

SIGNATURE GLOBAL REIT PRIVATE POOL

Q4-2020 Commentary



PERFORMANCE SUMMARY

- Performance data is not yet available because the Fund has not been distributing securities under a simplified prospectus for at least 12 consecutive months.

CONTRIBUTORS TO PERFORMANCE

Chindata Group Holdings Ltd. is a quickly growing China-based data centre operator that closed its initial public offering (IPO) in late September at a price of US \$13.50. The stock performed well based on strong fundamentals. Our office in Hong Kong was instrumental in helping the Pool get a good allocation on the IPO deal. Immobilien Anlagen AG also contributed to performance during the quarter. The company owns primarily office assets located in Germany and Eastern Europe. Along with most office REITs, the company's stock price languished for much of the year, but rebounded strongly in November on positive vaccine news and the hopes that workers would soon be returning to offices.

DETRACTORS FROM PERFORMANCE

American Tower Corp. fell somewhat along with other tower companies on the vaccine news as investors reallocated assets to previously weak sectors of the market. The company also announced a US\$3.5 billion acquisition of Insite Wireless Group, LLC for a portfolio of approximately 3,000 sites. While the deal is expected to be accretive, some investors may be concerned about higher leverage after the deal. We believe the company can de-lever quickly and continue to like its growth prospects. Equinix Inc. fell along with other data centre providers on positive vaccine developments. As data usage continues to increase and connectivity becomes even more important, we expect data centres to perform well.

PORTFOLIO ACTIVITY

The Pool participated in the IPOs for two Chinese property services firms, Shimao Services and China Resource MIXC. Both have very strong growth potential from quickly expanding portfolios. Our Signature office in Hong Kong was instrumental in getting the Pool good allocations on these IPO deals. The Pool sold a portion of its Canadian-listed investments (namely NorthWest Healthcare Properties REIT, Tricon Capital Group Inc., Granite REIT and First Capital REIT) as a result of Canadian content restrictions in the Pool.

MARKET OVERVIEW

COVID-19 will likely drive markets at the beginning of 2021. For global real estate stocks, COVID-19 accelerated many trends that were already in place, namely the ongoing shift in retail commerce to online, and the increased use of data. It also quickly shaped the way people work, and even where they live.

Industrial and data center real estate investment trusts, as well as single-family rentals, performed well early in the COVID-19 pandemic. Conversely, enclosed malls, office and urban apartments in pricier markets underperformed. The positive vaccine developments in November provided hope that life would return closer to normal in 2021, and investors quickly moved back into sectors that had earlier suffered.

Central banks, which cut interest rates decisively during the COVID-19 pandemic, will likely keep rates near zero for the foreseeable future. That should support real estate equities as capitalization rates will stay low and borrowing costs may fall further.

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