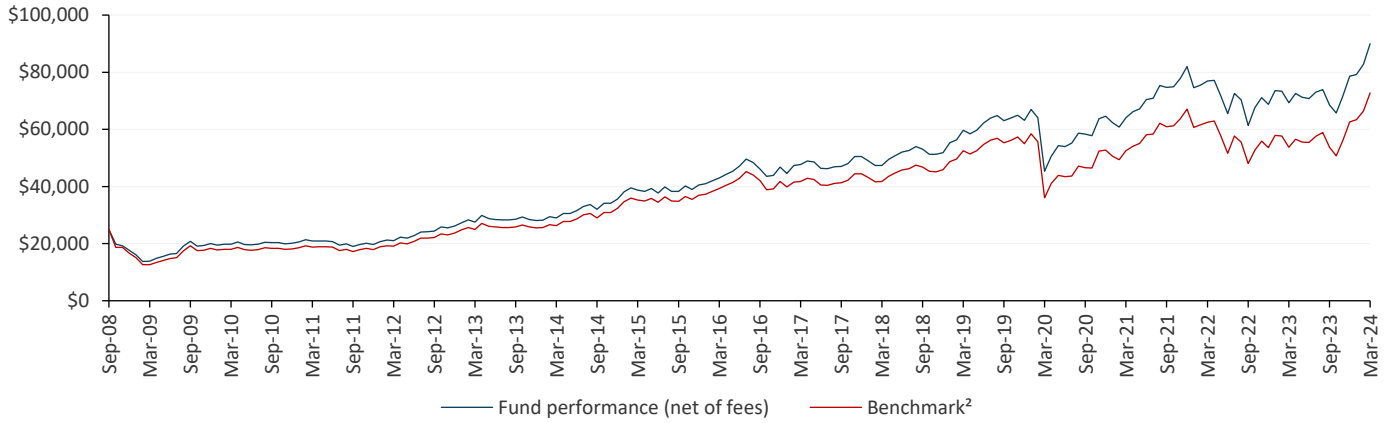
RESOLUTION CAPITAL

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]	8.75	14.46	29.78	11.98	8.56	11.98	8.61
Benchmark[2] return	9.56	16.16	35.36	11.50	6.71	10.73	7.13
Value Added (Net Performance)	-0.81	-1.70	-5.58	0.48	1.85	1.25	1.48

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 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.
[2]Benchmark is S&P/ASX 300 AREIT Total Return Index.
Source: Resolution Capital

Top 5 Weights

Security Name	%
Goodman Group	28.36
Scentre Group	13.70
Stockland	4.94
Vicinity Centres	4.65
Arena REIT	3.89

Top 5 Contributors

Security Name	%
Goodman Group	3.56
Scentre Group	1.28
Arena REIT	0.62
Vicinity Centres	0.47
Stockland	0.41

Bottom 5 Contributors

Security Name	%
Transurban Group	-0.05
Cellnex Telecom	-0.02
Aspen Group	-0.01
Digital Realty	-0.01
Abacus Storage King	0.00

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	$28.7 Million	**No. of Stocks**	Generally 20 to 40
NAV per Unit	$0.63	**Risk/Return Profile**	The Fund's risk band is 6-7 (High - Very 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 9.6% for the month ended 31 March 2024, outperforming the Australian equities market (S&P/ASX 300 Total Return Index). Australian listed infrastructure underperformed property. The Portfolio underperformed the index.

Domestic economic data released during the month showed 4th quarter 2023 GDP moderated to 1.5% year on year and inflation steady at 3.4%, however, the unemployment rate fell further to 3.7%. As anticipated the Reserve Bank of Australia held the cash rate steady at 4.35%.

Within A-REITs, the industrial sector outperformed, driven by Goodman Group which rallied on its inclusion in the FTSE EPRA NAREIT index. Retail and land lease sectors performed in line whilst office and diversified underperformed.

Positive contributors to relative performance included overweight positions in pub landlord Hotel Property Investments (HPI) on potential M&A and childcare landlord Arena REIT (ARF). An underweight position in diversified landlord GPT (GPT) also contributed on limited stock specific news. Performance detractors included an underweight position in industrial developer and fund manager Goodman Group (GMG) as well as infrastructure positions which underperformed the strong performing real estate sector.

There was further A-REIT corporate activity this month.

- Fund manager Charter Hall (CHC) and its listed Charter Hall Retail REIT (CQR) jointly acquired a 14.8% stake in pub landlord Hotel Property Investments (HPI). The Portfolio's overweight position in HPI benefitted relative performance.
- Securityholders in Goodman Group's (GMG) externally managed New Zealand listed industrial REIT Goodman Property Trust (GMT) voted in favour of the proposed management internalisation. GMT will pay GMG $290m, equivalent to 6% of GMT's asset base, to retire the management rights. This is earnings accretive for GMT. GMG is taking its consideration in the form of shares in GMT, thereby lifting its stake to 32%. GMG will also contribute capital to growing GMT's own funds management platform.

Meanwhile, a Mirvac (MGR) unlisted managed fund sold a 50% stake in 255 George St, Sydney for $364m translating into a ~6.3% yield, ~$18,700/sqm and 9% discount to book value. This is notable given transactional evidence has been sparse and office A-REITs trade at deep discounts to book value. The A-grade building is well located, 93% occupied with a relatively long 6.8 year average lease length. The Portfolio's underweight position in Mirvac contributed to relative performance.

A Dexus (DXS) managed fund sold a stake in Adelaide's Tea Tree Plaza mall for a ~12% discount to Scentre Group's book value, which owns the residual stake. This implies an income yield of ~7%. The Portfolio's overweight position in Scentre Group (SCG) detracted from relative performance.

Several A-REIT management changes were announced. GPT announced the appointment of Merran Edwards as CFO who joins from Investa. Office and industrial landlord Growthpoint Properties (GOZ) announced the appointment of Ross Lees as CEO who joins from Centuria Capital.

Moving to infrastructure, toll road operator Atlas Arteria (ALX) announced that CEO Graeme Bevans has notified the Board of his intention to retire. The announcement came just before the Annual General Meeting. Last year ALX received its 'first strike' from voting shareholders, meaning that if a second strike would occur this year all non-executive directors would be required to seek re-election. During Graeme's tenure, the Company decided to refuse IFM full access to the books ahead of a potential bid, and from our perspective more controversially, acquired a stake in a Chicago toll road for a high price.

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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