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GLOBAL ASSET MANAGEMENT™

Signature Global REIT Fund
February 2020

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Class F returns (in %) as at February 29, 2020	Year-to-date	1 year	3 year	5 year	10 year
Signature Global REIT Fund*	0.2	14.3	8.9	6.4	10.3

*Signature Real Estate Pool merged into Sentry Global REIT Fund and was renamed Signature Global REIT Fund effective November 22, 2019. Please refer to the Fund's simplified prospectus and fund facts on www.ci.com. Inception date: July 28, 2005.

Sources: Bloomberg Finance L.P., Company Reports and Signature Global Asset Management, as at February 29, 2020.

Performance Summary

For the month ended February 29, 2020, Class F of Signature Global REIT Fund (the "Fund") returned -3.8%.

Contributors to Performance

Minto Apartment REIT, Killam Apartment REIT and Tricon Capital Group Inc. were the top individual contributors to Fund performance in February.

Detractors from Performance

Kilroy Realty Corp., Equity Residential and Americold Realty Trust were the top individual detractors to Fund performance in February.

Portfolio Activity and Market Commentary

Further concerns over the coronavirus dominated markets in February with most global indexes down sharply. In Canadian-dollar terms, the FTSE/EPRA NAREIT Developed Total Return Index returned -8.2%. The MSCI U.S. REIT Index returned -6.6%, the S&P/TSX Capped REIT Index returned -3.3%, and the EPRA/NAREIT Developed Asia Index returned -6.8%. REITs fared better

than equity markets which saw the S&P 500 Index down 8% for the month. Bond yields fell sharply as investors sought the safety of government bonds. The U.S. 10-year treasury hit all-time lows of 1.15%.

The Fund trimmed its holding in Prologis Inc. which was hitting all-time highs after 12-month performance of approximately 38%. The Fund also exited its position in Hudson's Bay Company after a take-out was announced and approved by the board of directors. The Fund initiated a position in Extendicare Inc., a senior care provider in Canada that is going through a restructuring and revitalization of the business under new leadership and trades at attractive valuations.

News and Noteworthy Developments

- Most U.S. REITs have reported year-end earnings with positive results. According to Bank of America's REIT coverage list, 47% of companies beat earnings estimates and only 18% missed. All companies maintained or increased forward guidance. Of those who introduced guidance for the year, strip centers and malls notably presented guidance that were below expectations.

- On February 6th, Macy's presented its three-year turnaround plan that the markets deemed underwhelming as the stock sold off in the following few trading sessions. As part of the plan, Macy's announced that it will be closing 125 stores in mostly C-Malls and weaker submarkets and left open the possibility of closing more stores in the future. Continued restructuring of retail business plans should continue to pressure mall owners.

- On February 7, **Northwest Healthcare Properties**, a recent addition to the Fund, announced further progress on its asset management platform as it formed a new $3B European Joint Venture which boosts its third-party assets under management significantly, an acquisition of six hospitals in the U.K., and initiatives in Australasia to simplify its platform there. These, combined with significantly lower leverage, are all significant strides that we believe will be reflected in a strong share price over time.

- On February 9th, **Simon Property Group Inc.**, the largest mall owner in the world, announced its agreement to purchase **Taubman Centers Inc.**, the owner of an $11B U.S. mall portfolio for cash proceeds. The acquisition will enhance and complement Simon's platform, which is arguably the best in the world with large scale benefits. While the deal values Taubman at a

100% premium to its unaffected stock price, the valuation is at a discount to most estimates of Taubman's net asset value (NAV) and is a negative read-through for mall valuations.

- **Mindspace REIT**, India's second-ever REIT initial public offering (IPO) has filed its prospectus and is looking to follow in the footsteps of Embassy Office Parks REIT's highly successful IPO from 2019. In mid-February, it hit a short-term roadblock as the Indian government made some adverse tax changes that would impact REITs. The market, however, does not believe that this impacts the value of Indian REITs as Embassy continues to perform extremely well, hitting all-time highs. Expect to see more REIT entrants in India, including Brookfield later this year.

- On February 20th, **Northview Apartment REIT** agreed to be acquired by affiliates of KingSett Capital Inc. and Starlight Investments, representing a 5.1% capitalization rate for a well-diversified portfolio consisting of 27,000 apartment units, and a premium of just over 12% from the previous day's close. This transaction reflects continued strength in fundamentals and investor appetite in the Canadian apartment sector.

- On February 18th, **WPT Industrial REIT** announced that it has agreed to buy 26 U.S. distribution and logistics properties and one parcel of land from Pure Industrial Real Estate Trust (a division of Blackstone) for $730 million. The new portfolio will increase WPT's gross leasable area by 40%. The company issued $270 million of equity to partially pay for the transaction, including $37 million to Aimco in a concurrent private placement.

Outlook

Coronavirus has sparked fear in the markets that has caused risk appetite to disappear and will likely cause negative economic implications in the near and medium term. Signature's view is that global growth will be slow and uncertain. In this environment, we think the value of visible cash flows will continue to flourish, as evidenced by 10-year yields hitting new lows. Real estate companies with defensive cash flows should attract capital as investors seek yield to accompany their safety. We remain optimistic on the prospects for the real estate sector based on identifiable cash flow growth in the 3-4% range combined with distribution yields in the 4-5% range. The recent pullback has offered excellent opportunities to deploy capital both in North America and abroad.

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