Signature Global REIT Fund
April 2020

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Class F returns (in %) as at April 30, 2020	Year-to-date	1 year	3 year	5 year	10 year
Signature Global REIT Fund*	-11.0	-3.1	4.0	3.7	8.5

*Effective November 22, 2019, Signature Real Estate Pool has merged with Sentry Global REIT Fund, followed by a name change to Signature Global REIT Fund, and this change may impact performance. Had these changes been in effect prior to this date, the performance of the fund could have been different.

Source: Signature Global Asset Management, as at April 30, 2020.

Performance Summary

For the month-ended April 30, 2020, Signature Global REIT Fund Class F (the Fund) returned 4.24%.

Contributors to Performance

Tricon Capital Group Inc., Alexandria Real Estate Equities Inc., and Prologis Inc. were the top individual contributors to Fund performance in April.

Detractors from Performance

Americold Realty Trust, Inmobiliaria Colonial SOCIMI S.A., and Dream Office REIT were the top individual detractors to Fund performance in April.

Portfolio Activity and Market Commentary

COVID-19 continued to dominate the REIT markets and the broader equity markets in April. Unlike the huge downdraft in March, most markets had a good recovery in April. However, the market bounced back from what may have been oversold conditions on hopeful expectations about the potential economic rebound. In Canadian-dollar terms, the FTSE/EPRA NAREIT Developed Total

Return Index had a return of 5.2%, the MSCI US REIT Index had a return of 6.3% while the S&P/TSX Capped REIT Index had a return of 6.5%, and the EPRA/NAREIT Developed Asia Index returned 6.9%. Despite the strong performance by the REITs, they underperformed the broader markets which saw the S&P 500 Index up a remarkable 12.8% for the month. Bond yields were unusually calm during the month, with the U.S. 10-year treasury trading in a fairly narrow range and finishing the month down a couple of basis points (bps) at a very low 0.64%.

The Fund initiated a position in CA Immobilien Anlagen (CAI), a European REIT, primarily focused in the office sector. CAI should have good income resiliency with its blue-chip office tenant base and long weighted average lease terms. The Fund also added to several names that we believe should perform well in these challenging economic times. Among those are: Sun Communities, Switch Inc., Vonovia SE, and Tricon. The Fund exited or reduced a few non-core holdings and those we felt were more at risk in the quickly changing economic landscape. Among those were Gecina SA, Colonial, Merlin Properties Socimi SA, Store Capital Corp., and Artis REIT.

News and Noteworthy Developments

- **Prologis** kicked off Q1 reporting season for the U.S. REITs. Given that it is the largest industrial REIT in the world, its results can be viewed as somewhat indicative for the industrial sector overall. Results were generally in line with expectations, with solid same store net operating income (NOI) growth of 4.6%. Perhaps more importantly, the company revised its 2020 guidance, bringing down funds from operations (FFO) estimates for the year by about 3% and occupancy by just over 1% to a range of 94.5-96%. Given that management is known to be quite conservative, these numbers speak to the resiliency of its portfolio in these uncertain economic times. Not surprisingly, Prologis is taking a pause on new speculative starts but will continue with its 30 build-to-suit projects.

- On April 15, **Granite REIT** (TSX: GRT.UN) provided a business update. As at April 14, Granite had total liquidity of $740 million, including its fully undrawn $500 million operating facility – sufficient to meet payments related to current committed acquisitions, development and construction projects of $210 million. Granite's nearest debt maturity of $250 million occurs in July 2021. Granite's investment portfolio of over $4.5 billion remains fully unencumbered. With respect to operations, 95% of April rent had been received. Requests for rent deferrals have been received from 13 tenants for a weighted average period of 3.5 months and totalling $6.5 million, or approximately 2.3% of Granite's total portfolio based on annualized rent. Discussions with tenants continue on a case-by-case basis and no deferrals have been granted to date.

- On April 23, it was announced that **Vonovia** is considering a fresh attempt to acquire **Deutsche Wohnen**, after its first attempt in February 2016. A combined entity would be the largest real estate entity in Europe, with about 80 billion Euros in assets and 577,000 residential units. Any potential deal would likely be after the COVID-19 crisis has passed and would obviously require political support.

- On April 28, **Sun Communities, Inc.** became one of the first REITs to tap the equities during the COVID19 crisis. Due to very strong demand, the deal was upsized from an original $475 million to $650 million. Sun's core business of manufactured home communities should be quite resilient in these times as they are often the most affordable housing solution available. The use of proceeds for the raise are for debt repayment and the funding of future acquisitions.

Outlook

The required measures taken by countries around the world to control the spread of COVID-19 have caused tremendous economic dislocation. Entire industries, such as travel, tourism, and entertainment, have been forced to close, while others such as restaurants and many stores can offer pick-up service only. The effect on the labour market is unlike anything we've seen before. Since the middle of March 2020, U.S. initial jobless claims have totalled nearly 30 million, with each of the past 6 weeks reaching over 3 million. For reference, the highest week during the Global Financial Crisis was about 625,000. The bright side is that once the virus is contained, or a vaccine is developed, many of those jobs will come back quickly, but clearly the economic implications will be around for a while. COVID-19 is certainly affecting real estate markets and will continue to do so. We believe the Fund was well positioned coming into the crisis, with zero hotel exposure, extremely limited retail exposure (and none to enclosed malls), and a healthy weight to sectors than can actually thrive in the current environment, such as tower REITs and data centers, and well as sectors that should be very defensive such as industrial and single family rentals. Additionally, the Fund had approximately 10% cash coming into the crisis and has maintained this level to provide some defense and to ultimately take advantage of opportunities that volatility will no doubt create.

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

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