

# Cohen & Steers Global Real Estate Securities Strategy

## Investment Objective and Philosophy

The Cohen & Steers Global Real Estate Securities Strategy invests in a diversified portfolio of REITs and other publicly traded real estate companies located around the world, including both developed and emerging markets. The strategy seeks to identify companies that we believe have superior growth prospects and attractive valuations.

We believe the strategy offers the potential for attractive full-cycle returns based on a) variations in regional economic and property sector cycles, b) the diversity of business models, c) the lack of uniform reporting and disclosure standards, and d) increasing opportunities for real estate securitization in many countries. Given the complexities of the global real estate securities market, we believe that active managers with specialized expertise and a disciplined investment process have opportunities to generate alpha.

## Investment Approach

Cohen & Steers employs a globally integrated, relative-value investment process. A proprietary valuation model ranks global securities on price to net asset value ("NAV") and price to dividend discount model value ("DDM"), which in our view are the primary factors that drive returns for global real estate securities. Our research process includes an evaluation of a company's management team, capital-allocation strategy, property quality, financial strength and corporate structure. Judgments with respect to risk control, diversification, liquidity and other factors overlay the model's output and drive the portfolio managers' investment decisions.

### Investment Team

|                    | Role                      | Location  | Years of Experience |
|--------------------|---------------------------|-----------|---------------------|
| Jon Cheigh         | EVP, Head of Global Team  | New York  | 23                  |
| Tom Bohjalian, CFA | EVP, Head of U.S. Team    | New York  | 28                  |
| Charles McKinley   | SVP, Global PM            | New York  | 24                  |
| Jason Yablon       | SVP, U.S. & Global PM     | New York  | 18                  |
| Rogier Quirijns    | SVP, Europe PM            | London    | 19                  |
| William Leung      | SVP, Co-Head Asia Pacific | Hong Kong | 24                  |
| Luke Sullivan      | SVP, Co-Head Asia Pacific | Hong Kong | 18                  |
| Laurel Durkay      | SVP, US Portfolio Manager | New York  | 17                  |
| Mathew Kirschner   | VP, US Portfolio Manager  | New York  | 17                  |

The Global Real Estate Securities team includes 21 investment professionals consisting of portfolio managers and research professionals.

## Quarterly Performance Highlights

The strategy underperformed its benchmark. The most significant detractor from relative performance was stock selection in the U.S., followed by our out-of-index allocation to Brazil and stock selection in Japan. The most significant contributor to relative performance was our non-allocation to Singapore, followed by stock selection in the U.K. and Australia.

### Annualized Returns (A\$)

|                            | C&S Institutional Global Real Estate Securities Composite (gross) | C&S Institutional Global Real Estate Securities Composite (net) | Linked Index <sup>(1)</sup> |
|----------------------------|---|---|-----------------------------|
| QTD                        | 7.5%  | 7.4%  | 9.1%                        |
| YTD                        | 6.5%  | 6.3%  | 6.2%                        |
| 1 Year                     | 10.8%   | 10.4%   | 9.7%                        |
| 3 Year                     | 9.2%  | 8.8%  | 7.1%                        |
| 5 Year                     | 13.0%   | 12.5%   | 10.6%                       |
| 10 Year                    | 9.5%  | 9.0%  | 7.7%                        |
| Since Inception (Apr 2003) | 10.2%   | 9.5%  | 8.0%                        |

(1) Linked Index: FTSE EPRA/NAREIT Developed Real Estate Index. Prior to 12/31/06, the returns for the index are from the S&P Developed Property Index.

**Data quoted represents past performance, which is no guarantee of future results.** There is no guarantee that any historical trend illustrated in this report will be repeated in the future, and there is no way to predict when such a trend will begin. Periods greater than 12 months are annualized. Composite returns are preliminary. An investor cannot invest directly in an index, and index performance does not reflect the deduction of fees, expenses or taxes. Index returns are presented net of withholding taxes for all periods available. Please see end notes for important additional information. Performance results reflect reinvestment of dividends and distributions.

### Since Inception Return and Risk Statistics (in A\$)

|                    | C&S Institutional Global Real Estate Securities Composite (gross) | Linked Index <sup>(1)</sup> |
|--------------------|---|-----------------------------|
| Annualized Return  | 10.2%   | 8.0%                        |
| Standard Deviation | 14.3%   | 14.4%                       |
| Sharpe Ratio       | 0.70  | 0.55                        |
| Tracking Error     | 2.71%   | -                           |
| Beta               | 0.98  | -                           |
| Alpha              | 2.23%   | -                           |
| Information Ratio  | 0.81  | -                           |

(1) Linked Index: FTSE EPRA/NAREIT Developed Real Estate Index. Prior to 12/31/06, the returns for the index are from the S&P Developed Property Index.

Risk statistics are shown as supplemental information only and complement the full disclosure presentation. Performance data quoted represents past performance. Past performance is no guarantee of future results. An investor cannot invest directly in an index, and index performance does not reflect the deduction of fees, expenses or taxes. There is no guarantee that any historical trend illustrated in this report will be repeated in the future, and there is no way to predict when such a trend will begin. The returns for the benchmark are presented net of withholding taxes for all periods available. The information shown above is that of a composite of accounts pursuing this strategy. Accounts are actively managed and portfolio characteristics may change over time.

# Cohen & Steers Global Real Estate Securities Strategy

## Characteristics<sup>(1)</sup>

|                                    | Global Real Estate Securities | FTSE EPRA/NAREIT Developed Real Estate Index (Net) |
|------------------------------------|-------------------------------|--|
| Premium or Discount to NAV         | -1.0%                         | 0.7%   |
| Premium or Discount to DDM         | -3.5%                         | 5.2%   |
| Dividend Yield                     | 3.5%                          | 4.0%   |
| Price/Cash Flow (2018E)            | 18.5x                         | 17.5x  |
| Cash Flow Growth (2018E vs. 2017)  | 8.0%                          | 5.5%   |
| Cash Flow Growth (2019E vs. 2018E) | 7.7%                          | 5.3%   |
| 5-Year Cash Flow Growth            | 6.4%                          | 4.5%   |
| Weighted Average Market Cap.       | A\$19.3B                      | A\$18.8B   |
| Number of Holdings                 | 80                            | 338  |
| % REITs                            | 78%                           | 79%  |
| % Debt to Asset Value              | 35%                           | 36%  |

## Top Holdings by Region<sup>(1)</sup>

| Name                        | Country        | Global Real Estate Securities |
|-----------------------------|----------------|-------------------------------|
| <b>North America</b>        |                |                               |
| Extra Space Storage Inc.    | United States  | 3.3%                          |
| Prologis Inc.               | United States  | 2.8%                          |
| Realty Income Corporation   | United States  | 2.5%                          |
| Essex Property Trust Inc.   | United States  | 2.4%                          |
| Digital Realty Trust Inc.   | United States  | 2.4%                          |
| <b>Asia Pacific</b>         |                |                               |
| Link REIT                   | Hong Kong      | 2.6%                          |
| CK Asset Holdings Limited   | Hong Kong      | 2.5%                          |
| Mitsui Fudosan Co. Ltd.     | Japan          | 2.2%                          |
| Sun Hung Kai Properties     | Hong Kong      | 2.1%                          |
| Tokyo Tatemono Co.          | Japan          | 1.8%                          |
| <b>Europe</b>               |                |                               |
| Deutsche Wohnen AG          | Germany        | 3.7%                          |
| Merlin Properties Socimi SA | Spain          | 1.5%                          |
| Inmobiliaria Colonia SA     | Spain          | 1.3%                          |
| Segro PLC                   | United Kingdom | 1.2%                          |
| Klepierre                   | France         | 1.2%                          |

## Country Weights<sup>(1)</sup>

|                             | Global Real Estate Securities | FTSE EPRA/NAREIT Developed Real Estate Index (Net) |
|-----------------------------|-------------------------------|--|
| <b>North America</b>        | <b>51.9%</b>                  | <b>55.8%</b>                                       |
| United States               | 48.7%                         | 53.1%  |
| Canada                      | 3.2%                          | 2.7%   |
| <b>Asia Pacific</b>         | <b>25.4%</b>                  | <b>25.8%</b>                                       |
| Japan                       | 10.2%                         | 10.8%  |
| Hong Kong                   | 9.1%                          | 7.9%   |
| Australia                   | 5.4%                          | 4.7%   |
| China                       | 0.7%                          | 0.0%   |
| Singapore                   | 0.0%                          | 2.3%   |
| Other Asia Pacific          | 0.0%                          | 0.1%   |
| <b>Europe</b>               | <b>20.4%</b>                  | <b>18.3%</b>                                       |
| United Kingdom              | 6.0%                          | 5.1%   |
| Germany                     | 5.4%                          | 4.7%   |
| France                      | 3.4%                          | 1.7%   |
| Spain                       | 3.2%                          | 0.8%   |
| Netherlands                 | 0.8%                          | 2.4%   |
| Norway                      | 0.8%                          | 0.1%   |
| Austria                     | 0.5%                          | 0.2%   |
| Belgium                     | 0.3%                          | 0.7%   |
| Other Europe                | 0.0%                          | 2.8%   |
| <b>Latin America</b>        | <b>0.9%</b>                   | <b>0.0%</b>  |
| Brazil                      | 0.9%                          | 0.0%   |
| <b>Middle East - Africa</b> | <b>0.0%</b>                   | <b>0.1%</b>  |
| <b>Cash</b>                 | <b>1.4%</b>                   | <b>0.0%</b>  |

## Cohen & Steers' Competitive Advantages

- Large investment team of 21 dedicated real estate securities investment professionals located in New York, London and Hong Kong
- A focus and commitment to real estate securities management
- Integrated bottom-up, relative value investment process
- Proprietary valuation model
- Alignment of interest with clients through employee stock ownership

(1) The portfolio characteristics shown above is that of a representative account pursuing this strategy. Holdings in individual client accounts may vary based on client guidelines and objectives. Certain characteristics are estimates based on analysis by Cohen & Steers. The mention of any security is not a recommendation to buy, sell or hold that security. Accounts are actively managed and portfolio characteristics may change over time.

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