Listed Property
TAMIM Property Fund

At 28 February 2023

The Tamim Listed Property unit class delivered a -0.57% return for the month of February 2023. The A-REIT sector experiencing a tougher month after a good January.

Australian Listed REIT Portfolio (AUD)

The Portfolio got off to a fast start in February, gaining 4.71% after 3 days but then lost ground quickly around the RBA's rate announcement date (7 Feb) to be down -1.44% for the month by the 13th of February. The Portfolio toiled along this performance region to end the month down -0.75%. Market volatility as was seen in 2022 seems to be the new norm if one has not accepted it yet.

The A-REIT market returned -2.27% in February. Global REITs were also flat for the month delivering a positive return of 0.06%. The top performer in the portfolio for the month was National Storage REIT (NSR) which came back strongly in February after being the second worst performer in the portfolio during January. The company upgraded their EPS growth guidance for 2023 to 8.5% at their results and was well met. The storage sector is a resilient sector that historically has done very well in challenging economic climates.

Many of the A-REITs reported their earnings during February and the picture was clear that REITs have had a tough time. The impact of higher interest rates, overhead cost pressures and more challenging operating conditions will weigh heavily on the A-REITs' performance for the rest of 2023 with asset devaluations starting to come through.

The RBA raised the cash rate by another 25bps in line with market expectations at its February meeting to take it to 3.35%. Australian rate hikes are expected modrate from this point forward. While another 25bps hike is expected in March this is close to the end of this rate hike cycle. We still favour A-REITs with strong balance sheets, free cash flow and good interest coverage to fight against ever increasing interest payments.

Office has not done as bad as the market has expected them to do based on the underlying issues such as WFH (Work-From-Home) being a massive driver since Covid hit in early 2020. Companies are opting for less space and to rather move to modern buildings in better locations with more and improved amenities. Buildings with a strong ESG score/rating are also seen as the favoured buildings in the subsector.

Retail has been strong in recent times, but we still see some headwinds building that might undo some of the performance of the sector over the past 12 months. China's re-opening might also be a beneficial catalyst for the Australian economy compared to some other countries and may aid the outlook of the retail space during 2023.

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$	$0.8958	$0.8936	$0.8914

December Quarter 2022 Distribution: 0.61 cents

Portfolio Performance

Inception: 12/7/2021	1 m	6 m	12 m	Since inception (p.a.)
Listed Property	-0.57%	0.41%	-6.36%	-3.43%
A-REIT	-2.27%	0.01%	-12.00%	-5.83%
G-REIT	0.06%	-0.93%	-6.88%	-0.05%
Cash	0.28%	1.44%	1.82%	1.18%

The current Australian portfolio component consists of 22 stocks. Below are the top 5 holdings:

Symbol	Company	Sector	Current Weight
VCX	Vicinity Centres	Retail	8.12%
GMG	Goodman Group	Industrial	8.26%
SCG	Scentre Group	Retail	6.97%
CIP	Centuria Industrial	Industrial	7.01%
NSR	National Storage REIT	Storage	6.91%

Listed Property
TAMIM Property Fund

PLD
BEI
PSA
1476.T
VICI
WELL
AVB
DLR
O
SPG

At 28 February 2023

Reitway Global Property Portfolio (AUD)

The month of February turned out to be a bear clamp on the market's ankle, putting a drag on January's momentum. The GPR 250 REIT World Index (USD) produced a net total return of -4.2%, pulling back from its six-month peak to flirt with key resistance level at 1,920. Whether the market will respect this resistance remains to be seen. The hotel/resort sector performed the worst among REIT peers—producing a return of -6.6%, while diversified was the best performing sector, delivering -1.1%.

US economic data for the month is what snapped the back of the bull starting with a humdinger beat by non-farm payrolls of 517k versus the 193k that was expected. The reading was followed by a slew of upsetting core inflation data triangulating between core CPI, core PPI, and core PCE—two of which beat expectations by a significant margin: core PCE m/m 0.6% vs 0.4%; core PPI m/m 0.5% vs 0.3%; core CPI m/m 0.4% vs 0.4%, stoking further rate hike fears and pushing the market's expectations for the terminal rate out to 5.4% from the 4.9% where it started the month. Some committee members admitted that if the mentioned data had been released before the rate hike on February 1st they would likely have voted for another 0.5% hike instead of the 0.25% the committee had ultimately voted on. The 0.25% hike put the fed funds rate at 4.75%.

In other central bank news both the BOE and ECB hiked by another 0.5% to reach policy rates of 4% and 3% respectively with the most hawkish rhetoric of the big three (ECB, BOE, and the Fed) continuing to come from the ECB while the BOE hinted at tilting dovish based on wording changes to their statement, the minutes, and comments on mispriced longer-term rate expectations in the market. In earnings season, US single-family REIT expenses took a bit of a bite in Q4; management expects expense pressures to continue into 2023. We are acutely aware of this force and believe single-family to be a robust space for an economic slowdown with conservative guidance from management leaving room for beats on both the revenue and expense side. On the US Multifamily side, expense growth is guided at a lower range than single-family. Top line growth, however, is expected to be lower as well. North of the US border, one of our largest active weights, Boardwalk REIT, posted strong results for Q4 and reported accelerating growth in 2023 of 10.5% same store NOI growth, well above its US peers. Public Storage, one of our benchmark's largest holdings, beat Q4 earnings expectations by 5.2% and fell slightly short (1.6%) of market expectations for '23.

In Europe, February was rather slow on news other than the traditional full year earnings reports, as transaction market volume is still close to non-existent. The most important event was Castellum that announced an emergency rights issue (~21% of market cap) to shore up their balance sheet. The issue will lower their loan to value (LTV) to 50% which means they need significant disposals to reduce leverage. The fund does not hold shares in Castellum.

The retail (+3.6%) and self-storage (+2.3%) sector continued their momentum while the residential (-4.6%) sector struggled. In terms of regions, London Specialists (+3.3%) and Spain (+2.4%) did best, while Sweden (-5.5%) and Germany (-4.3%) was less robust.

In mid-February, Kazuo Ueda was elected successor to Haruhiko Kuroda as governor of the BOJ. Ueda, a known dove, had served on the bank's policy board from 1998 to 2005 where he pushed for the unorthodox monetary policy, we are seeing in Japan today. On the 27th of February he communicated that Japan's inflation must increase significantly for the BOJ to consider tightening policy. In the month of February, the Yen weakened considerably against the dollar from 128.64 to 136.35.

Rishi Sunak made good headway in his active quest for a Brexit deal when he received confirmation from the leader of the Labour Party that they would vote in favour of the deal that was signed by both the EU and the UK on the 27th of February. The big hurdle for the deal is to pass Belfast in Northern Ireland that has been at the core of the UK's disorderly exit from the EU. The new deal would safeguard trade flows within the UK while protecting Northern Ireland's place in the island nation.

The US economy has stayed resilient for longer than we expected it would, with inflation persisting and the consumer remaining strong. Alas, given the current economic backdrop, recession indicators, and past reactions of economies to tightening cycles, our mild recession base case remains intact. We reiterate our preference for hybrid companies that possess both offensive and defensive characteristics.

The Tamim global property portion invested in the Reitway Global Property Portfolio currently consists of 47 stocks. Below are the top 5 holdings:

Symbol	Company	Sector	Current Weight
PLD	Prologis	Industrial	9.01%
WELL	Welltower Inc.	Healthcare	3.90%
PSA	Public Storage	Storage	3.61%
VICI	Vici Properties	Gaming	3.46%
REXR	Rexford Industrial Realty	Industrial	3.01%

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, higherinflation backdrop, particularly as valuations remain attractive.

Note: Portfolio returns are quoted net of fees. 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. ASX300 refers to the S&P/ASX 300 Accumulation Index.