Listed Property
TAMIM Property Fund

At 31 December 2023

The TAMIM Listed Property unit class delivered a 6.64% return for the month of December 2023. For comparison the A-REIT index was 10.10% while the G-REIT index was 7.08%.

Australian Listed REIT Portfolio (AUD)

December saw the "Everything REIT" rally continue where it left off in November and brought the year to a respectable close. The A-REIT market delivered 10.1% in December outperforming the ASX 200. A large portion of this performance was driven by Goodman Group which was 47.87% up for the year and makes up roughly a third of the ASX 200 REIT Market Index. REITs have come back into favour on a global basis as well, where the GPR 250 REIT Index delivered 7.08%. Australia was however the best performing region globally for the month.

The best performing sectors were the Industrial sector (+11.8%), the Diversified sector (+11.5%) and the Retail sector (+11.4%). The top performers were HMC with +27.8% (Retail), Charter Hall Group with +17.9% (Diversified) and GPT Group with 15.66% (Diversified). HMC was also the top performing stock for the year, delivering +48.3% and coming mainly from deals done during the year and the news of the Sigma Health (SIG) deal becoming public in December. The deal saw Sigma Health undertaking a merger with Chemist Warehouse to create a full-service wholesaler, distributor, and pharmacy franchisor. HMC is the manager of SIG's largest shareholder. The second-best performer for the year was Goodman Group which delivered excellent results and investors rewarded its data centre strategy and consistent earnings growth.

CMW (-2.84%) struggled in December with higher gearing than peers and asset revaluations for challenging global exposure in particularly Poland driving investors to sell out of the stock. CMW also fell out of the ASX 200 REIT Index. MGR (+3.64%) was the second worst performing name in the portfolio with no major news being reported and almost the whole market shooting up for the month.

Michele Bullock from the RBA left rates unchanged as expected at 4.35% at the last meeting of the year on 5 December 2023. The central bank is continuously assessing all incoming data to manage and control inflation down to the 2% to 3% target range. There has only been one rate hike since June 2023 after moving swiftly to combat inflationary pressures during 2022. Inflation data will be coming out in January only for November and it is expected to drop from 4.9% in October to 4.4% during November. All eyes will be on the RBA and how they react in the coming months on date releases.

Key Facts

Investment Structure:	Unlisted unit trust
Minimum investment:	A$100,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Quarterly
Management fee:	0.98% p.a.
Lock up period:	Nil
Buy/Sell Spread:	+0.25%/-0.25%
Exit fee:	Nil
Administration & expense recovery fee:	Up to 0.25%

NAV

	Buy Price	Mid Price	Redemption Price
AU$	$0.8906	$0.8884	$0.8862

Portfolio Performance

Inception: 12/7/2021	1 m	6 m	12 m	Since inception (p.a.)
Listed Property	6.64%	4.75%	5.74%	-1.52%
A-REIT	10.10%	10.91%	12.68%	-1.36%
G-REIT	7.08%	5.22%	8.86%	1.39%
Cash	0.36%	2.07%	3.89%	2.13%

The market has made it clear that it is expecting or at least anticipating rate cuts in the short to medium term future. This is good news for REITs in general, especially those that have been hit harder from rising rates. Caution should however be taken in making decisions on rate cuts since they are not certain and, in our view, might take a longer to execute to bring the cash rate back to its target range than what the rate hikes did.

2023 was a great year for large cap REITs in Australia compared to small caps. The top 8 weighted AREIT 200 stocks (CHC, DXS, GMG, GPT, MGR, SCG, SGP, VCX) delivered +26.3% for the year compared to +2.1% for the remainder of the Index constituents.

We have positioned the portfolio to have some good defensive characteristics in these uncertain times but we also consider the change in the inflationary outlook for the next few months. The current Australian portfolio component consists of 23 stocks.

Note: Portfolio returns are quoted net of fees and assume reinvestment of diftributions. Returns shown for longer than 1 year (other than "Since inception (total)") are annualised. The information provided in this factsheet is intended for general use only. The information presented does not take into account the investment objectives, financial situation and advisory needs of any particular person nor does the information provided constitute investment advice. Under no circumstances should investments be based solely on the information herein. Please consider our Information Memorandum and Services Guide before investing in any of our products. Past performance is no guarantee of future returns. Returns displayed in this document are unaudited. For wholesale and sophisticated investors only. Cash refers to the return on the RBA cash rate. A-REIT refers to S&P/ASX200 REIT index. G-REIT refers to GPR 250 REIT World Index.

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Symbol	Company	Sector	Current Weight
GMG	Goodman Group	Industrial	10.08%
NSR	National Storage REIT	Storage	8.43%
VCX	Vicinity Centres	Retail	7.90%
CIP	Centuria Industrial	Industrial	6.80%
SCG	Scentre Group	Retail	6.70%

Reitway Global Property Portfolio (USD)

The market got its Santa Claus rally last month—further cementing the belief in the mythical soft landing. The first half of the month was driven on good volume and robust price returns, while the second half drifted past in limbo on the usual low liquidity with little meaning to price action.

The GPR 250 REIT World index (GPR 250) finally produced what REIT pundits have been calling for on the back of peak rates: asset class outperformance. Despite the market phenomenon known as the "everything rally", the GPR 250 produced a return that was roughly double (10.31% USD) global equity returns as measured by the S&P Global BMI (5.3% USD). Global bonds was the laggard of the group with the Bloomberg Global Aggregate Index returning 4.16% (USD).

On a geographic basis, it was the Americas and Oceania leading the pack in local currency terms (both producing a return of 10.6%), while Asia lagged with a lacklustre 2.3%, owing to the index heavy weight Japan that saw no significant developments around the narrative of its monetary cycle as opposed to western economies that is believed to have reached peak rates.

On a sector basis, industrial held the helm, with a blistering 19% (USD) return delivered for the month. This came on the back of Prologis' (the sector bellwether and largest REIT) investor day where encouraging market rent growth guidance of 4-6% was given for the period 2024-2026. Hotels was the worst performing sector, producing 3.1% (USD).

Significant and rapid progress had been made on the call for change at Crown Castle (CCI) by Elliot Investment Management. CCI has built criticism around its low growth fibre business, capex heavy small cells, bloating balance sheet, and "leverage creep" on dividends. This prompted Elliot to launch an activism campaign on CCI.

CCI responded swiftly to Elliot's requests, setting the course to meet five objectives. The objectives are: 1) The retirement of the CEO, 2) changing of company bylaws, 3) strategic review of the fibre/small business, 4) a refreshed board of directors, and 5) new management incentives directed at return on capital. Working through these objectives shows potential to closing the discount between CCI and its peers SBA Communications and American Tower.

Digital Realty continued to capitalise on the AI investment wave, entering a massive $7 billion development joint venture with Blackstone across Frankfurt, Paris, and Northern Virginia, with approximately 500 MW of power capacity. The development projects will be hyper-scale focused of which Digital will own 20%. This concludes Digital's impressive capital saga of 2023 with north of $10 billion mobilised for investment.

Blackstone, the alternative investments behemoth, announced upon first close of its sixth value-add fund that the time is now to step into Europe's private real estate market. The fund raised €774 million and will be going after properties in Europe's most liquid markets where real estate prices have repriced more swiftly to their intrinsic values than other regions, offering an enticing entry point.

Middle east tensions continued to tighten as an Iranian-backed group, the Houthi rebels, launched attacks via missiles on commercial vessels in the Red Sea. The group specifically targets Israeli linked ships as a means of strongarming officials into sending more aid to Gaza. The waterway is responsible for roughly 12% of world trade, disruptions to which could ultimately be inflationary. The biggest risk is still the Strait of Hormuz through which 20% of the world's global energy moves. A wider regional conflict has the potential to disrupt the Hormuz flow and put severe pressure on oil prices.

Although the risks around the monetary and economic cycle have become more balanced, we still exercise caution and do not yet find ourselves in the soft-landing camp.

For the Fed, the dynamic remains the same: striking a balance between speed and level, both of which continues to be more luck and art than science. Moreover, at the end points sits the questions of when to start and when to stop that at best will get guestimates, rather than answers.

Fund positioning remains roughly the same (quality, value, structural trend riders, and blend between offensive and defensive), with a slight uptick in risk appetite. The TAMIM global property portion invested in the Reitway Global Property Portfolio currently consists of 46 stocks. Below are the top 5 holdings:

Symbol	Company	Sector	Current Weight
PLD	Prologis	Industrial	7.57%
REET	IShares Global REIT ETF	Diversified	4.45%
RWO	SPDR Dow Jones Gl Real Est ETF	Diversified	4.44%
EQIX	Equinix	Data Centre	3.40%
WELL	Welltower Inc	Healthcare	2.93%

We believe real estate fundamentals remain sound and remain steadfast in our belief that the asset class can post meaningful returns relative to stocks and bonds, even against a slower-growth, higher inflation backdrop, particularly as valuations remain attractive.

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