

# U.S. Real Estate SMA

## Investment Strategy

Uncovering compelling investment opportunities by investing primarily in U.S. real estate investment trusts (REITs) and companies engaged in the real estate industry with potential for strong price appreciation and attractive valuation.

## Key Differentiators

- Growth, income and diversification opportunity
- Pairing top-down and bottom-up investment process
- Tenured team navigating this dynamic and specialized universe

## Portfolio Management Team

Name	Start Date	
	Industry	Company
Steven Brown	1987	2008
Steven Rodriguez	2003	2009
Vishal Govil, CFA	2007	2010

## Performance (%)

	Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception	Inception Date
U.S. Real Estate SMA (Gross)	0.47	8.42	-0.08	4.38	6.51	12.13	12/1/08
U.S. Real Estate SMA (Net)	-0.27	5.26	-2.99	1.34	3.40	8.86	-
FTSE NAREIT All Equity REITs	-0.90	5.78	-1.63	3.40	6.11	11.35	-

## Calendar Year Returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
U.S. Real Estate SMA (Gross)	3.94	6.90	6.38	-3.86	32.17	-7.26	42.93	-23.84	12.06	-0.79
U.S. Real Estate SMA (Net)	0.91	3.78	3.29	-6.66	28.32	-9.97	38.77	-26.06	8.79	-2.25

**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.*

U.S. Real Estate Equity 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

- Combine top-down property sector allocation with bottom-up security selection
- Rotate geographic regions and property sectors based on economic/regional fundamentals and relative valuations
- Diversify by property sector and focus on securities within the benchmark
- Seek companies with superior growth and attractive cash flow multiples
- Invest in companies with value-added management, protected markets, economies of scale, and balance sheet strength.

## Investment Process

### STEP 1

Combining top-down analysis with bottom-up security selection gives us the potential to outperform in a variety of market environments.

**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

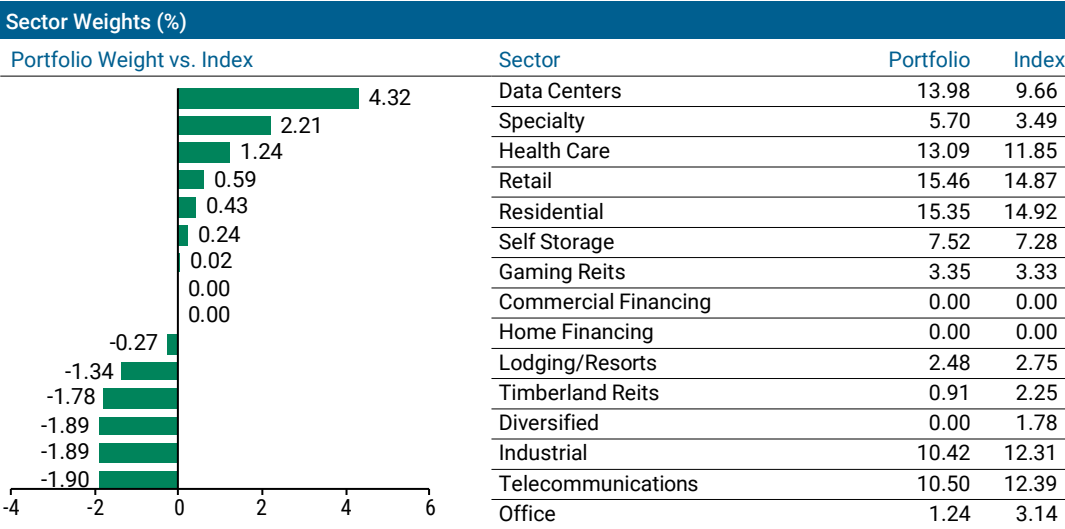
- Asset quality
- Management quality & ESG considerations
- Analyze dividend safety & stability
- Earnings power
- Valuation

### STEP 3

#### Portfolio Construction

- An actively managed portfolio of 35-45 Holdings

Portfolio Characteristics		
	Portfolio	Index
Wtd Avg Market Cap	\$43.5B	\$39.6B
Price/Earnings Ratio	34.30x	33.69x
Price/Book Ratio	2.90x	2.31x
Price to Cash Flow	17.30x	14.63x
Number of Holdings	33	137
Top 10 Holdings (%)		
Welltower Inc		8.30
Prologis Inc		8.23
American Tower Corp		7.73
Equinix Inc		7.18
Digital Realty Trust Inc		6.60
AvalonBay Communities Inc		5.15
Simon Property Group Inc		4.39
Iron Mountain Inc		4.38
Essential Properties Realty Trust Inc		3.73
Ventas Inc		3.57
Total Percent in Top 10 Holdings		59.26
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.		



**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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Portfolio holdings and allocations are as of the date indicated, and subject to change without notice. Data provided by American Century Investments and FactSet, unless otherwise noted. Material presented has been derived from industry sources considered to be reliable, but their accuracy and completeness cannot be guaranteed.

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.