

# Real Estate Income SMA

## Investment Strategy

Invests in income-producing real estate investment trusts (REITs) and real estate securities.

## Key Differentiators

- Top-down, bottom-up approach
- High income objective
- Tenured team

## Portfolio Management Team

Name	Start Date	
	Industry	Company
Steven Rodriguez	2003	2009
Steven Brown	1987	2008

## Performance (%)

	Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception	Inception Date
Real Estate Income SMA (Gross)	-9.31	-16.88	-9.27	-	-	-9.27	10/1/19
Real Estate Income SMA (Net)	-9.99	-19.31	-11.93	-	-	-11.93	-
FTSE NAREIT All Equity REITs	-10.83	-16.27	-1.09	-	-	-1.09	-

## Calendar Year Returns (%)

	2020	2021	YTD
Real Estate Income SMA (Gross)	-28.52	30.18	-23.12
Real Estate Income SMA (Net)	-30.63	26.39	-24.80

**Data presented reflects past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and share value will fluctuate, and redemption value may be more or less than original cost. Data assumes reinvestment of dividends and capital gains. Returns for periods less than one year are not annualized.**

*DUE TO MARKET VOLATILITY, CURRENT PERFORMANCE MAY BE DIFFERENT THAN THE FIGURES SHOWN.*

Real Estate Income SMA net of fee shown is equal to the highest anticipated wrap fee charged by a program sponsor (3.00% annually which is inclusive of up to a maximum investment advisory fee of 0.70%). This total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

## Investment Philosophy

### We believe

- Global real estate investment trusts and real estate-related companies can provide superior yield for investors.
- By combining in-depth fundamental analysis, bottom-up security selection, and top-down property sector and regional views, we can create a portfolio with consistently above average income, opportunity for dividend growth, and attractive total return potential.

### Key Tenets

- Investing in companies with attractive relative valuations, above average dividend yield, and potential for dividend growth provides broader opportunities to generate excess return.
- Top-down analysis requires evaluating a broad range of macro factors in order to effectively and accurately assess opportunities.
- Ability to invest in preferred securities provides opportunity to further boost yield.
- Sustained experience and access within real estate industry enhances company-level research.

## Investment Process

### STEP 1

**Public Real Estate Universe**  
Approx. 120 investable companies

**Top-Down Regional /Property Sector Analysis**  
Real Estate-Specific

- Valuation assessment
- Real Estate Market Fundamentals

Macro-Economics

- Economic Outlook
- Policy Expectations

### STEP 2

**Bottom-Up Company Research**

- Asset quality
- Management quality & ESG considerations
- Analyze dividend safety & stability
- Balance sheet strength
- Earnings power
- Valuation

### STEP 3

**Portfolio Construction**

- 15-30 Holdings

## Portfolio Characteristics

	Portfolio	Index
Wtd Avg Market Cap	\$14.6B	\$33.0B
Price/Earnings Ratio	22.93x	26.48x
Price/Book Ratio	1.46x	2.02x
Price to Cash Flow	13.06x	15.55x
Number of Holdings	17	148

## Top 10 Holdings (%)

Life Storage Inc	7.11
NETSTREIT Corp	6.80
Crown Castle Inc	6.49
Agree Realty Corp	6.43
Realty Income Corp	6.41
WP Carey Inc	6.34
Sabra Health Care REIT Inc	6.32
Brixmor Property Group Inc	6.22
KKR Real Estate Finance Trust Inc	6.16
Gaming and Leisure Properties Inc	5.98
<b>Total Percent in Top 10 Holdings</b>	<b>64.26</b>

The holdings listed should not be considered recommendations to purchase or sell a particular security. Equity holdings are grouped to include common shares, depository receipts, rights and warrants issued by the same company. Portfolio holdings subject to change.

## Sector Weights (%)

Portfolio Weight vs. Index	Sector	Portfolio	Index
18.21	Retail	31.59	13.38
14.01	Commercial Financing	14.01	0.00
11.36	Specialty	17.10	5.74
8.71	Health Care	16.91	8.20
4.42	Diversified	6.49	2.07
-0.61	Self Storage	7.27	7.88
-2.51	Timber Reits	0.00	2.51
-2.72	Lodging/Resorts	0.00	2.72
-5.86	Office	0.00	5.86
-6.96	Data Centers	0.00	6.96
-10.26	Infrastructure Reits	6.64	16.90
-11.64	Industrial	0.00	11.64
-16.13	Residential	0.00	16.13

## A Note About Risk

Due to the limited focus of this fund, it may experience greater volatility than funds with a broader investment strategy. It is not intended to serve as a complete investment program by itself. This fund may be subject to many of the same risks as a direct investment in real estate. These risks include changes in economic conditions, interest rates, property values, property tax increases, overbuilding and increased competition, environmental contamination, zoning and natural disasters. This is due to the fact that the value of the fund's investments may be affected by the value of the real estate owned by the companies in which it invests. To the extent the fund invests in companies that make loans to real estate companies, the fund also may be subject to interest rate risk and credit risk. The fund is classified as non-diversified. Because it is non-diversified, it may hold large positions in a small number of securities. To the extent it maintains such positions; a price change in any one of those securities may have a greater impact on the fund's share price than if it were diversified. There is no guarantee that the investment objectives will be met. Dividends and yields represent past performance and there is no guarantee that they will continue to be paid. The information is not intended as a personalized recommendation or fiduciary advice and should not be relied upon for investment, accounting, legal or tax advice.

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This strategy may not be suitable for all investors.

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The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

**Key Terms:** **Weighted Average Market Capitalization:** The average of the weighted capitalizations of a portfolio's holdings. **Price/Earnings Ratio (P/E):** The price of stock divided by its annual earnings per share. **Price/Book Ratio (P/B):** The ratio of a stock's price to its book value per share. **Price/Cash Flow Ratio:** The ratio of a stock's price to its cash flow per share. **Standard Deviation:** Defines how widely returns varied from an average over a given period of time. A higher standard deviation means a more volatile portfolio. For example, a portfolio with a standard deviation of 6 and an average annual return of 10% saw annualized monthly returns fall within 6 percentage points of that average (or between 4% and 16%) two-thirds of the time. **Dispersion:** A measure of the amount of uncertainty and risk associated with a portfolio.

Source: FactSet Research Systems, Inc.

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