

# Cohen & Steers Global Realty Focus Strategy

## Investment Objective and Philosophy

The Cohen & Steers Global Realty Focus Strategy invests in a concentrated 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. The Global Realty Focus strategy is concentrated in the securities that offer the most attractive discounts according to the valuation model. The result is a portfolio of 25–40 positions.

## 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 stock selection in Japan and Germany. The most significant contributor to relative performance was our non-investment in Singapore, followed by stock selection in Hong Kong and the U.K.

### Annualized Returns (A\$)

|                            | C&S Global Realty Focus Composite (gross) | C&S Global Realty Focus Composite (net) | FTSE EPRA/NAREIT Developed Real Estate Index (Net) |
|----------------------------|---|---|--|
| QTD                        | 7.5%                                      | 7.2%                                    | 9.1%   |
| YTD                        | 7.9%                                      | 7.4%                                    | 6.2%   |
| 1 Year                     | 14.5%                                     | 13.5%                                   | 9.7%   |
| 3 Year                     | 13.4%                                     | 12.4%                                   | 7.1%   |
| 5 Year                     | 16.8%                                     | 15.7%                                   | 10.6%  |
| 10 Year                    | 15.2%                                     | 14.2%                                   | 7.7%   |
| Since Inception (Jan 2008) | 12.7%                                     | 11.7%                                   | 5.5%   |

**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 Global Realty Focus Composite (gross) | FTSE EPRA/NAREIT Developed Real Estate Index (Net) |
|--------------------|---|--|
| Annualized Return  | 12.7%                                     | 5.5%   |
| Standard Deviation | 17.3%                                     | 14.6%  |
| Sharpe Ratio       | 0.60                                      | 0.22   |
| Tracking Error     | 7.62%                                     | -  |
| Beta               | 1.05                                      | -  |
| Alpha              | 7.02%                                     | -  |
| Information Ratio  | 0.94                                      | -  |

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.

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

|                                    | C&S Global Realty Focus | FTSE EPRA/NAREIT Developed Real Estate Index (Net) |
|------------------------------------|-------------------------|--|
| Premium or Discount to NAV         | -1.7%                   | 0.7%   |
| Premium or Discount to DDM         | -1.8%                   | 5.2%   |
| Dividend Yield                     | 3.2%                    | 4.0%   |
| Price/Cash Flow (2018E)            | 19.2x                   | 17.5x  |
| Cash Flow Growth (2018E vs. 2017)  | 7.3%                    | 5.5%   |
| Cash Flow Growth (2019E vs. 2018E) | 9.0%                    | 5.3%   |
| 5-Year Cash Flow Growth            | 6.3%                    | 4.5%   |
| Weighted Average Market Cap.       | A\$13.7B                | A\$18.8B   |
| Number of Holdings                 | 35                      | 338  |
| % REITs                            | 75%                     | 79%  |
| % Debt to Asset Value              | 34%                     | 36%  |

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

| Name                                   | C&S Global Realty Focus |
|--|-------------------------|
| Link REIT                              | 6.1%                    |
| Nomura Real Estate Holdings            | 4.9%                    |
| Boardwalk Real Estate Investment Trust | 4.6%                    |
| Tokyo Tatemono Co.                     | 4.3%                    |
| Unite Group PLC                        | 4.1%                    |
| New World Development                  | 3.9%                    |
| Hilton Inc.                            | 3.9%                    |
| Weingarten Realty Investors            | 3.6%                    |
| Realty Income Corporation              | 3.5%                    |
| Extra Space Storage Inc.               | 3.4%                    |
| <b>Total</b>                           | <b>42.3%</b>            |

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

|                             | C&S Global Realty Focus | FTSE EPRA/NAREIT Developed Real Estate Index (Net) |
|-----------------------------|-------------------------|--|
| <b>North America</b>        | <b>52.6%</b>            | <b>55.8%</b>                                       |
| United States               | 45.9%                   | 53.1%  |
| Canada                      | 6.6%                    | 2.7%   |
| <b>Asia Pacific</b>         | <b>26.0%</b>            | <b>25.8%</b>                                       |
| Japan                       | 11.2%                   | 10.8%  |
| Hong Kong                   | 10.0%                   | 7.9%   |
| Australia                   | 4.8%                    | 4.7%   |
| Singapore                   | 0.0%                    | 2.3%   |
| Other Asia Pacific          | 0.0%                    | 0.1%   |
| <b>Europe</b>               | <b>15.5%</b>            | <b>18.3%</b>                                       |
| United Kingdom              | 8.2%                    | 5.1%   |
| Germany                     | 2.9%                    | 4.7%   |
| France                      | 2.5%                    | 1.7%   |
| Norway                      | 1.8%                    | 0.1%   |
| Netherlands                 | 0.0%                    | 2.4%   |
| Other Europe                | 0.0%                    | 4.4%   |
| <b>Latin America</b>        | <b>2.0%</b>             | <b>0.0%</b>  |
| Brazil                      | 2.0%                    | 0.0%   |
| <b>Middle East - Africa</b> | <b>0.0%</b>             | <b>0.1%</b>  |
| <b>Cash</b>                 | <b>4.0%</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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+61(0)2.9081.0230, [ambassadorfms.com](http://ambassadorfms.com)

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