SIGNATURE GLOBAL REIT FUND

October 2020

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Class F returns (in %) as at October 31, 2020	Year-to-date	1 year	3 year	5 year	10 year
Signature Global REIT Fund	-11.5	-10.5	3.6	3.6	7.0

Source: Signature Global Asset Management, as at October 31, 2020.

Performance Summary

For the month-ended October 30, Signature Global REIT Fund Class F (the Fund) returned -3.5% net of fees.

Contributors to Performance

Camden Property Trust, Safehold Inc., and Extra Space Storage were the top individual contributors to Fund performance in October.

Detractors from Performance

InterRent REIT, Brookfield Asset Management Inc., and Alexandria Real Estate Equities Inc. were the top individual detractors to Fund performance in October.

Portfolio Activity and Market Commentary

After a generally positive start to the month, REIT markets and the broader equity markets finished October weaker after a sharp selloff in the final week. Spiking COVID-19 cases across the globe have led to further lockdowns, particularly in Europe, which seemed to be the main reason behind the late month drop. The uncertainty regarding the U.S. election on November 3, likely contributed as well. In Canadian-dollar terms for the month of October, the FTSE/EPRA NAREIT Developed Total Return Index had a return of -3.08%, the MSCI US REIT Index had a return of -2.38% while the S&P/TSX Capped REIT Index had a return of -2.35%, and the EPRA/NAREIT Developed Asia Index returned -3.96%. The broader markets were also weak in October, with the S&P 500 down 2.66% and the S&P/TSX Composite Index down 3.11%. Bond yields rose slightly but stayed within the bands established over the last several months. The U.S. 10-year Treasury yield ended the month up 19 basis points (bps) to 0.87%, while the Canadian 10-year yield closed up 10 bps to 0.66%.

During the month, the Fund participated in the initial public offering (IPO) for a Chinese real estate service provider, Shimao Services Holdings Ltd., and also in the Hong Kong listing of GDS Holdings Ltd. The Fund continues to also own the American depository receipt (ADR) for GDS. Other portfolio moves during the month included selling out of its remaining position in CBRE Group, Inc. as well as Segro PLC, and trimming Equinix Inc. a little after the tremendous run that stock has had. We remain favourable on the name and would look to add back on any pullbacks. The Fund's top 10 holdings at October 30 include Prologis Inc., Tricon Capital Group Inc., Americold Realty Trust, Alexandria, Equinix Inc., American Homes 4 Rent, American Tower Corp., ESR Cayman Ltd., InterRent REIT, and AvalonBay Communities Inc. Collectively, the top 10 holdings comprise approximately 43% of the Fund.

News and Noteworthy Developments

- On October 7, Invitation Homes Inc. (INVH) announced an agreement with Rockpoint Group, L.L.C. (Rockpoint) to form a joint venture partnership that will acquire single-family homes to operate as rental residences. The joint venture will be capitalized with a total equity commitment of $375 million, of which $75 million (20%) will be committed by Invitation Homes and $300 million (80%) will be committed by Rockpoint. A total of over $1 billion (including debt) is expected to be deployed by the joint venture to acquire and renovate single-family homes in attractive locations in markets within the western U.S., southeast U.S., Florida and Texas, where Invitation Homes already owns homes.

- On October 9, the Government of Canada announced the "Canada Emergency Rent Subsidy" (CERS), a new commercial rent relief program to replace the CECRA program, which ended on September 30, 2020[1]. This announcement should positively impact commercial landlords as the most impacted tenants should be directly receiving financial assistance, and CERS does not require the landlord to offer rent abatement. Having absorbed the most concessions with CECRA, we expect retail REITs to benefit the most from this new program, although the final details are still being worked out.

- On October 19, Front Yard Residential (RESI) announced that a partnership of Pretium and Ares Management plan to acquire the company for $13.50/share in cash, putting the total value of the company at $2.4 billion and $165,000/home. The acquisition price represents a 35.5% premium over the previous close of $9.96/share and further highlights institutional interest in the single-family rental sector. The transaction is expected to close in Q1 2021.

- On October 19, Brookfield Asset Management Inc. (BAM) announced that it had agreed to a strategic partnership with American Equity Investment Life Holding Company (AEL), a leading U.S. retirement planning annuity provider. The partnership establishes BAM as a 19.9% cornerstone investor and reinsurance counterparty of AEL, supporting continued growth opportunities for the business. As outlined recently at BAM's 2020 investor day, the transaction is consistent with BAM's strategy of expanding over time into several new verticals, including insurance.

- On October 26, Blackstone Group Inc. announced a deal to buy Simply Self-Storage from Brookfield Asset Management Inc., making a bet on a sector that has remained strong throughout the COVID-19 pandemic. The private equity firm's non-traded real-estate investment trust, known as BREIT, is buying the 8 million square-foot portfolio of self-storage facilities for about $1.2 billion.

- For the first time in nearly a decade, the median asking rent for an apartment in Manhattan has fallen below \$3,000 a month, as vacancies soar and tenants reorder priorities amid COVID-19.

- On October 28, Tricon announced the pricing of its \$441 million single-family rental (SFR) securitization at a weighted average coupon of 1.83%. That is well below the rate received by the company for its \$553 million SFR securitization priced in July, which was at 2.34%. The proceeds will be used to repay the existing 2016-SFR1 securitized financing (3.59% coupon), refinance short-term debt on Tricon's SFR credit facility, with the remainder (approximately \$59 million) to be allocated towards reducing corporate debt and SFR home acquisitions. The company also announced that it expects to syndicate approximately 67% of its U.S. apartment portfolio by year-end and use the estimated \$280 million of proceeds to deleverage the balance sheet.

Outlook

REITs as a group are still struggling during the pandemic. The recent decision by several European countries to re-implement lockdowns has not helped sentiment. In North America, despite increasing cases, and some uptick in hospitalizations, the general strategy has been to keep the economy open as much as possible. While it is likely still a few months away, good progress is being made on the vaccine front, and that would be a positive catalyst.

The equity sell-off at the end of the month caused even the sub-sectors of real estate that had been working well, to come off a bit. We see this as an opportunity. Companies that have reported Q3 earnings thus far in the industrials sector, data centers, cell towers, single-family rentals and manufactured home communities have had solid results, highlighting their strength during COVID-19. Good news on the vaccine front will certainly help currently out-of-favour sectors, particularly office and certain segments of the retail space. We continue to believe that patient capital is likely to be rewarded in this environment.

Source: Bloomberg Finance L.P., Company Reports and Signature Global Asset Management.

For more information, please visit ci.com.

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