Listed Property
TAMIM Property Fund

At 31 January 2023

The Tamim Listed Property unit class delivered a 4.33% return for the month of January 2023. The REIT sector delivering a strong start to 2023.

Australian Listed REIT Portfolio (AUD)

The start of 2023 put a smile on REIT investors' faces with positive returns after a dismal 2022. The Tamim Portfolio delivered a return of 5.36% in January. The A-REIT market gained 8.12% and the ASX 200 rose by 6.23%.

The best performing sub-sector in the portfolio was industrial with companies such as Goodman Group (GMG) delivering 14.96% for the month, followed by the diversified sub-sector. The best performer in the diversified sub-sector was Charter Hall Group (CHC) which produced 14.70% for the month under review.

Inflation is expected to normalise during 2023 and the pace of interest rate hikes to slow considerably from the 3.00% increase seen in 2022. Inflation in Australia is currently sitting at 7.8%, the highest it has been since 1990. The strong rises in the inflation numbers during 2022 were driven by higher food prices, automotive fuel prices and new dwelling construction costs. It isbelieved that inflation has now peaked and is expected to cool to 3.8% by the fourth quarter of 2023 based on Refinitiv consensus data.

We are expecting the consumer to come under further pressure during 2023 from increased living costs and a weaker macro environment which could negatively impact the retail sub-sector which had strong performance in 2022. Retail REITs are however still recovering from Covid and should see income stabilise in 2023. Retailers with escalations tied to CPI will see good rent growth for the year.

Office fundamentals remain weak, and this also holds true for Australia, with declines in jobs and asset devaluations. We have also seen further downgrades in office names from various analysts, citing vacancies as one of the major concerns. In contrast, industrial vacancy levels in Australia are some of the lowest in the world at 0.6% at the end of 2022. Better quality assets (Age, ESG ratings, location) are more likely to outperform during the next 12 months.

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$	$0.9010	$0.8987	$0.8965

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	4.33%	-1.86%	-6.66%	-3.24%
A-REIT	8.12%	-1.98%	-9.19%	-4.71%
G-REIT	5.06%	-5.50%	-12.13%	-3.24%
Cash	0.25%	1.31%	1.55%	1.06%

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

Symbol	Company	Sector	Current Weight
VCX	Vicinity Centres	Retail	8.32%
GMG	Goodman Group	Industrial	7.91%
SCG	Scentre Group	Retail	7.04%
CIP	Centuria Industrial	Industrial	6.94%
NSR	National Storage REIT	Storage	6.93%

Listed Property
TAMIM Property Fund

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

At 31 January 2023

Reitway Global Property Portfolio (AUD)

The month of January certainly delivered in terms of market returns. The GPR 250 REIT World Index (AUD) produced a net total return of 5.06%. In the REIT universe, the hotel/resort sector performed the best among peers—producing a return of 14.5%, while diversified was the worst performing sector, delivering 4%.

US economic data for the month of January brought great market optimism, bolstering hopes of a soft landing. Non-farm payrolls, although still elevated at 223k, posted its lowest reading since January 2022. Unemployment claims, however, continued to tick lower with its last reading coming in at 186k. Average hourly earnings (0.3% m/m) missed estimates by 0.1% while unemployment dropped from 3.7% to 3.5%. The divergence in unemployment and wage data (heightening the probability of a soft landing) cranked up the speaker and the market jamboree kicked off in full force.

Momentum was maintained by both core CPI and core PCE coming in at 0.3% m/m, the third successive time both readings landed in the 0.2%-0.3% range, down from the 0.5%-0.7% range. The month ended strong with another closely watched indicator—the employment cost index q/q, a measure of the change in total employee compensation—coming in 0.1% below expectations at 1%. The Willshire US REIT index, Nasdaq Composite, and S&P 500 rallied 2.2%, 1.67%, and 1.46% on the day of the release.

Layoffs accelerated in the month of January as corporate chiefs started cleaning house. Global tech layoffs were more than 77,916 by as many as 241 firms, with tech giants Alphabet, Microsoft, and Amazon leading the pack. Laid off tech employees were quickly absorbed back into the workforce as demand for the profession remains high. Financial sector layoff activity continued in January, with Goldman Sachs announcing it will lay off approximately 6% of its workforce—one of the company's biggest round of layoffs since the global financial crisis.

Speculation was knocked out of the USD/JPY pair on January 18th when the Bank of Japan defied market pressure and left its yield curve control measures unchanged. The Yen dropped 2% against the dollar; quickly reversing the loss, hours later. The sustainability of the policy continues to be brought into question as Japanese inflation prints consistently reach multi-decade highs.

REIT earnings season kicked off with Prologis releasing results on January 18th. Full year core funds from operations (FFO)/share mildly beat estimates by $0.03 coming in at $5.16. Cash same property net operating income (NOI) growth guidance of 8.5% to 9.5% for 2023 was in line with expectations, and core FFO 2023 guidance of $5.45 implies mid-single digit growth. Prologis has a good track record of raising FFO guidance as the year progresses.

Other significant portfolio holdings that released results were Equity Lifestyle Properties (ELS) and Alexandria Real Estate Equities (ARE). Full year 2022 normalised FFO/share of $2.72 for ELS surprised 1.9% to the upside. NOI 2023 growth guidance of mid-5% was 50 bps above expectations and the company raised its annual dividend by 9%. ARE posted positive results; with full year same-store NOI growth (9.6%) beating the high end of management's estimates while leasing volume remained strong and well above historical averages. Full year FFO/share was in line with expectations at $8.42 and fiscal year 2023 guidance metrics remain unchanged since their investor day in November 2022.

Despite the recent upbeat economic data and heightened probability of a soft landing, we maintain our mild recession base case as data remains mixed and of too low frequency to draw any meaningful conclusions. As a result, our preference for hybrid companies (companies with offensive and defensive characteristics) remains intact.

The Tamim global property portion invested in the Reitway Global Property Portfolio currently consists of 48 stocks. Below are the top 5 holdings:

Symbol	Company	Sector	Current Weight
PLD	Prologis	Industrial	9.26%
WELL	Welltower Inc.	Healthcare	3.87%
PSA	Public Storage	Storage	3.60%
VICI	Vici Properties	Gaming	3.46%
REXR	Rexford Industrial Realty	Industrial	3.10%

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.