



Publicly Traded REITs are Essential Components of a Diversified Portfolio

Chilton Capital Management Presentation to AAll Houston Chapter

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Managing Director/Portfolio Manager

Chilton Overview

- Independent multi-generational investment firm based in Houston, TX founded 1996 - AUM as of 6/30/2019 is approximately \$1.5 billion (assets include all SMAs and the West Loop Realty Fund)
- Equity manager providing investment services to financial institutions, corporate retirement plans and benefit trusts, foundations, endowments, family offices and high net worth individuals
- Growth & Income strategy investment team consists of 4 portfolio managers and 1 analyst with a 19 year track record. AUM as of 6/30/2019 is approximately \$576 million (domestic strategy is \$412 million, global multi-asset strategy is \$158 million and strategic fixed income strategy is \$6 million)
- REIT investment team consists of 2 portfolio managers with a 14 year track record - strategy assets as of 6/30/19 is approximately \$506 million
- Depth of intellectual capital:
 - Separate research/portfolio management teams are responsible for each investment strategy
 - Segregated client service/sales team
 - Career investment professionals: MBAs, CFAs, CPAs, CFPs, JDs

REIT Agenda

- What is a REIT?
- History of REITs
- Why You Need a Commercial Real Estate Allocation
- Public REITs are the Best Vehicle to Access Commercial Real Estate
- Active Management Benefits for Public REIT Allocations
- How to Value a REIT
- What Makes Chilton Different?
- Why Now?

What is an Equity REIT?

- Equity REITs are corporations that own interests in commercial real estate.
- 31 REITs in the S&P 500
- REITs own properties in 15 different sectors and the largest are:
 - Infrastructure: Data Centers and Cell Towers
 - Retail: Malls, Shopping Centers, and Free Standing
 - Residential: Apartments, Single Family Homes, and Manufactured Homes
- **Approximately half of investor return is from dividends.**



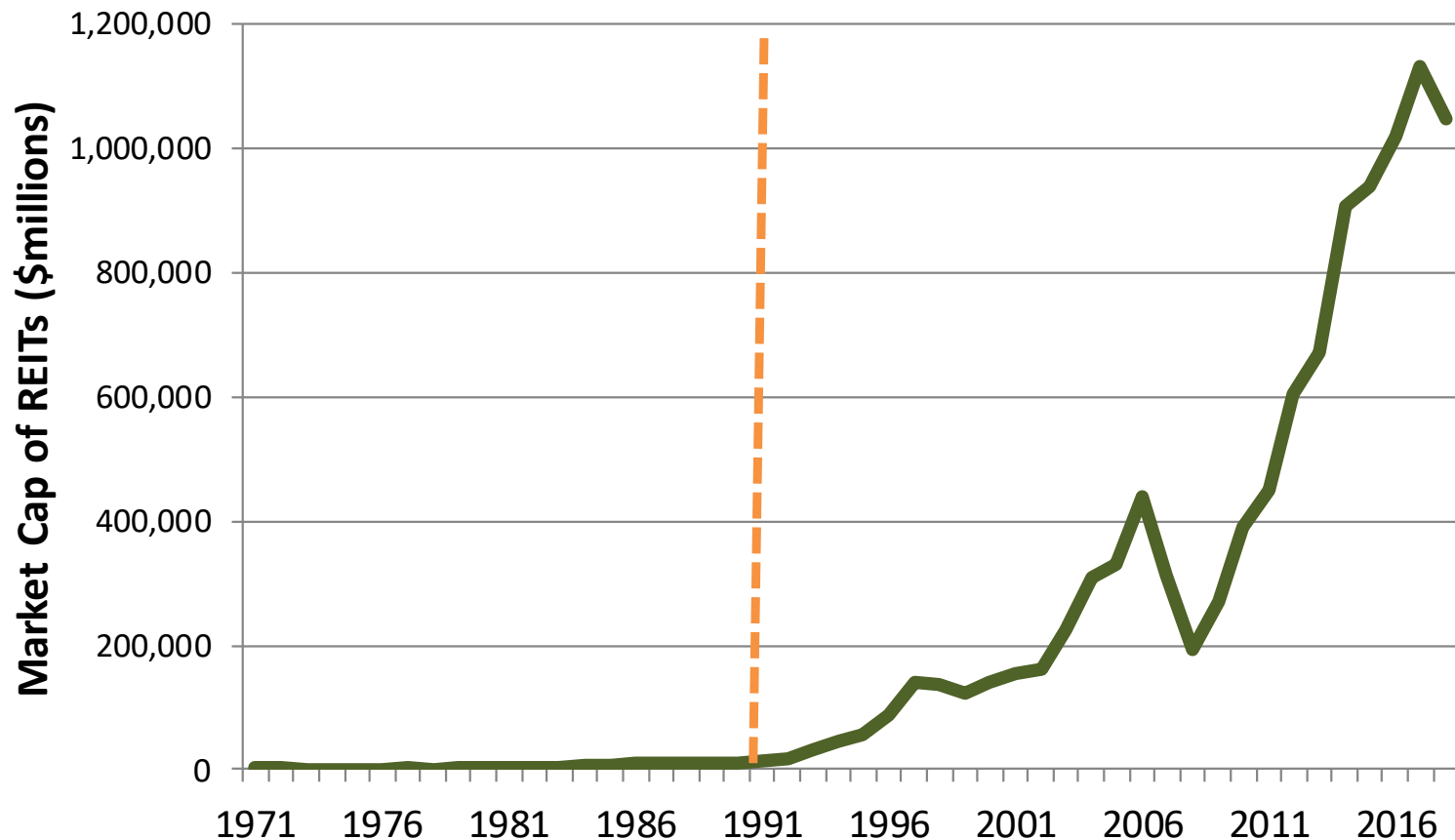
Lessons Learned Before the Modern REIT Era (1972-1990)

- Capital Allocation Strategy: Stick to one property type and/or geography.
- Management aligned with stockholders: No external advisors
- Financial Flexibility: Low Debt/Laddered Maturities
- Prudent Dividend Policy: Taxable Net Income
- Fully Integrated Team of Professionals

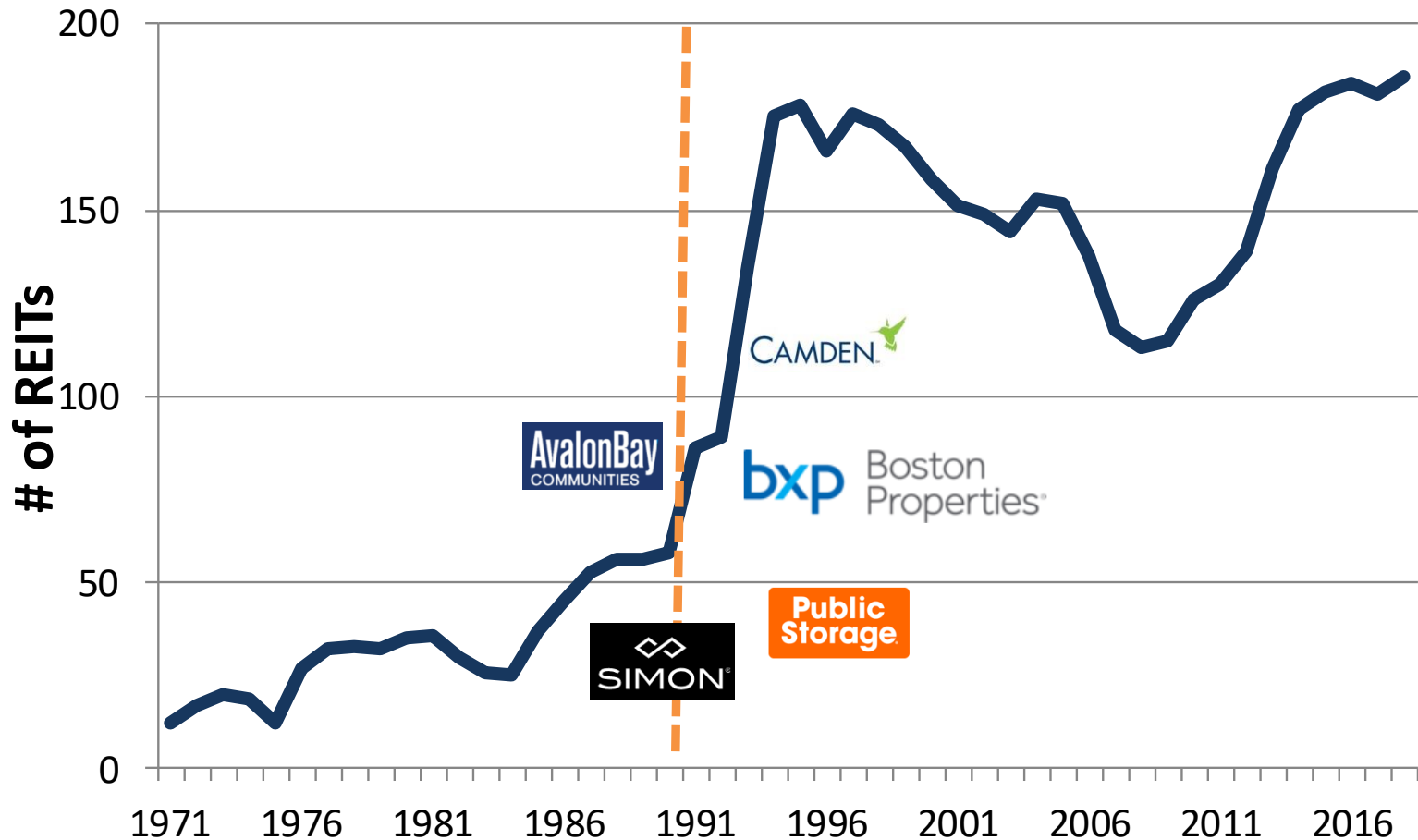
1990's The Modern REIT Era Begins



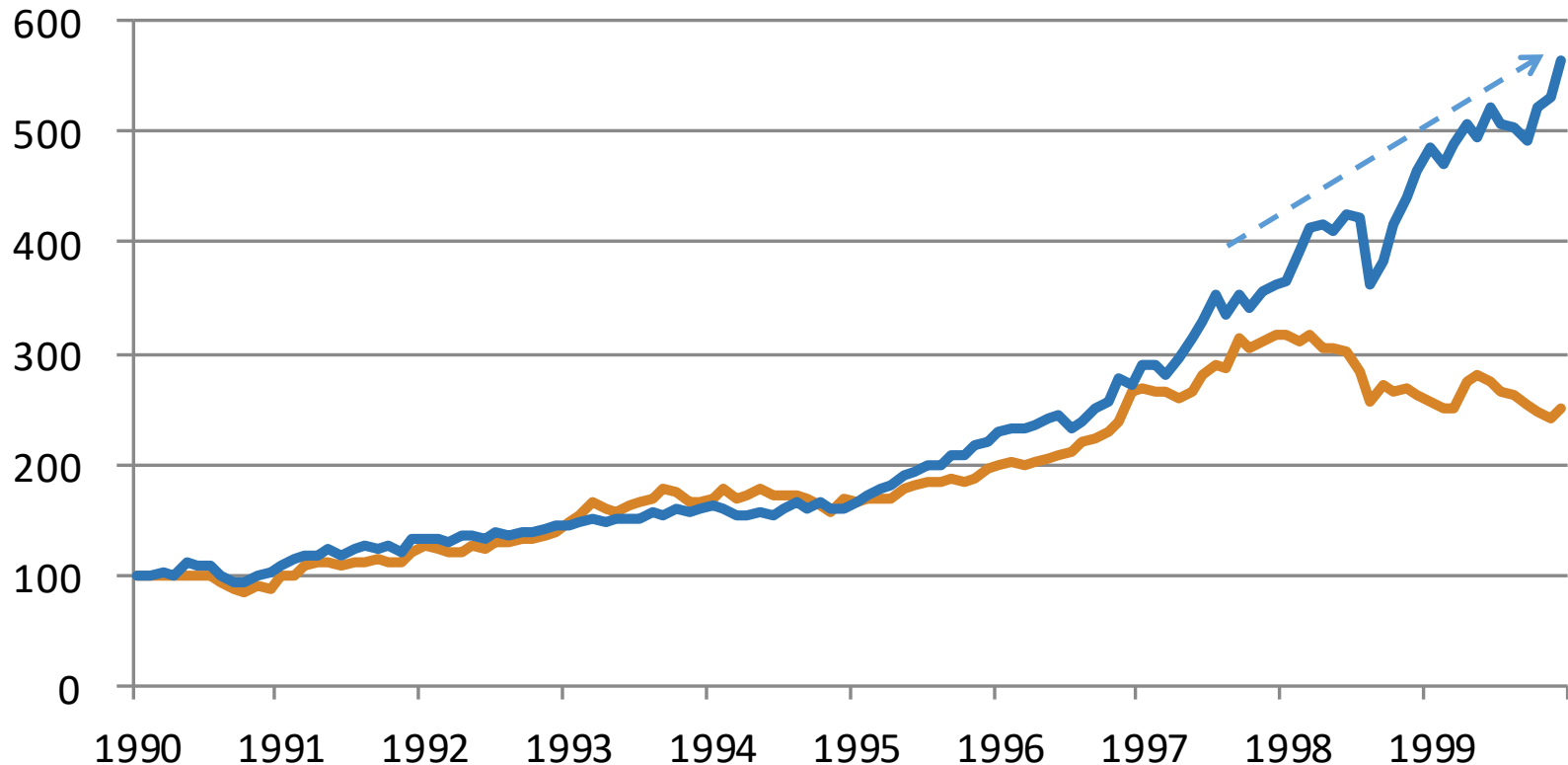
1990's: REIT Equity REIT Market Capitalization Explodes



1990s: Some of the Best Private Companies Come Public



1990s: REITs Keep Up with S&P 500 Until Tech Boom



— FTSE NAREIT All Equity REITs Index

— S&P 500 Index

Source: Bloomberg. 1/31/1990-12/31/1999. Indexed to 100 in 1990

2000's

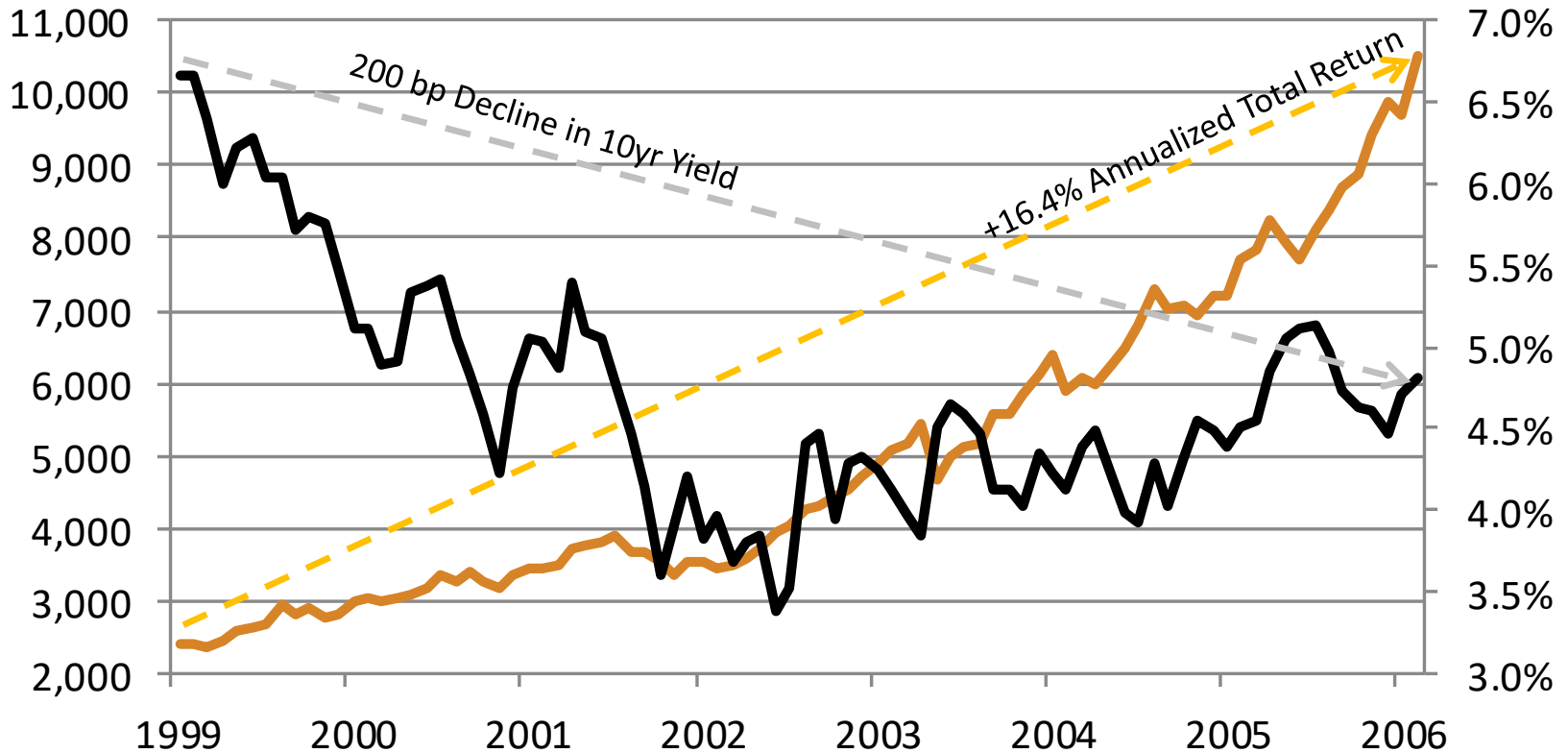


The
2000s

VH+1

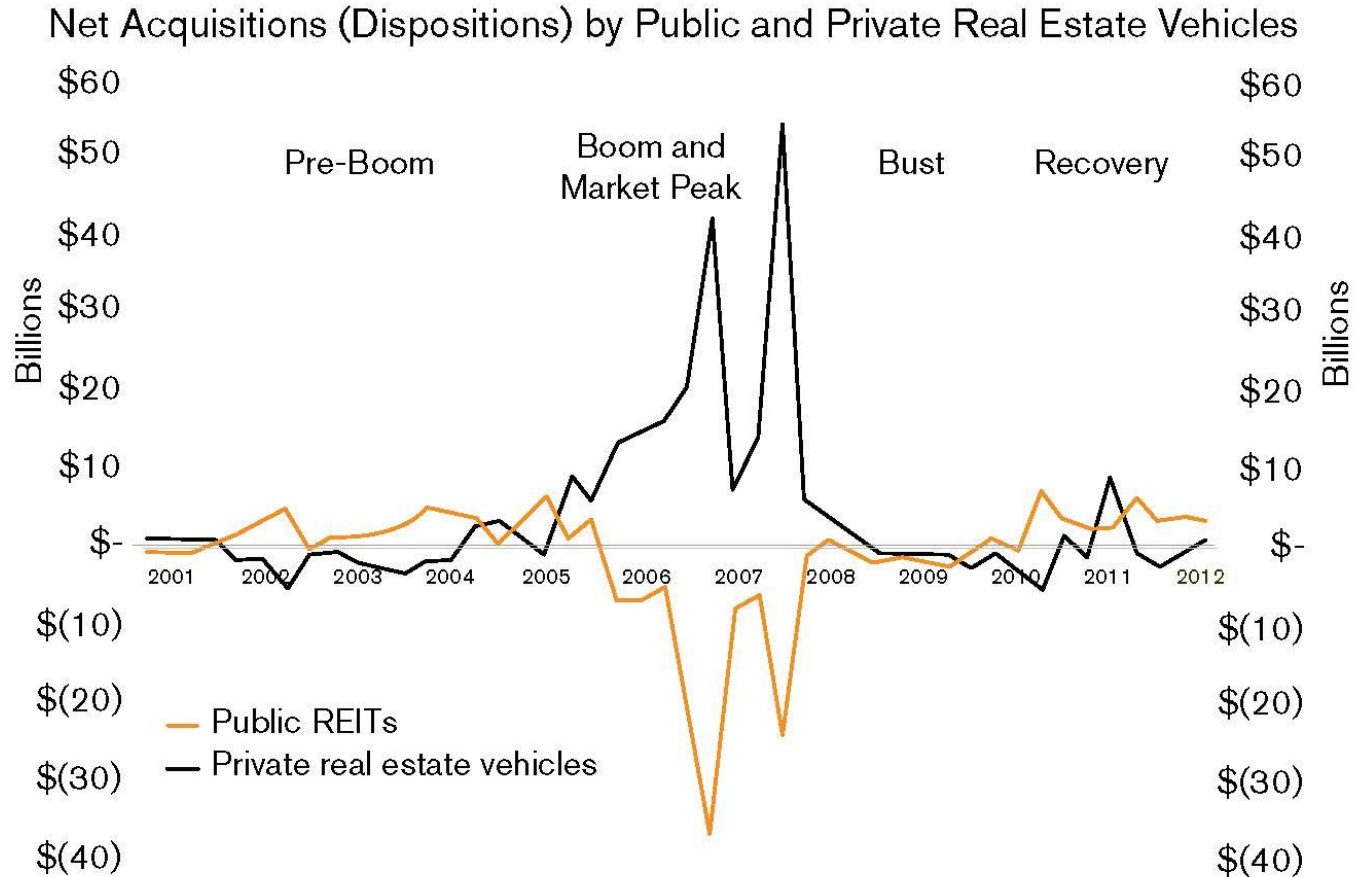
I LOVE THE 2000s

2000-2007: Low Interest Rates Fuel REITs to Record High

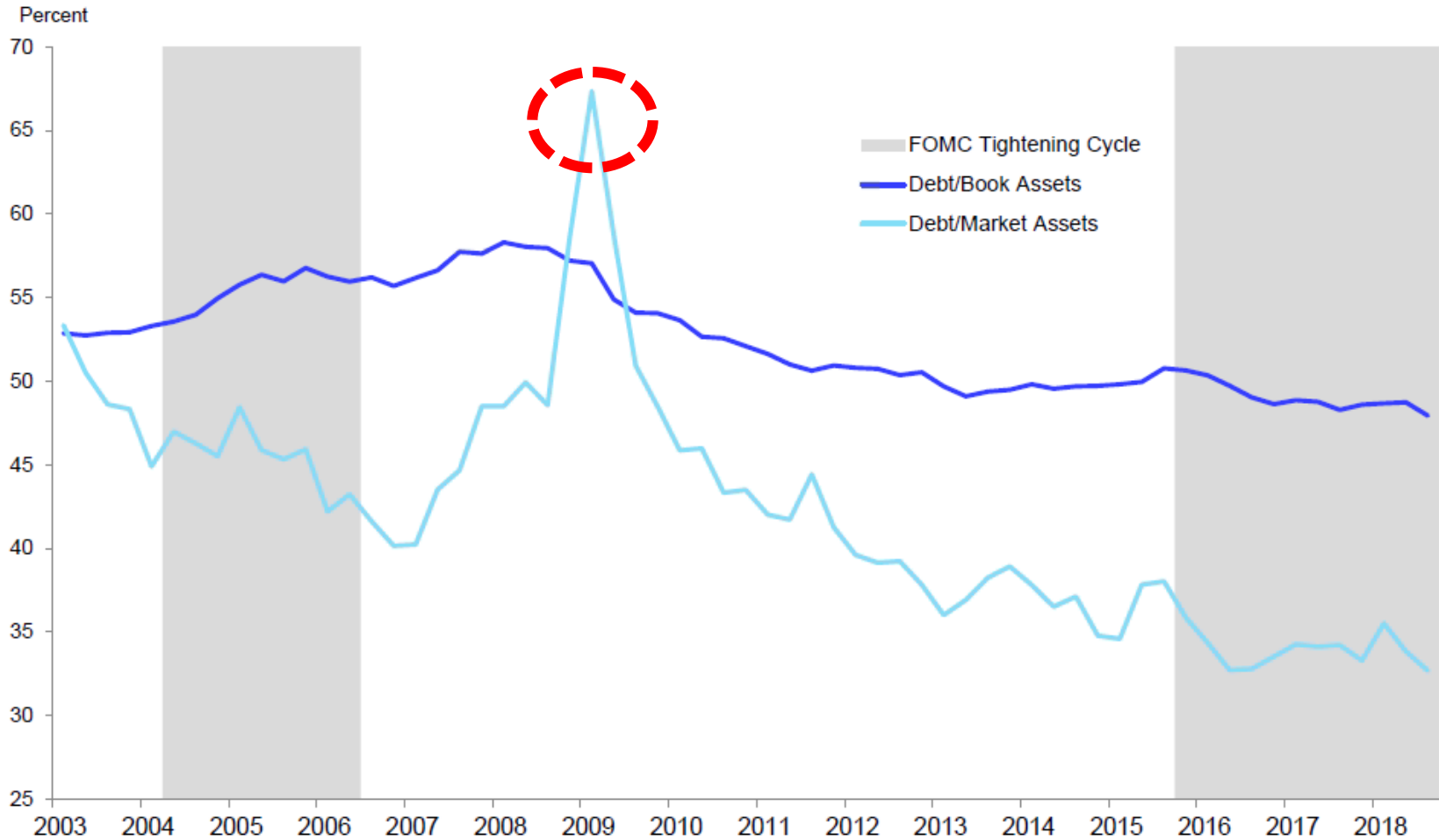


— FTSE NAREIT All Equity REITs Index (left axis)
— 10 Year US Treasury Yield (right axis)

Public REITs Were Selling When Private Equity Was Buying



Debt/Assets Increased; What Could Go Wrong?

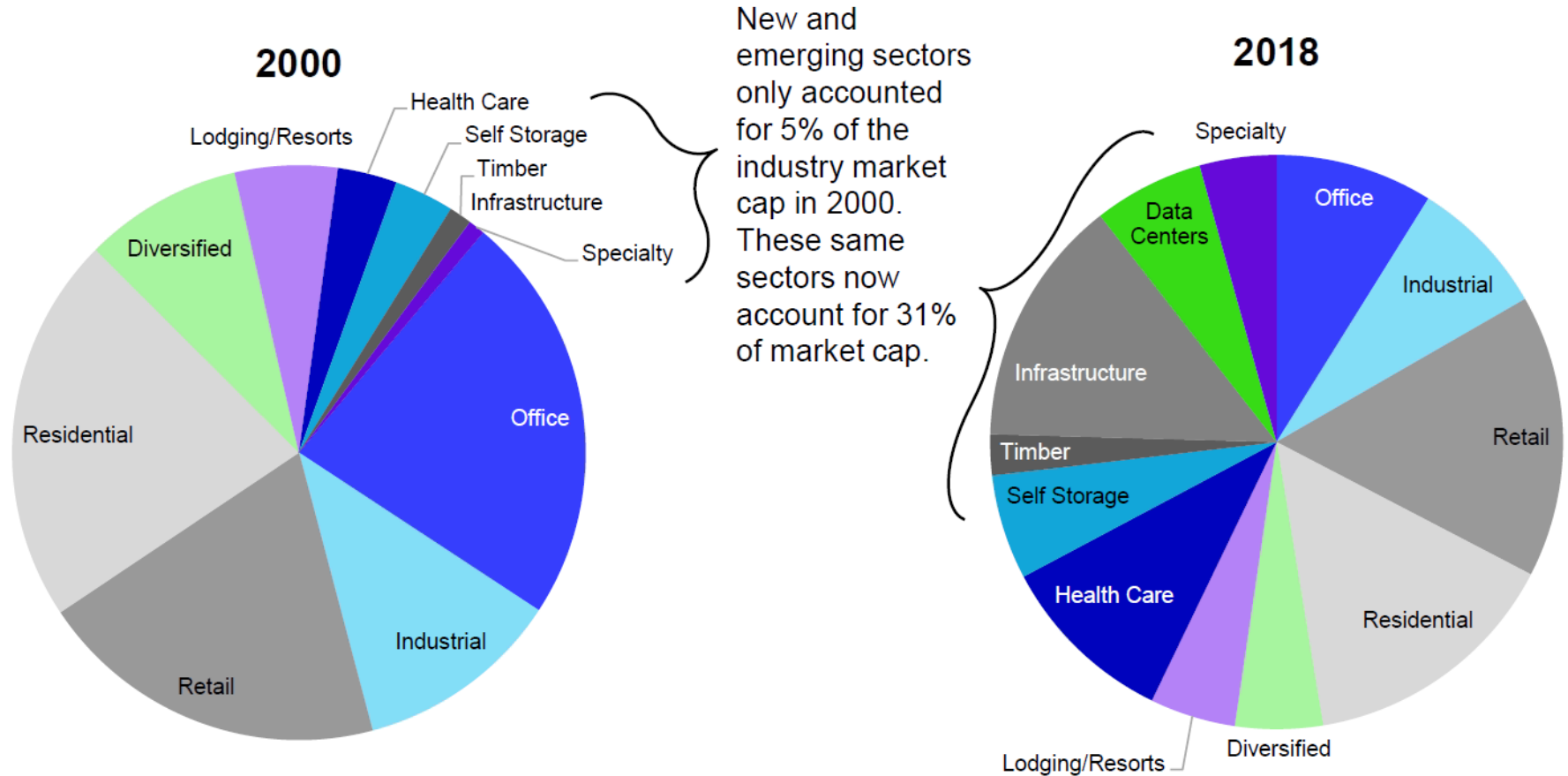


Source: S&P Global Market Intelligence, NAREIT T-Tracker

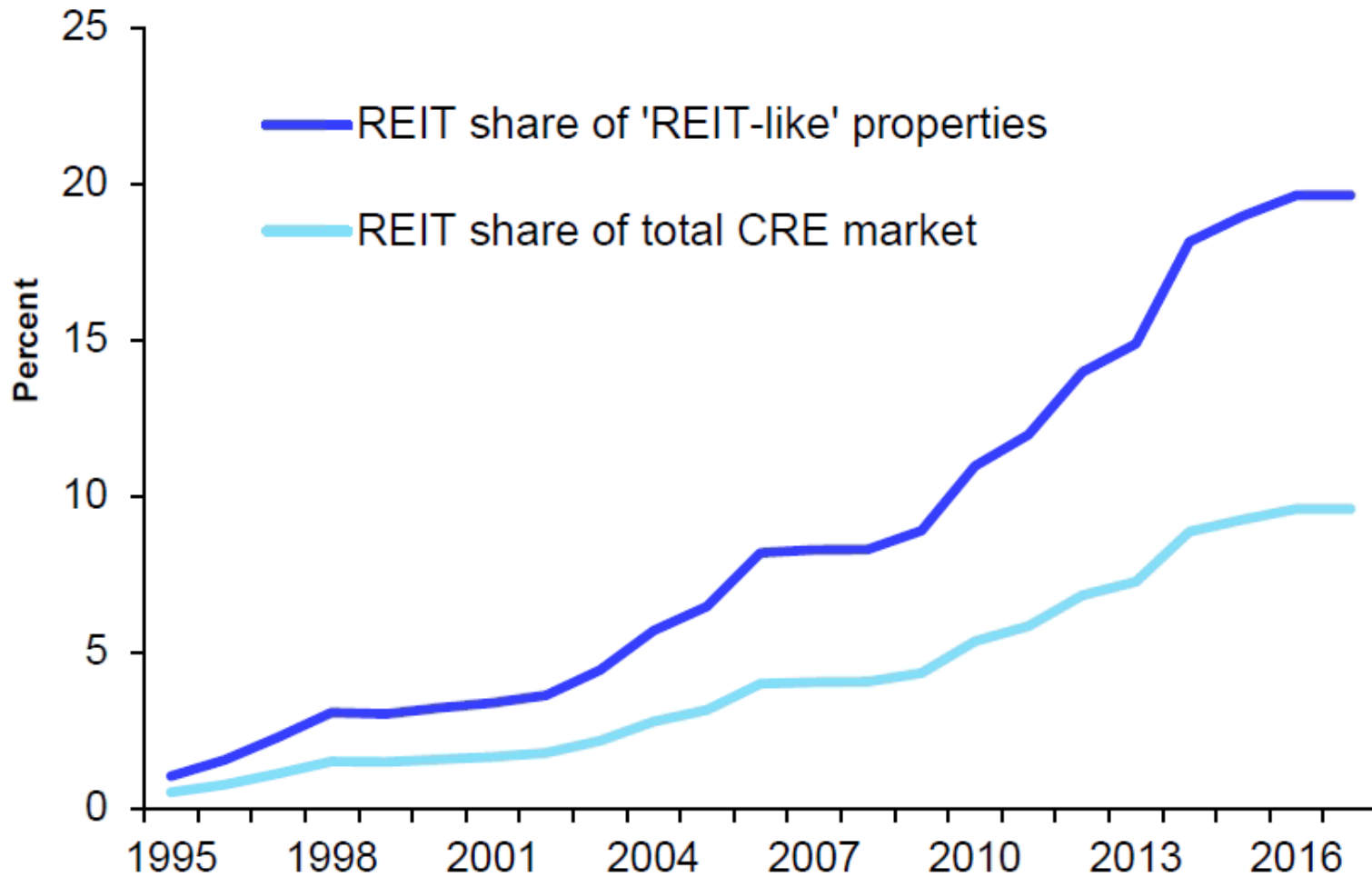
2010-Present



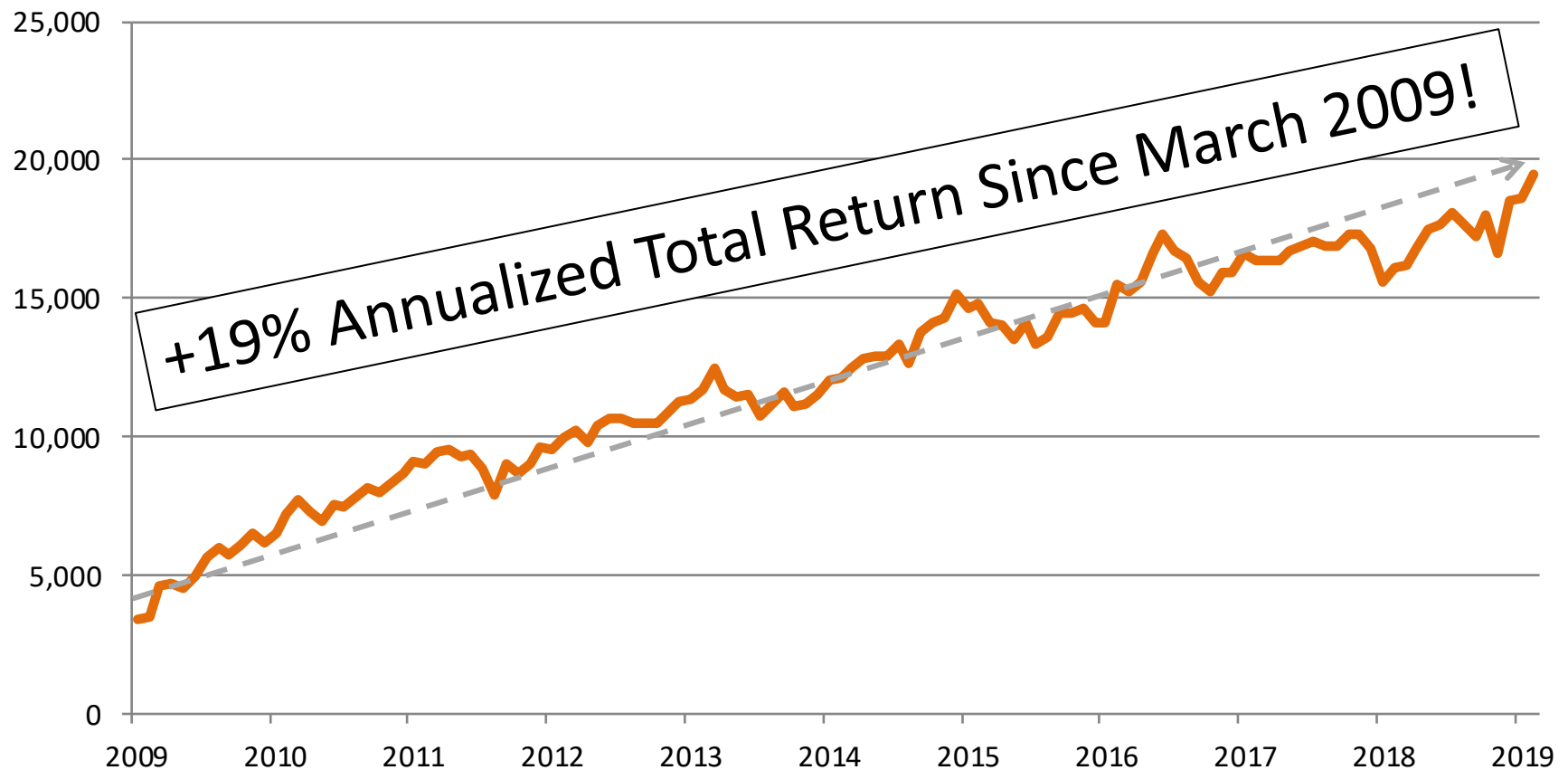
Data Centers and Cell Tower REITs Become Significant



REITs Grow Market Share to 20%



“This Cycle is One for the Record Books”



What Did We Learn?

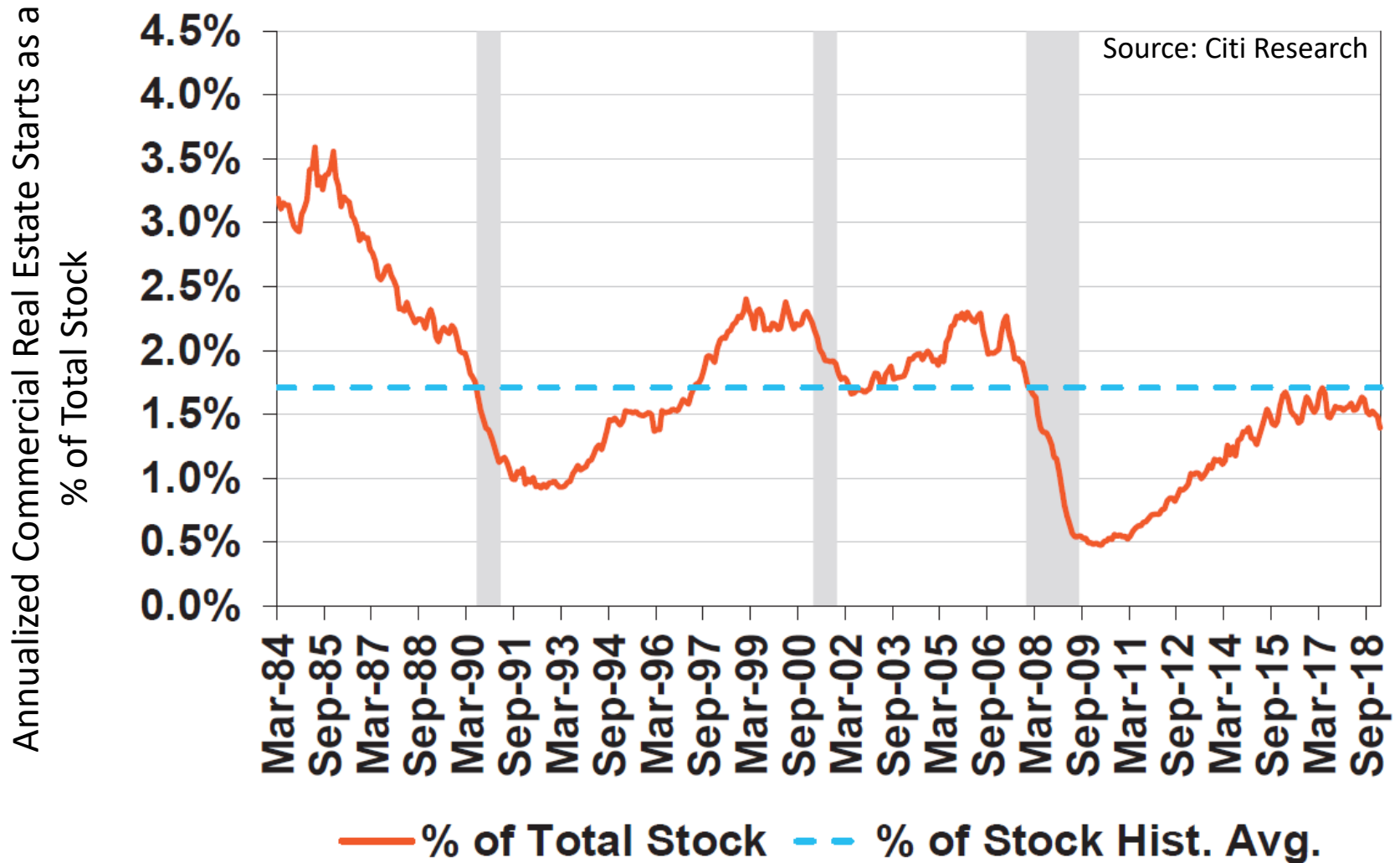


Lessons
Learned

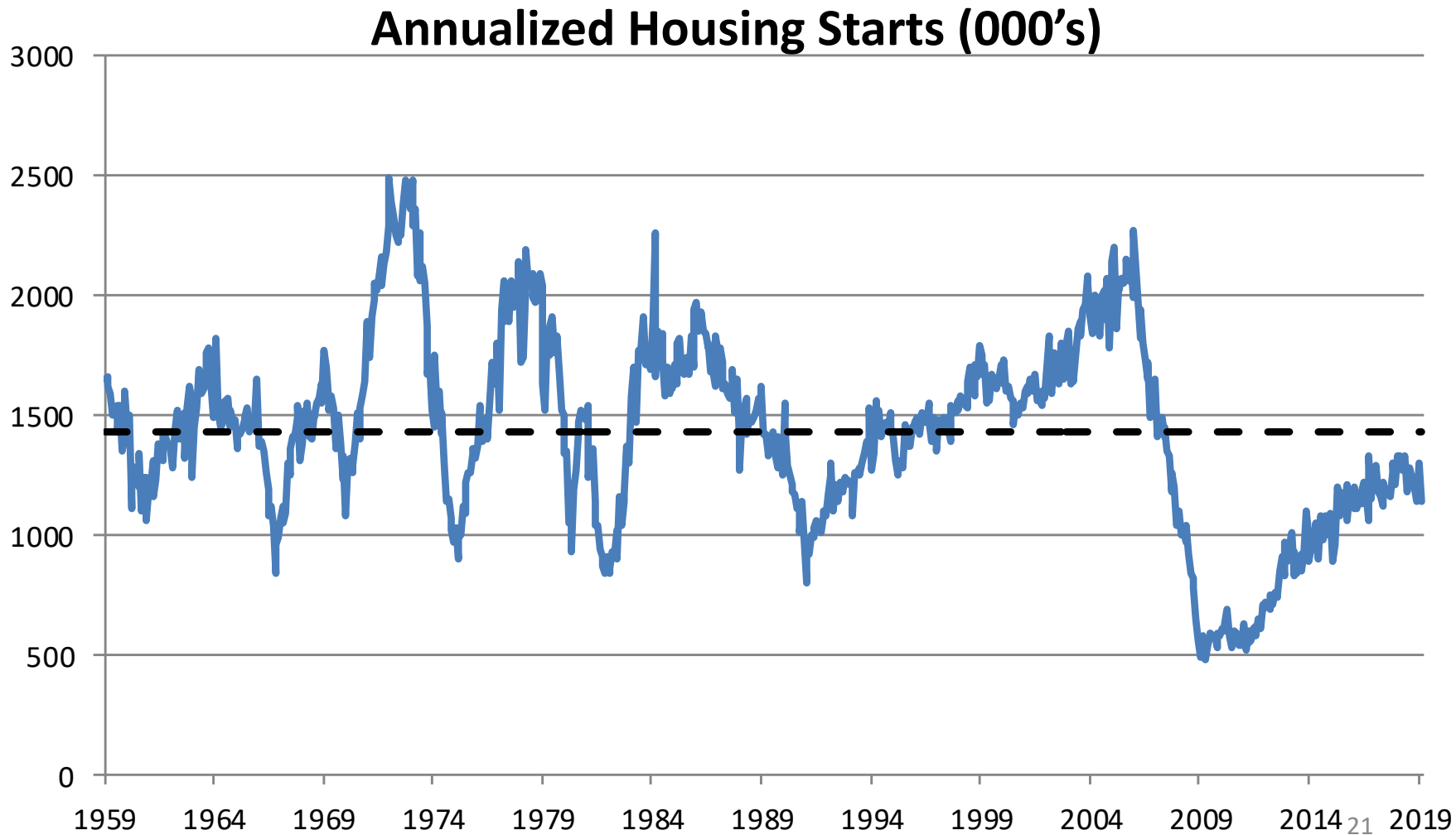
Golden Rules to Becoming a 'REIT Elite'

- Transparency
- Conservative Balance Sheet
- Size/liquidity
- Low Dividend Payout Ratio
- Cycle-Tested Management Team
- Predictability of Future Growth

Capital is More Disciplined



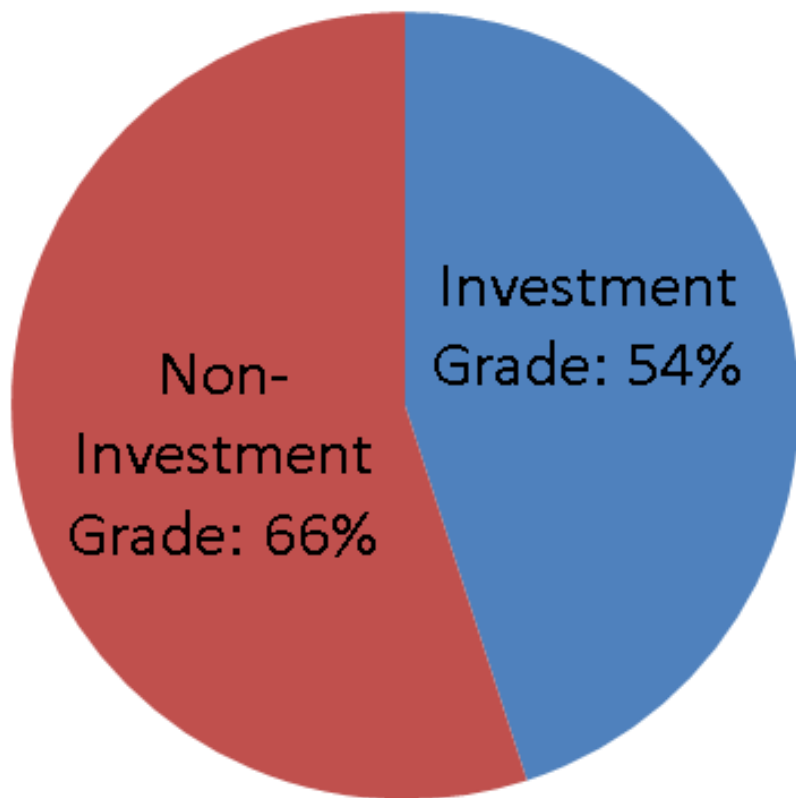
Construction Cycle No Longer Boom or Bust



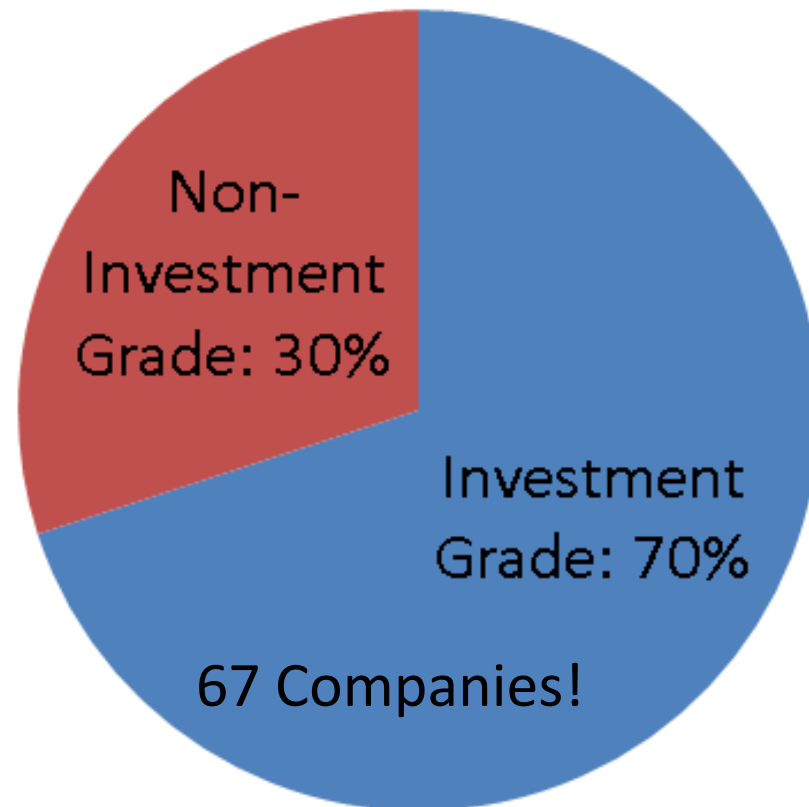
Source: St. Louis FRED. 1/1959-3/2019

REITs Have Been De-Risked

1999



2019



Commercial Real Estate Attributes

- Cash Cow!
- Hard asset you can ‘touch’
- Inflation protection
- Ability to determine value
- Income stream (yield = 4.3%!)
- Hybrid of equity and fixed income
- Stabilizes portfolio due to low correlation with equity and fixed income



Scenario Analysis

10 Year Annualized Total Returns Assuming a 6% Entrance Cap Rate

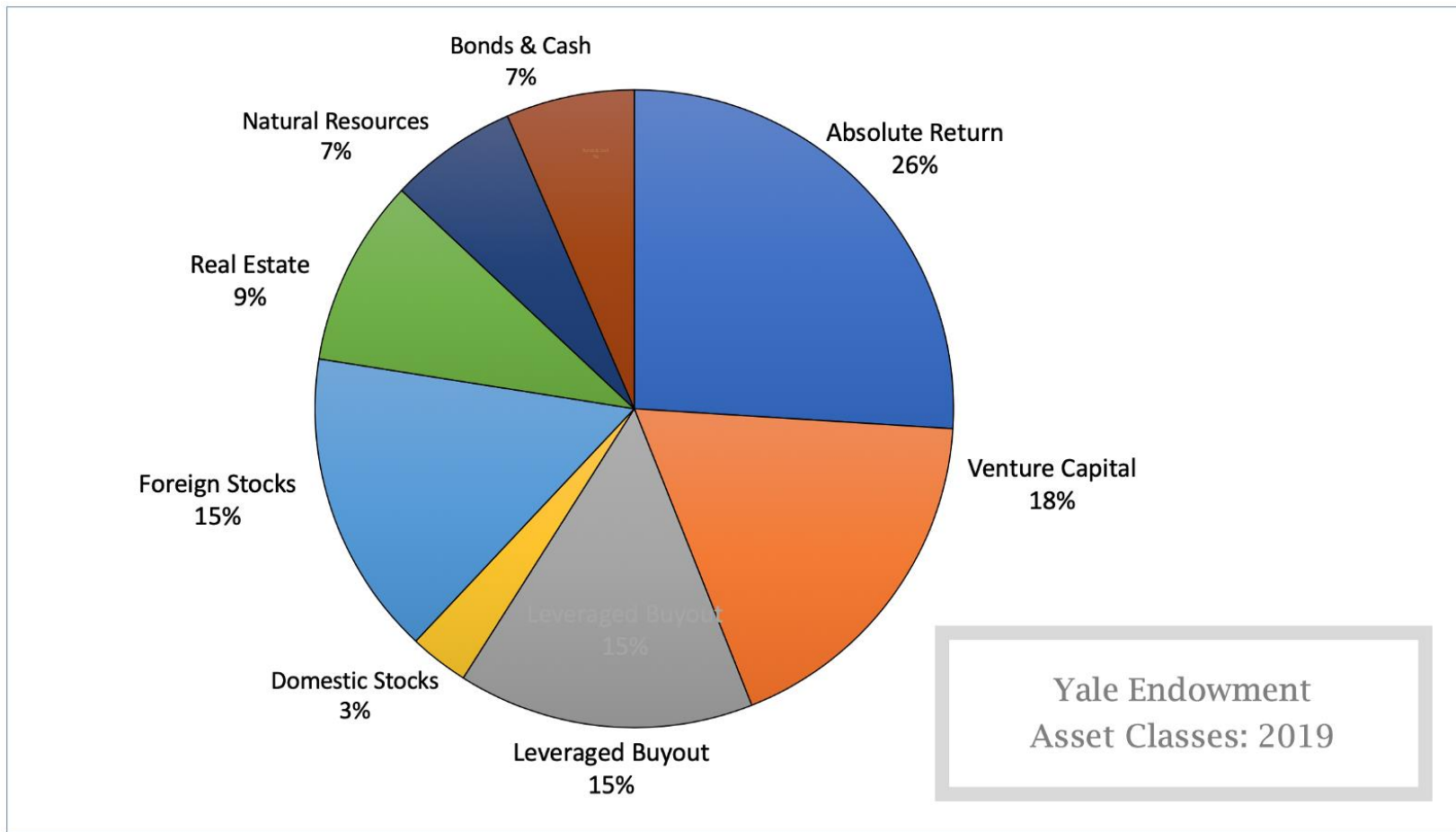
Exit Cap Rate

	4.5%	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%
-6.0%	2.0%	0.9%	0.0%	-0.8%	-1.6%	-2.2%	-2.9%
-4.5%	3.7%	2.6%	1.7%	0.9%	0.1%	-0.6%	-1.3%
-3.0%	5.4%	4.3%	3.4%	2.5%	1.8%	1.1%	0.4%
-1.5%	7.1%	6.1%	5.1%	4.3%	3.5%	2.8%	2.1%
0.0%	8.9%	7.8%	6.9%	6.0%	5.2%	4.5%	3.8%
1.5%	10.7%	9.6%	8.7%	7.8%	7.0%	6.2%	5.5%
3.0%	12.6%	11.5%	10.5%	9.6%	8.8%	8.0%	7.3%
4.5%	14.5%	13.3%	12.3%	11.4%	10.6%	9.8%	9.1%
6.0%	16.4%	15.2%	14.2%	13.3%	12.5%	11.7%	11.0%

NOI Growth



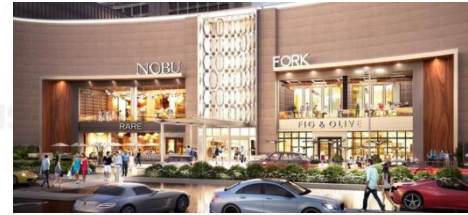
Yale Endowment Asset Allocation



Pension Fund Real Estate Allocations

Pension Fund	Total Plan Assets (Billions of dollars)	Total Real Estate Allocation (Percent)	REIT Investment (Percent of total real estate)
Florida State Board of Administration	163	9	12
New York State Teachers	118	15	20
Ohio State Teachers	78	12	12
Virginia Retirement System	78	12	15
Massachusetts Pension Reserve	72	14	17
New York City Teachers	73	5	30
Boeing Corporation	64	5	15
United Parcel Service	47	5	15
Alaska Retirement Management Board	32	6	12
Iowa Public Employees	32	7	23
South Carolina Retirement System	32	9	33
Texas County & District Retirement Plans	30	5	51
Nat'l Railroad Retirement Investment Trust	26	9	23
New Mexico Educational Retirement Board	13	6	30

But...How Can an Individual Access the Same Properties as Institutions, AND Maintain Liquidity?



Public REITs vs Other Real Estate Vehicles

Pros

- High Dividend Yield with Low Payout Ratio
- High Quality Portfolios
- Instant Liquidity
- Diversification by Property Type, Tenant, and Geography
- Superior Returns
- Low Fees
- Management Aligned with Shareholders
- Transparency & Oversight
- Low Leverage

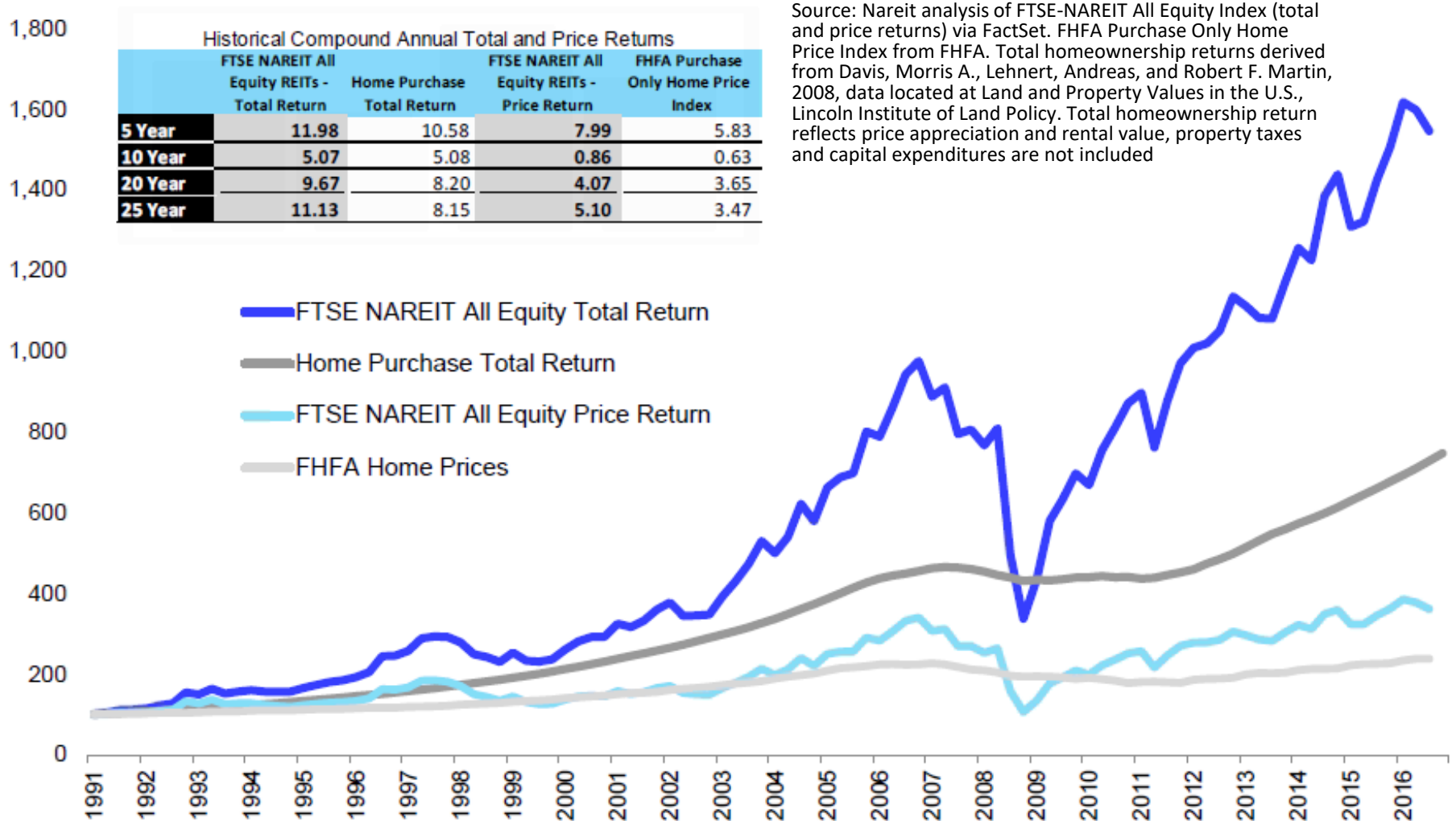
Cons

- Subject to Stock Market Volatility
- Possibility for Speculation
- Limits to Risk/Reward

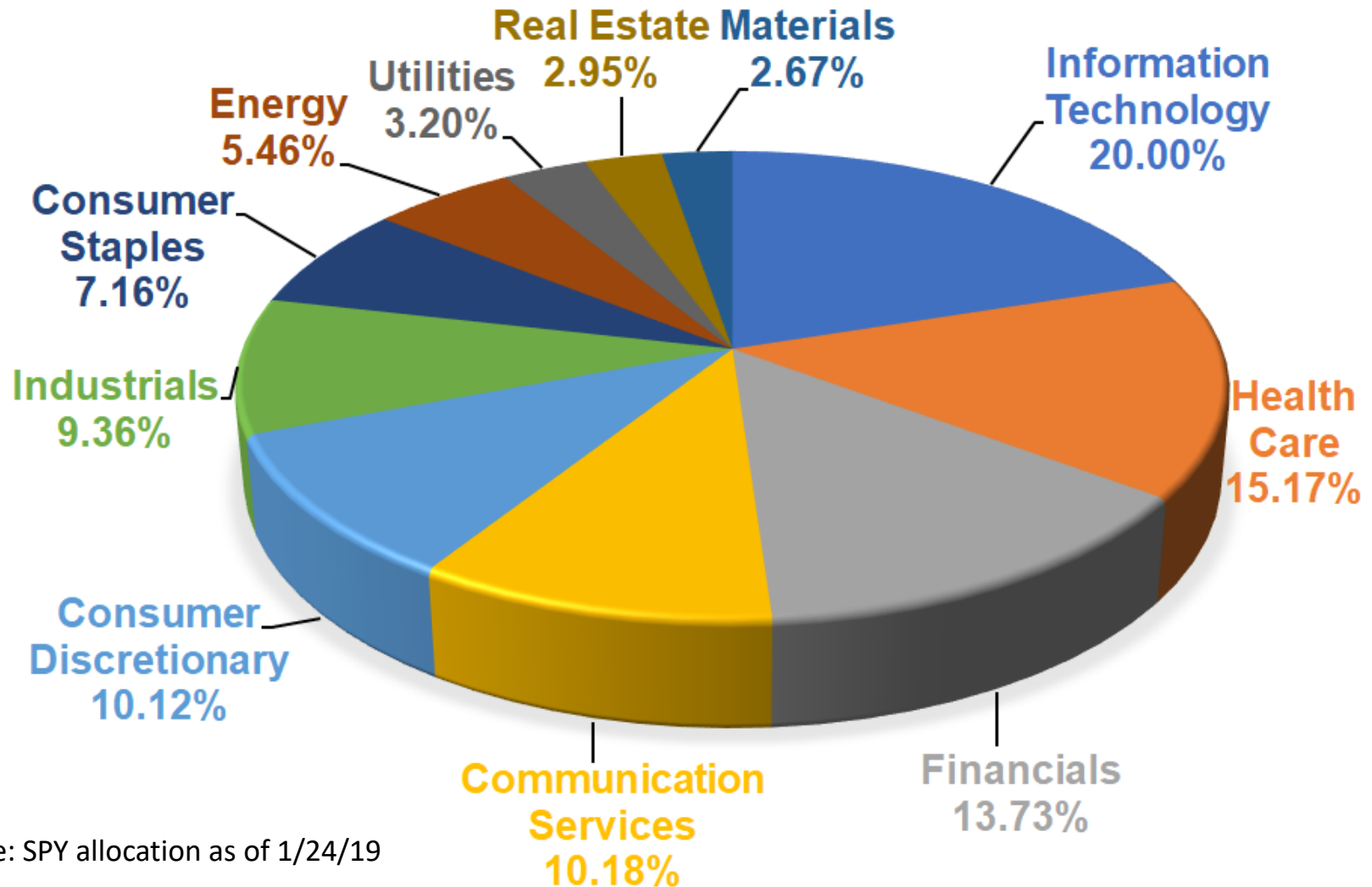
Tax Advantage of REITs

- REITs are exempt from Federal Income Taxes
- No double taxation
- REIT dividends are tax-advantaged
 - After-Tax Yield of ~3.2% versus 1.4% for S&P 500
- 1099's, NO K-1's
- Beneficiary of Tax Reform

Your Home Does NOT Qualify as Your Real Estate Allocation

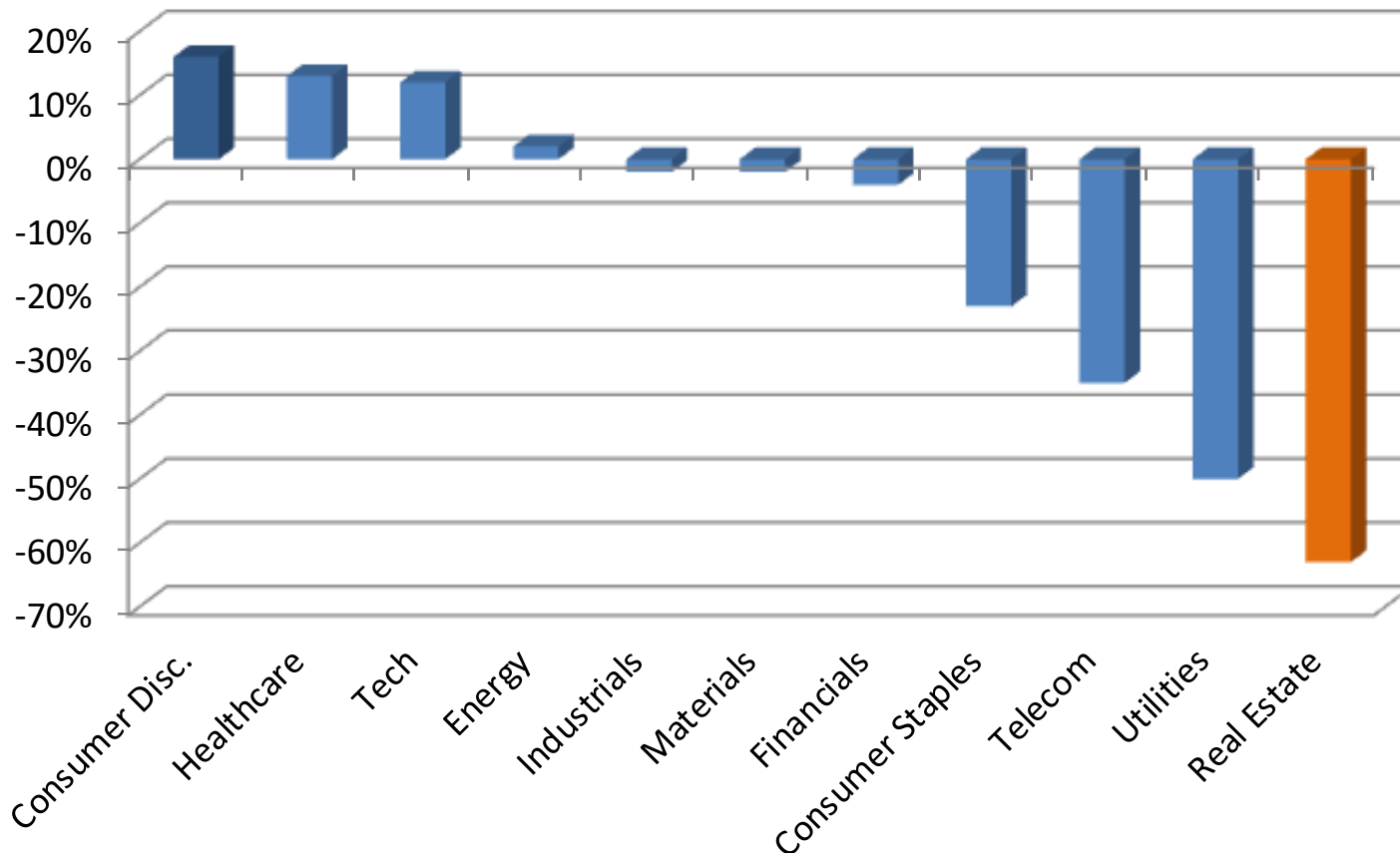


Why Do You Need a Separate REIT Allocation?

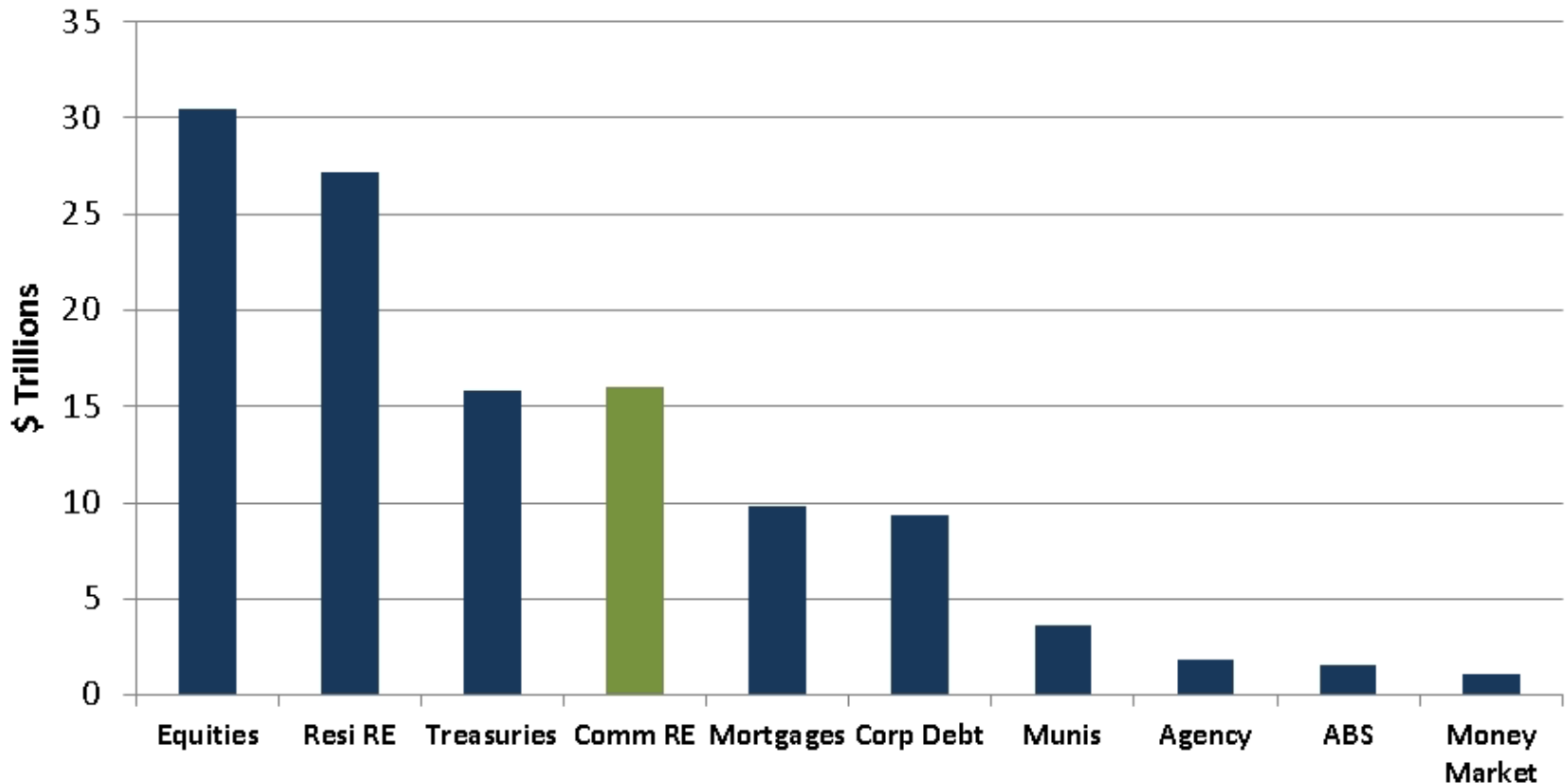


Source: SPY allocation as of 1/24/19

AND...REITs are the Biggest UNDERweight by Equity Funds



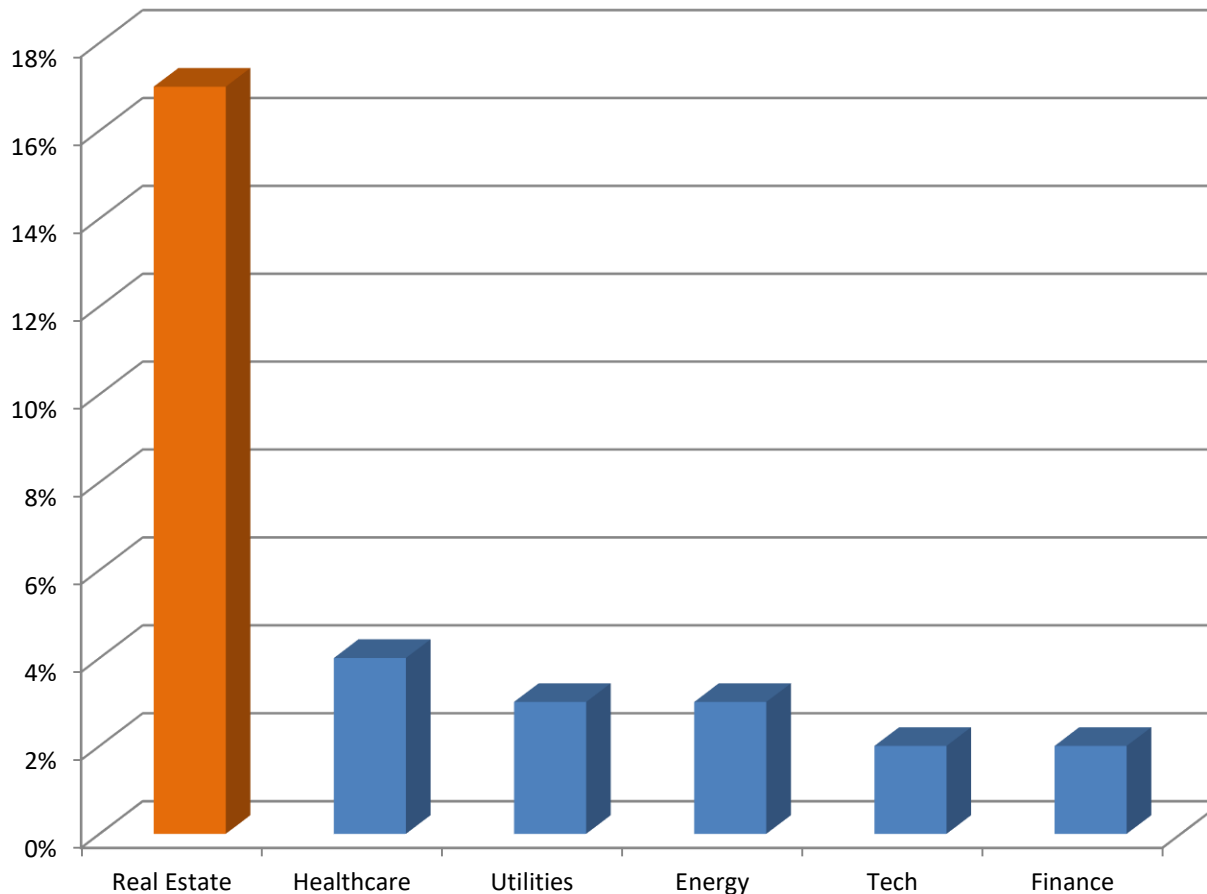
BUT...Commercial Real Estate is 17% of the Economy



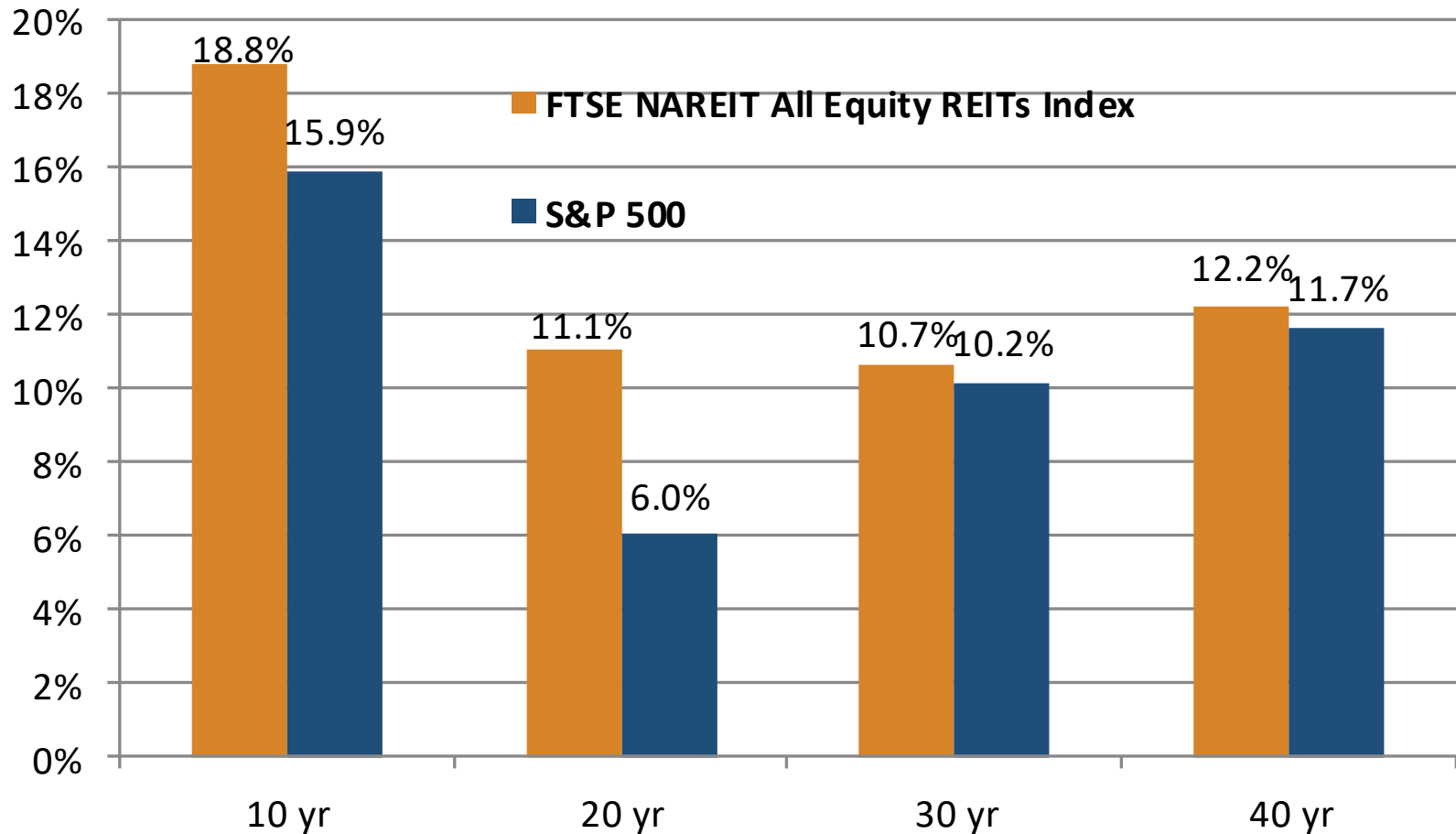
Source: Treasuries, Mortgages, Munis, Money Market, Agency as of 3/31/19 (SIFMA). Equities as of 12/31/18 (World Bank). Resi RE as of 12/31/18 (Federal Reserve and Urban Institute). Comm RE as of 12/31/17 (NAREIT)



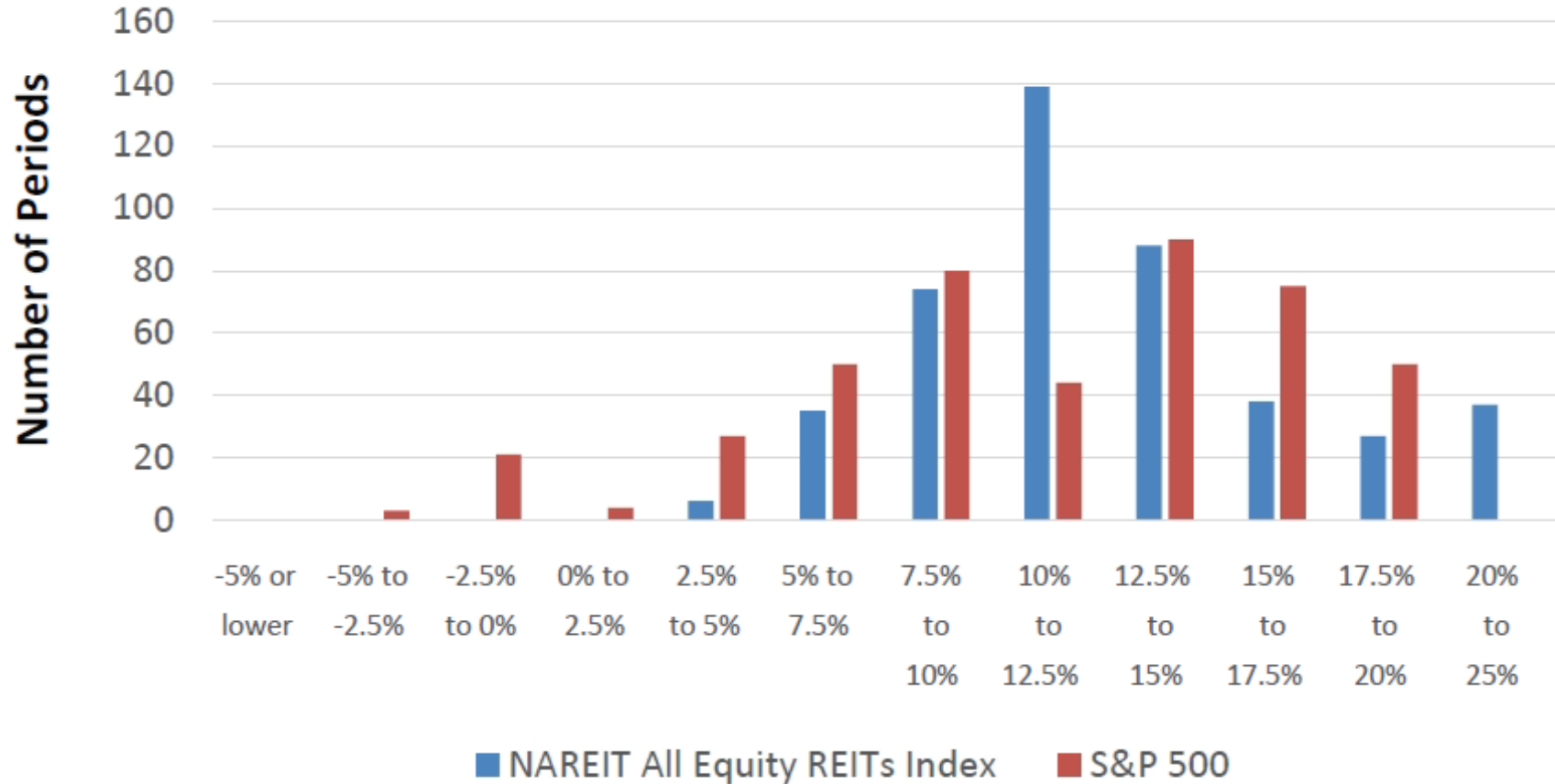
SO...REIT Dedicated Community is the Largest!



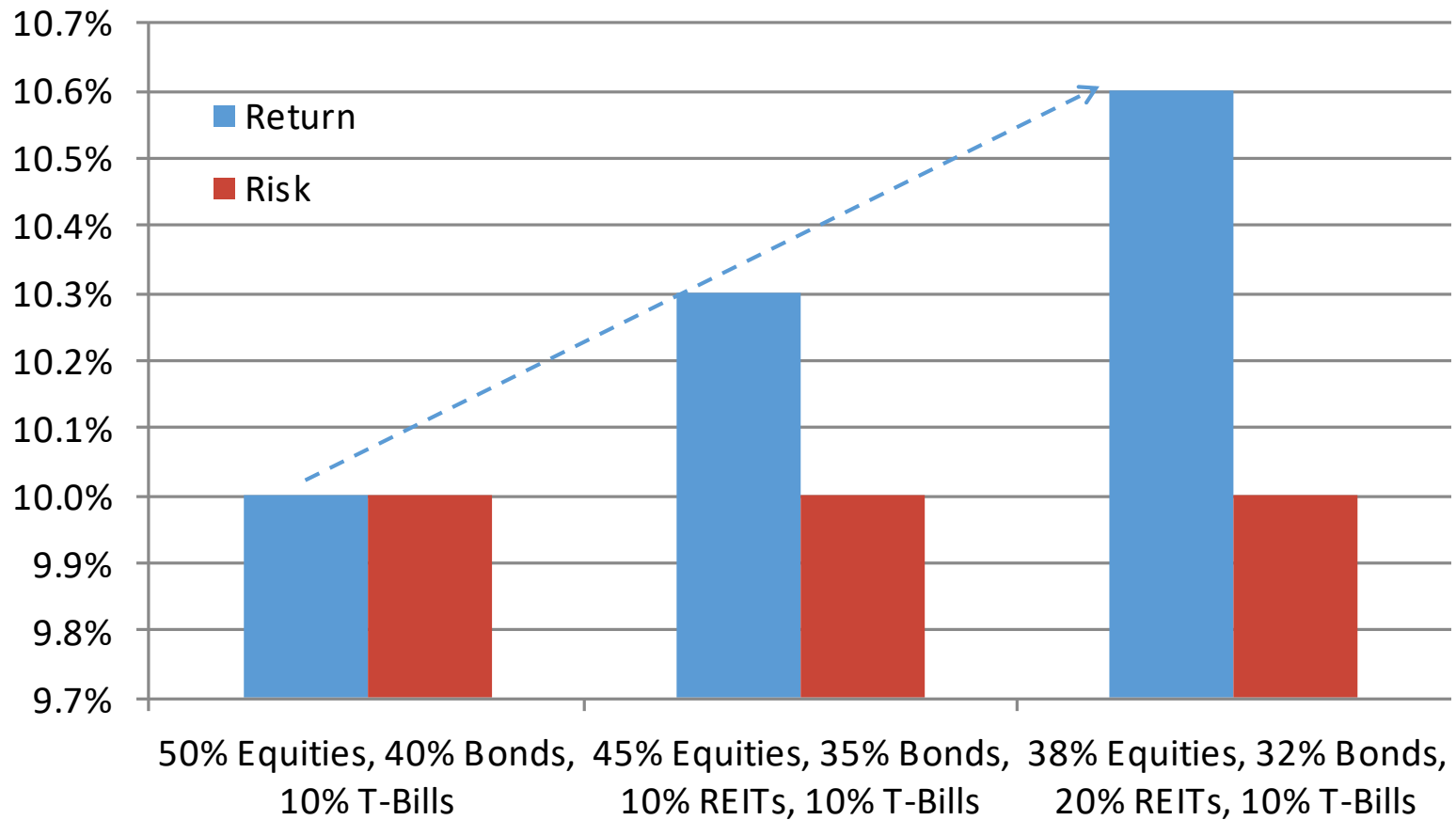
Annualized Total Returns for REITs vs S&P 500



Annualized 10 year Rolling Total Returns



Benefits of Adding a 10-20% REIT Allocation



What Do Chilton REIT Clients Own?

- 135 million square feet (sqft) of industrial space
- 498 regional malls and outlets
- 148 million sqft of office
- 250,000 cellular sites
- 134,000 single family rentals
- 210,000 apartment units
- 70,000 miles of fiber
- 965,000 hotel rooms
- 635 shopping centers
- 248 data centers



GM Building (New York, NY)

Boston Properties (BXP)



Chilton
Capital
Management

Aventura Mall (Aventura, FL)

Simon Property Group (SPG)

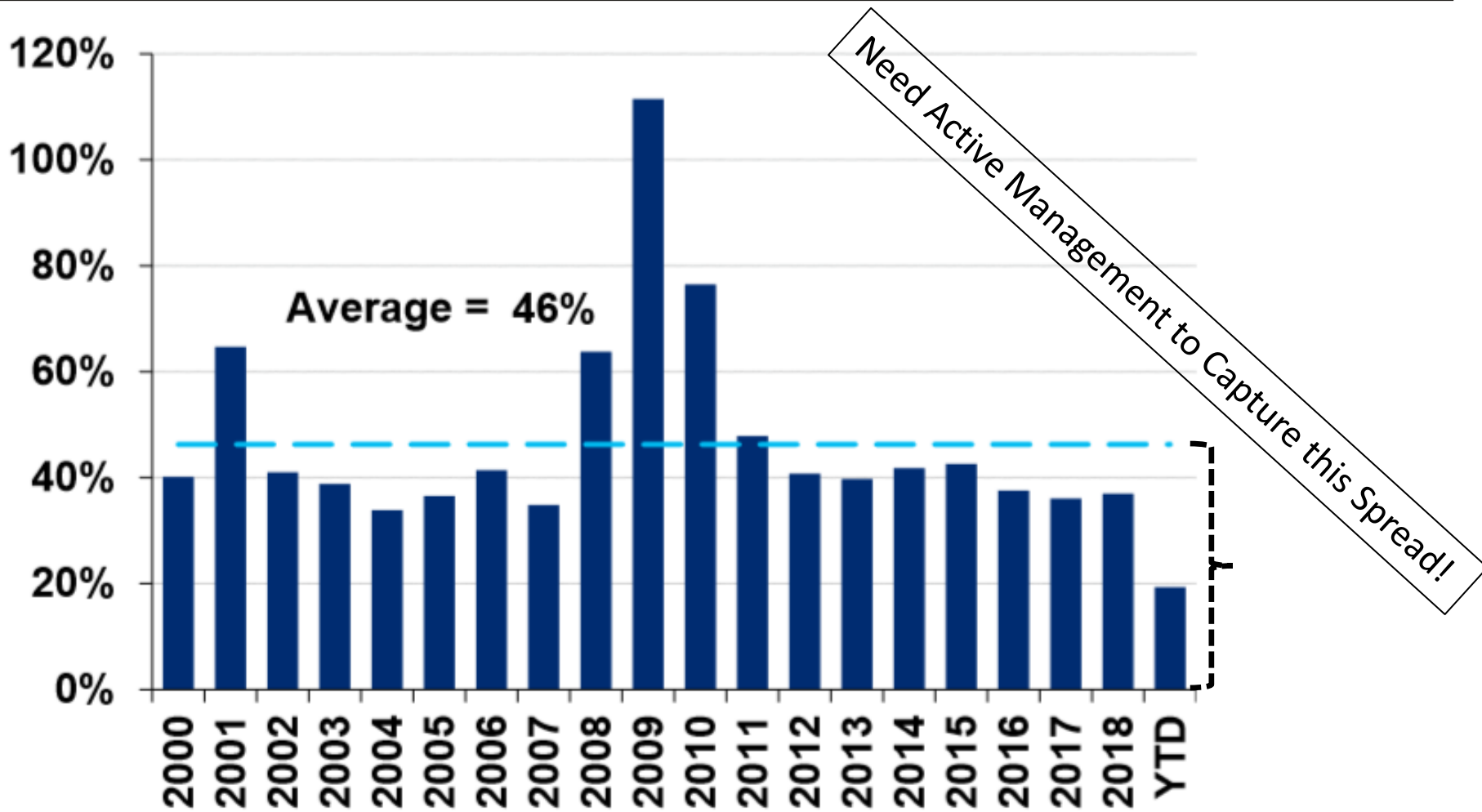


The Shores (Santa Monica, CA)

Douglas Emmett (DEI)



Difference Between Top and Bottom Quartile REITs



Active Management Works with REITs

Annualized Total Returns: Active Versus Passive Strategies

	3 Year	5 Year	10 Year	Since 1/2005 ¹	15 Year
Chilton Capital REIT Strategy	6.2%	10.8%	20.6%	10.5%	-
Median Real Estate Separate Account	6.0%	9.0%	18.3%	7.9%	8.7%
Median Real Estate Mutual Fund	5.5%	8.5%	17.8%	7.6%	8.5%
Average REIT ETF ²	6.8%	9.0%	18.0%	7.3%	7.5%
MSCI US REIT Index (RMS)	6.0%	9.0%	18.5%	7.7%	8.5%

Source: Morningstar, Bloomberg. Returns are gross of fees as of month end, through 3/31/2019.

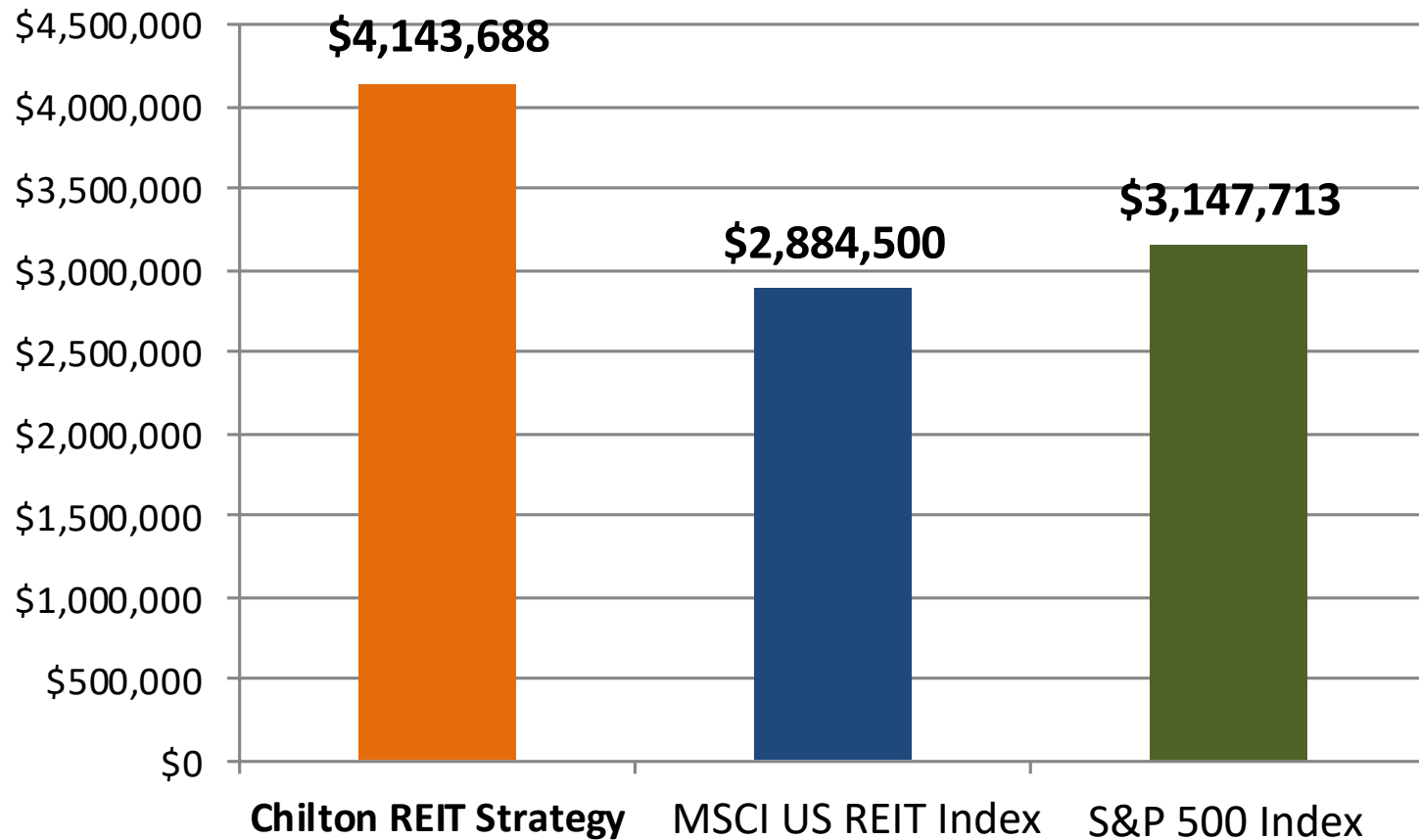
¹ Chilton Capital REIT Strategy inception date.

² Average of VNQ and IYR, except for 15 Year performance, as VNQ began trading on 9/29/04.

Why Chilton?

- Repeatable process that has been honed over 66 combined years of experience
- Top-ranked REIT strategy per Morningstar database
 - Annualized total return through 3/31/2019
 - #2 of 84 since January 2005 (strategy inception)
 - #2 of 85 since January 2006
 - #2 of 89 since January 2007
 - #2 of 90 since January 2008
 - #5 of 94 since January 2009
 - #3 of 95 trailing 10 years
 - #11 of 116 trailing 5 years
- Monthly REIT Outlook to inform clients of our thoughts
- See chiltoncapital.com/publications

Had You Invested \$1mm on 12/31/04...



High Conviction Strategy

Active Share: >70%

Overweights:

Data Centers/Tech (28% vs 8% index wt)

Residential (23% vs 16% index wt)

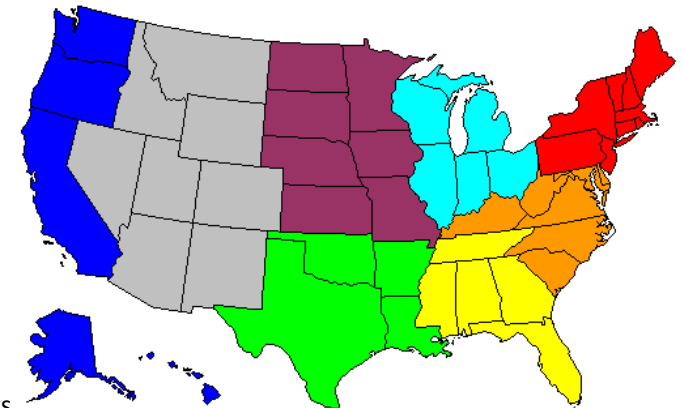
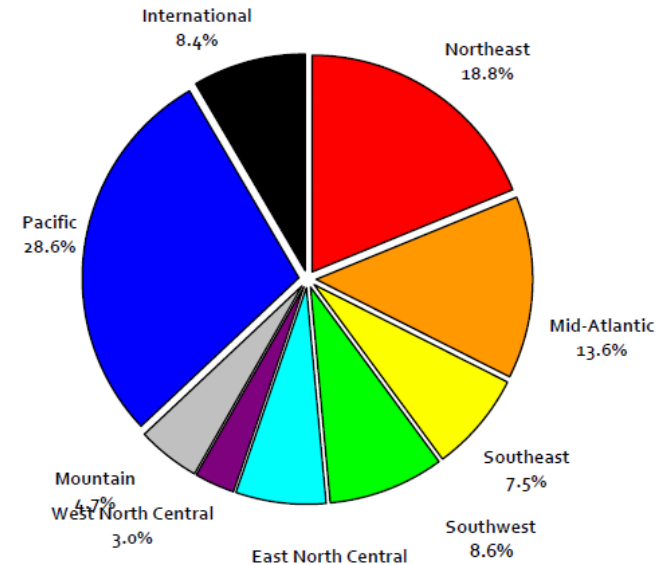
Underweights:

Healthcare (0% vs 13% index wt)

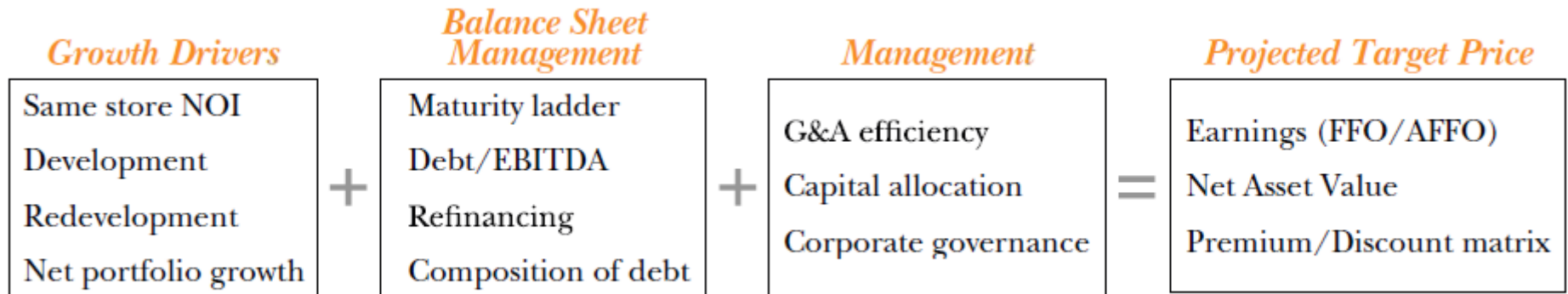
Triple Net (0% vs 8% index wt)

Self Storage (0% vs 7% index wt)

REIT GEOGRAPHIC DISTRIBUTION by NCREIF Region Comp



Proprietary Target Price Methodology



Premium/Discount Matrix Items:

- Debt/Gross Asset Value
- Net Debt/EBITDA
- Fixed Debt/Total Debt
- Preferred Equity/(Total Debt + Preferred Equity)
- G&A/FFO
- Management Team NAV Creation Potential

How Does a REIT Create Value?

- Growth in NOI via rent or occupancy increases, or lower operating expenses
- Accretive Expansion via Acquisition, Development, or Redevelopment
- Higher Quality Tenant Base
- Portfolio Recycling
- Cap rate compression

NAV Example

- Camden Property Trust 2Q19 NAV
- Annualized NOI of \$659mm
- Divide by 5.25% cap rate = \$12,554mm
- Add \$491mm in cash, CIP, and 'other assets'
- Subtract \$2,846mm in debt and other liabilities
- Net Asset Value = \$10,199mm
- Divide by 100.7mm shares outstanding as of 3/31/19
- NAV/Share = \$101.28/sh
- Market price as of 5/16/19 = \$102.01/sh
- So CPT trades at a 0.7% Premium to NAV



Other REIT Valuation Metrics

- Net Operating Income (NOI) – G&A – Interest Expense
- Adjusted Funds from Operations (AFFO) = FFO – Capitalized Non Revenue Enhancing Expenditures
- Implied Cap Rate = Annualized NOI / Total Enterprise Value (TEV)
 - $TEV = Debt + Shares\ Outstanding * Stock\ Price - Cash - Other\ Assets$

Investment Approach

Idea Generation

PMs approve analyst proposal
or assign due diligence

Fundamental Research

- SEC filings
- Third party / Wall Street research
- Property tours
- Meetings with management
- Macro-and-microeconomic data
- Conversations with local brokers

Outputs of Research

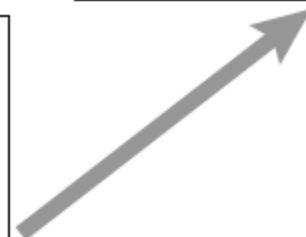
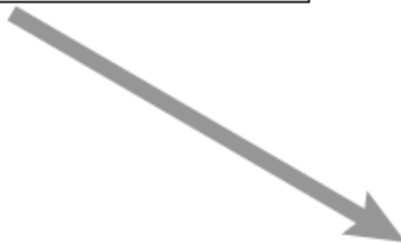
- Proprietary financial model
- Investment thesis
- Presentation to the PMs

Oversight

- Weekly REIT team meetings
- Monthly review of parameters
- Quarterly formal risk committee meetings
- Bloomberg factor risk models

Implementation

- Enters coverage universe with approval of buy/sell prices
- PMs add when cash is generated from a sell or incoming dividends
- Informed by risk parameters



Market Risk Management

RISK

MITIGATION

Rising Interest Rates → REIT have performed well historically if economy is expanding

Declining Economic Growth → Less new construction

Obsolescence → Great locations can be repurposed

Portfolio Risk Management

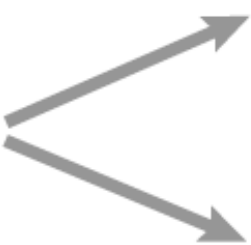
RISK

MITIGATION

Property Type Risk  Max 30% to one property type

Geographic Risk  Max 30% to one geographic region

Concentration Risk  Max 10% to one position

Capital Allocation Risk  Proprietary premium / discount and required return based on development, balance sheet, and management

Stated ranges for risk: Core (40-70%), Value-Add (20-50%), and Opportunistic (0-25%)

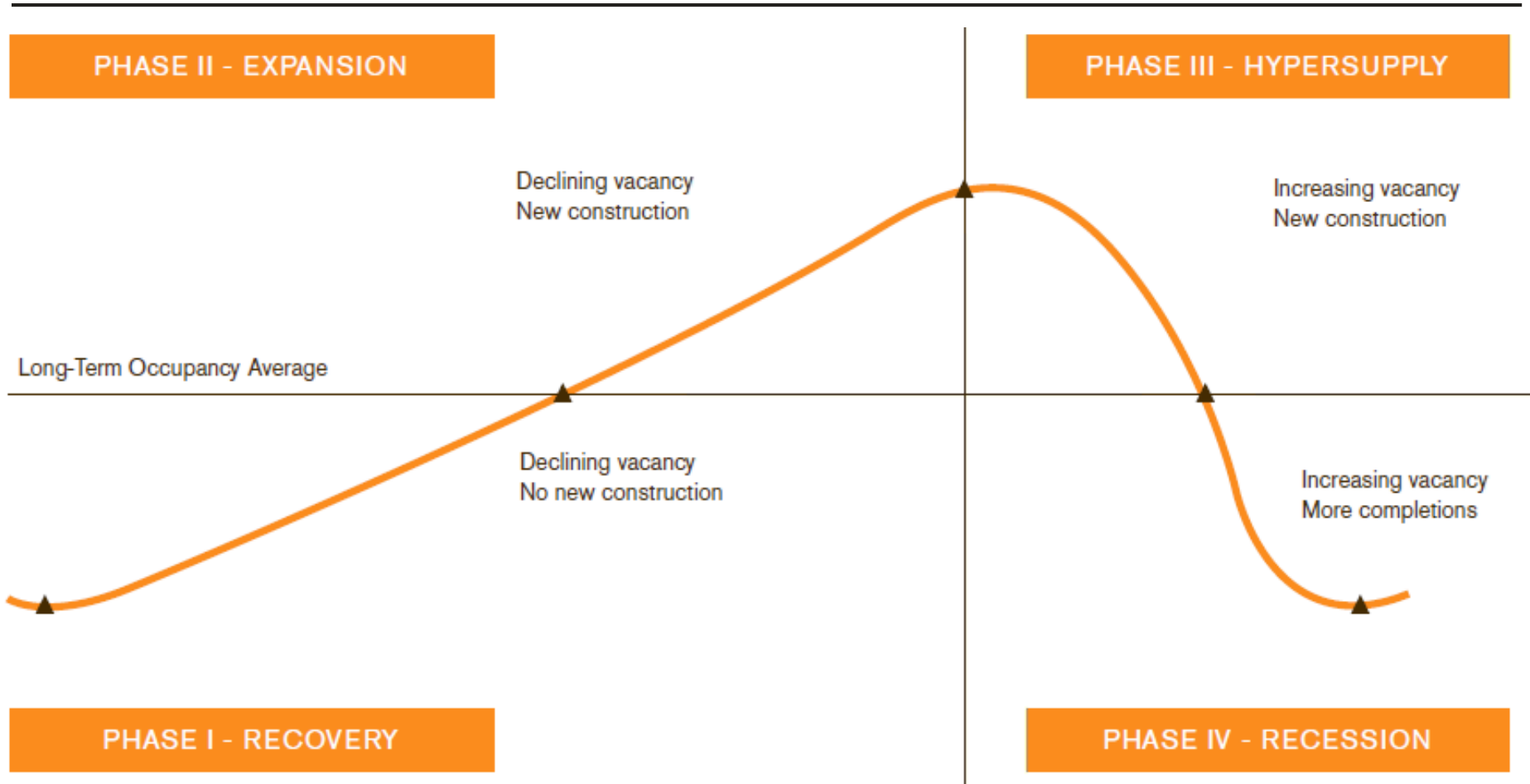
Why Now?

- Tax Cuts and Jobs Act of 2017 resulted in 20% deduction for REIT dividends
- Current scenario is ‘Nirvana’ for real estate
 - ‘Goldilocks’ economy keep interest rates low and demand growth steady
 - Disciplined construction lending
- Historic low payout ratios make dividend growth highly predictable
- REIT balance sheets in best shape of all-time

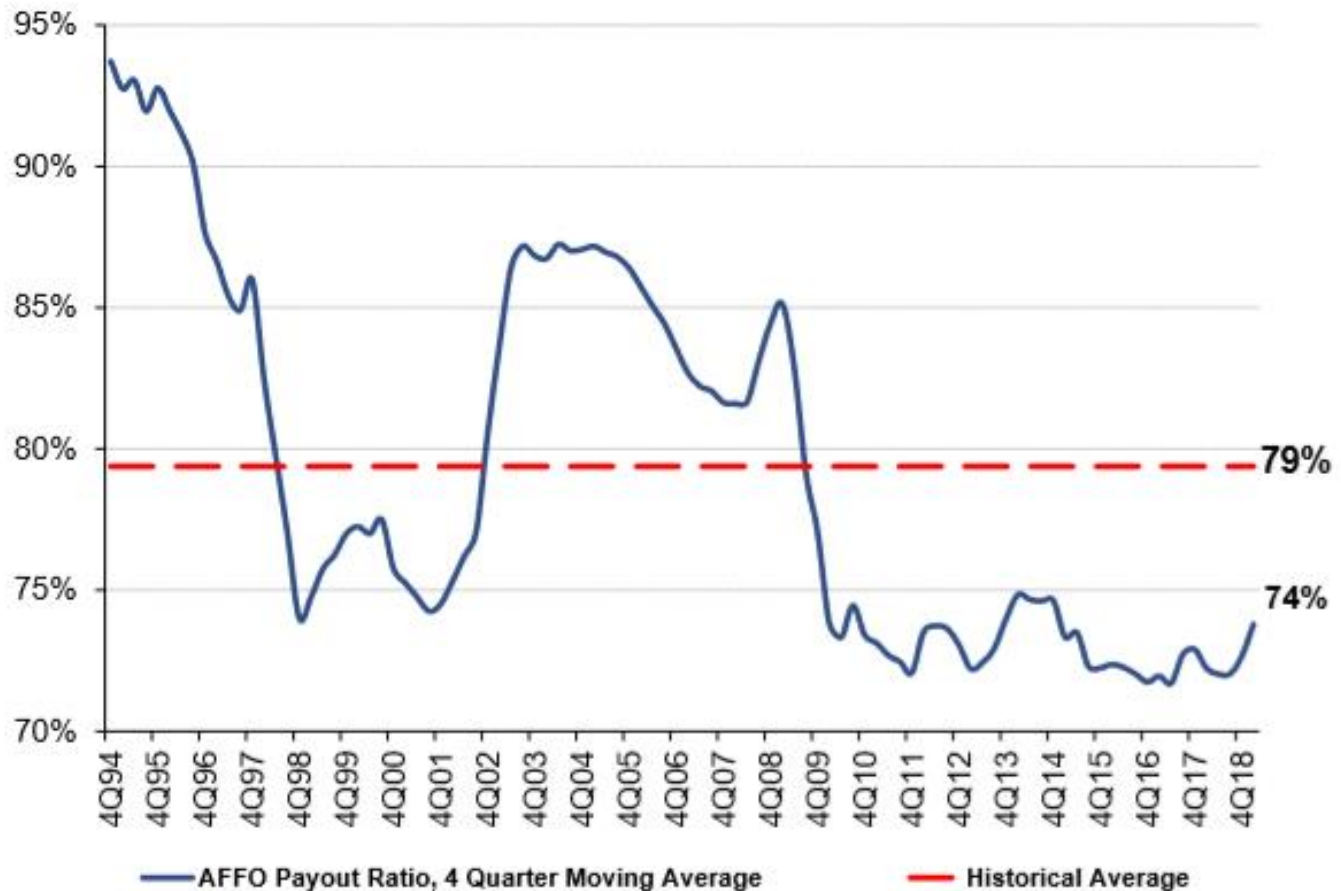
Key Themes of 2019

- REITs can offset rising interest rates with dividend growth
- REITs are major beneficiaries of higher replacement costs
- Technology is a growing component of our real estate portfolio
- Positive GDP growth could lengthen this record real estate cycle
- Development risks outweigh rewards, which lowers supply risk
- Organic NOI growth and retained earnings enhance the predictability of growth in cash flow per share

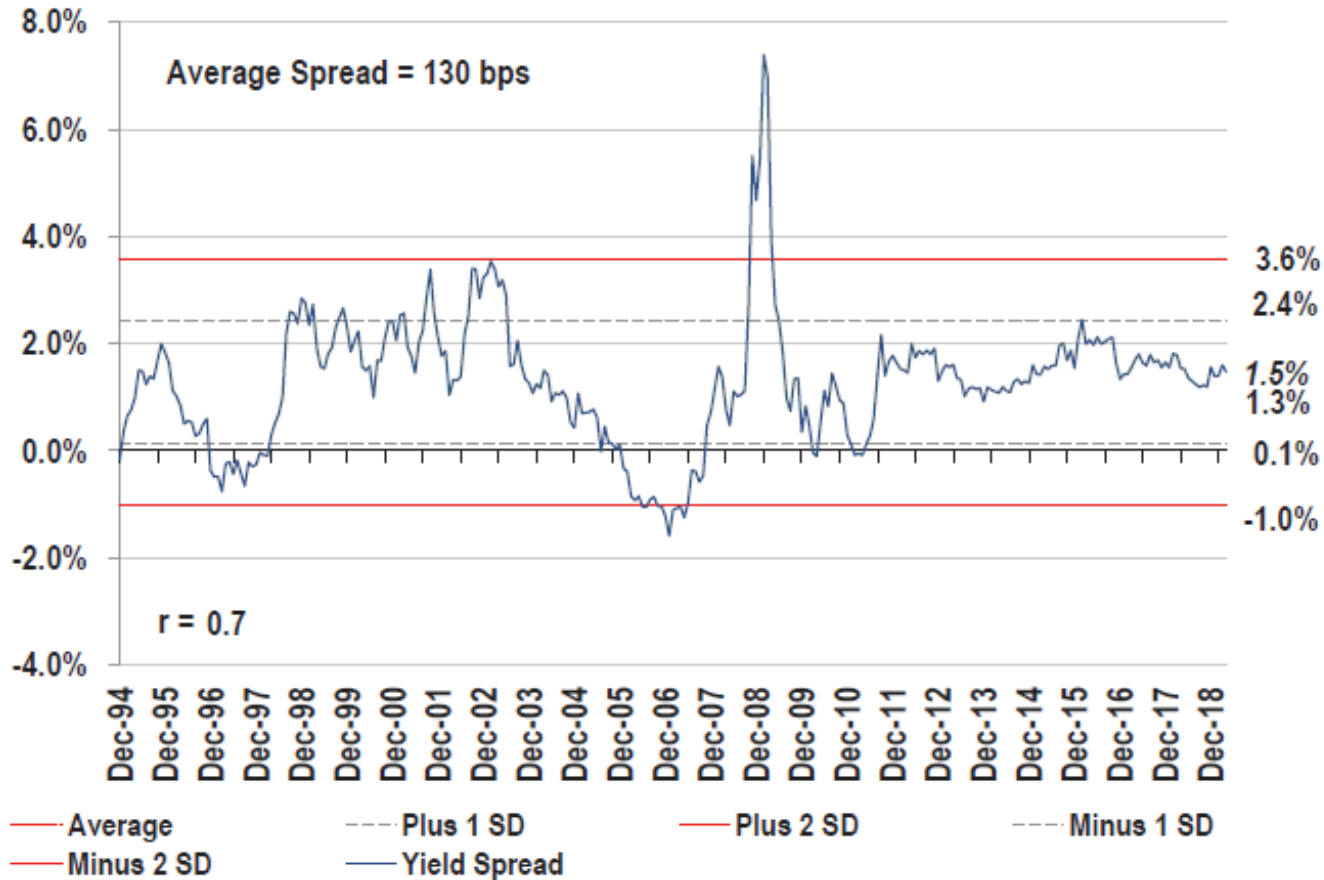
Real Estate Cycle



Payout Ratios

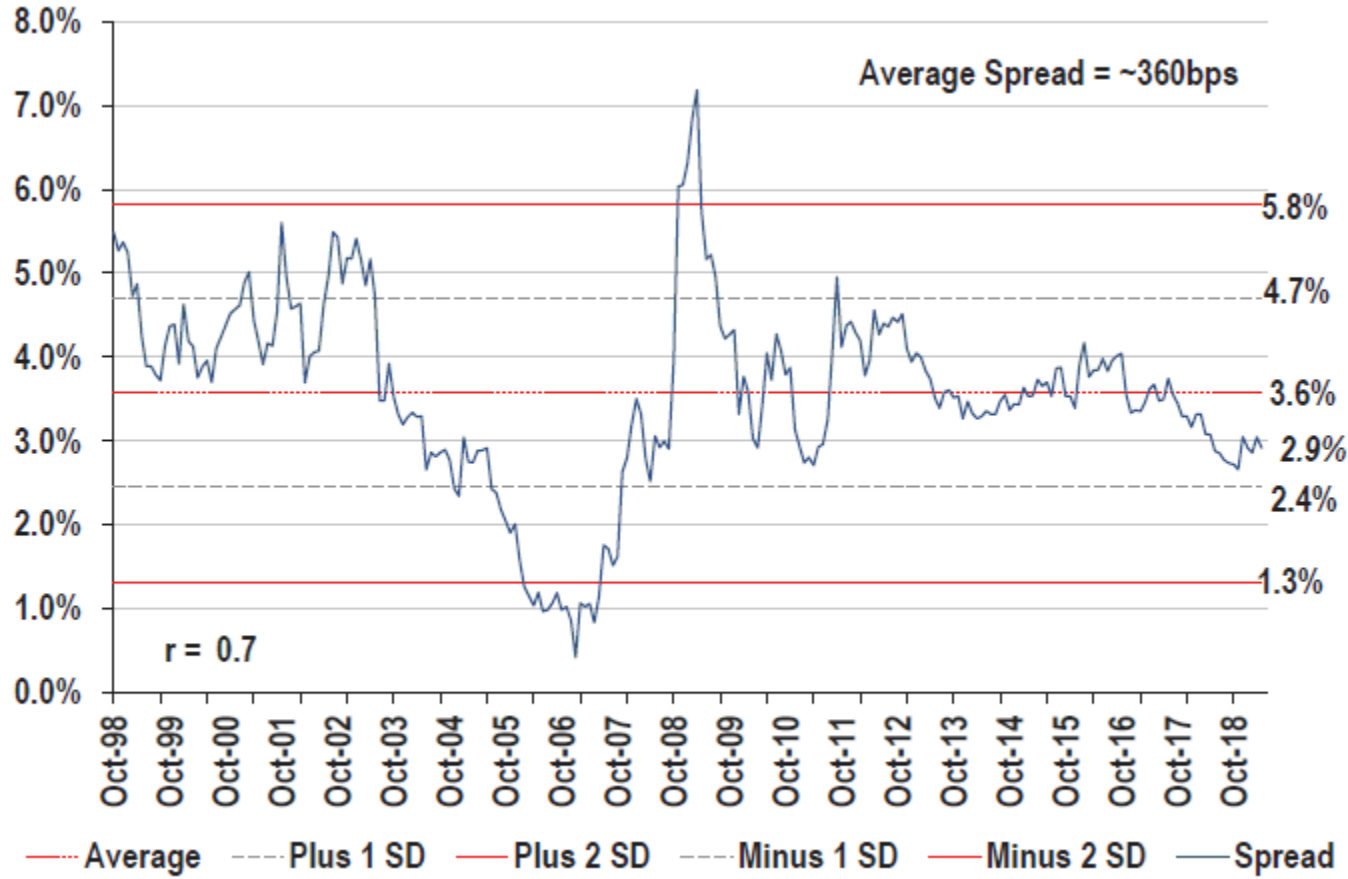


Spread Between REIT Dividend Yield and 10 Yr Treasury Yield



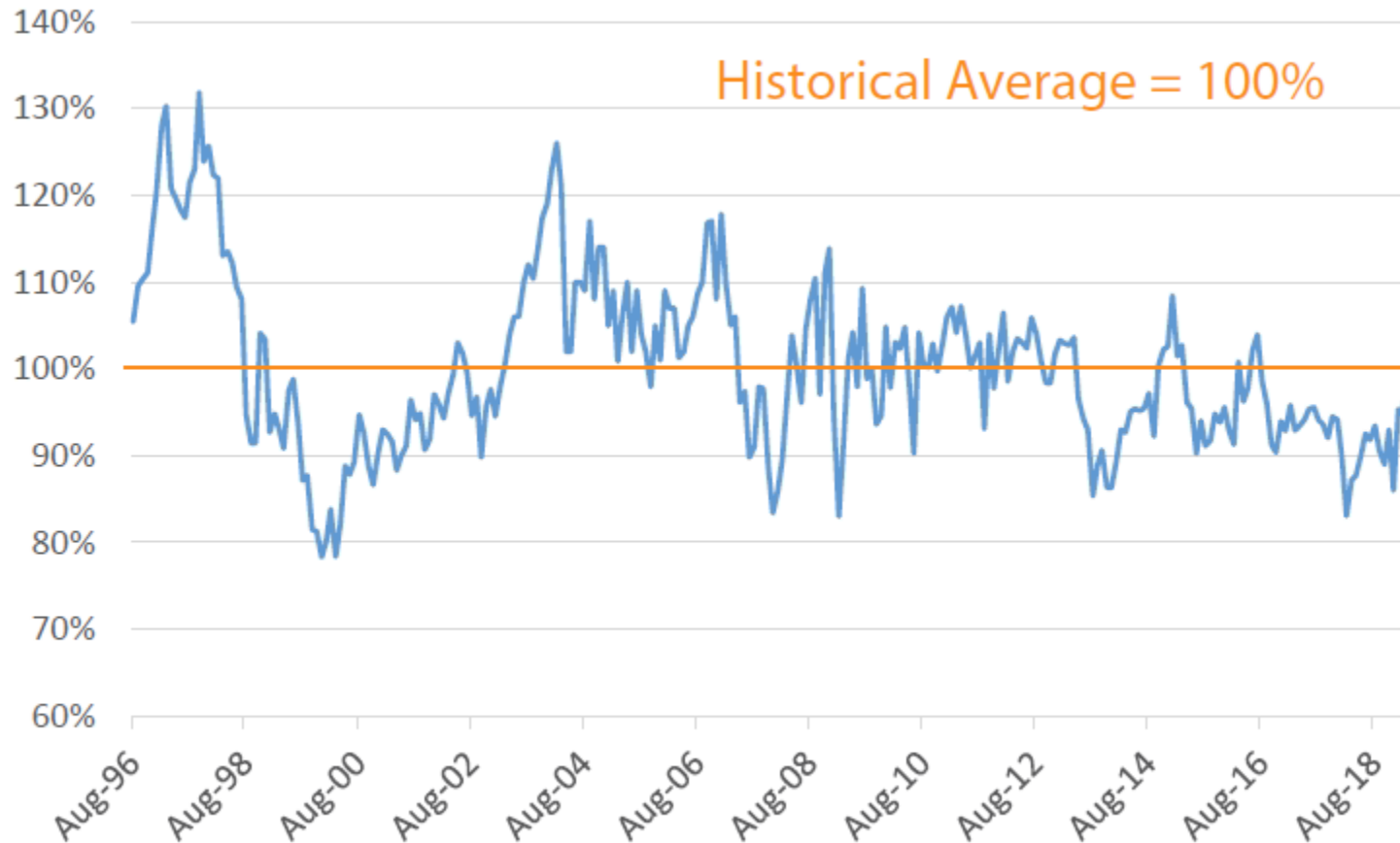
Source: Citi Research, FactSet and YieldBook, as of 3/31/2019

Spread Between Implied Cap Rate and 10 Yr Treasury Yield



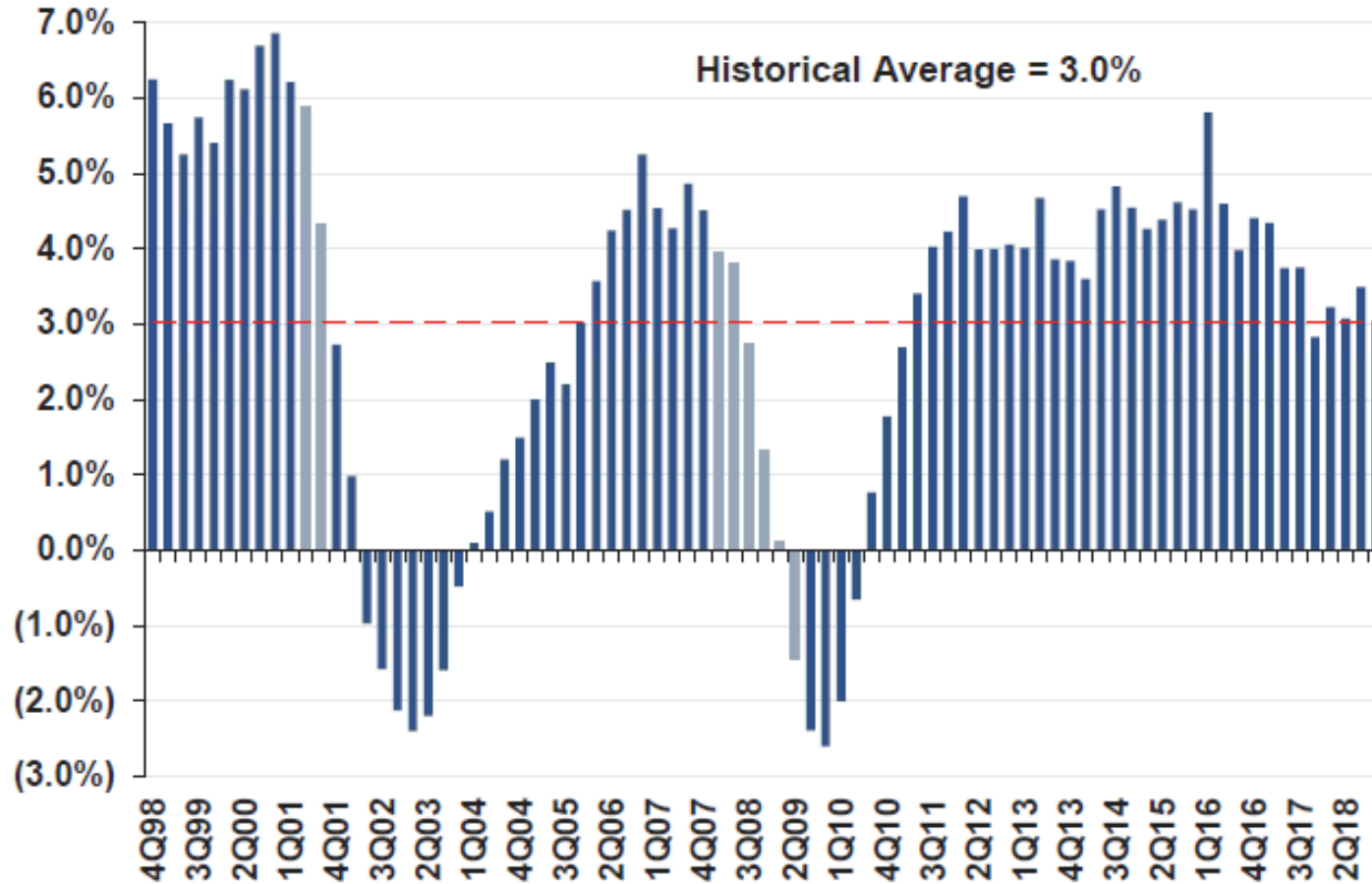
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Historical Price/NAV (All Public REITs)

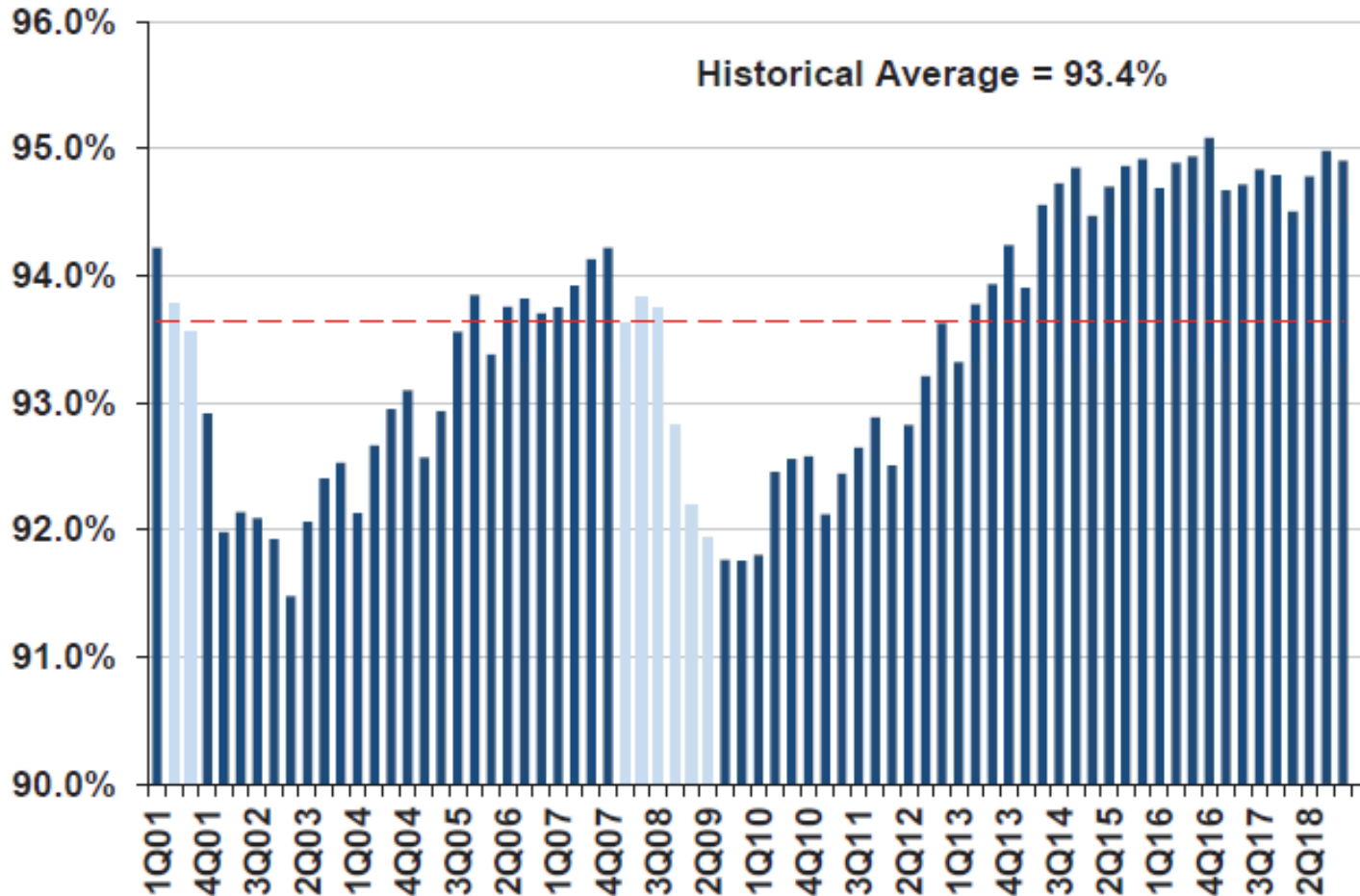


Source: ISI Research, as of 3/31/2019

Year Over Year Same Store NOI Growth



REIT Occupancy



REITs and Rising Rates

Period	Period of Rising Interest Rates				Subsequent REIT Relative Performance vs S&P 500			Interest Rate Change Over Subsequent Period		
	10UST Rate Chg	REITs	S&P 500	Out/(Under) Performance	+90D	+180D	+1 Yr	+90D	+180D	+1 Yr
	(bps)	(% Chg)	(% Chg)	(bps)	(bps)	(bps)	(bps)	(bps)	(bps)	(bps)
Feb 96 - Sep 96	+138	10.1%	3.9%	614	(721)	(121)	(1,360)	(76)	(38)	(61)
Oct 98 - Feb 00	+251	-6.5%	41.8%	(4,820)	1,046	1,715	2,902	(24)	(86)	(164)
Nov 01 - Apr 02	+122	15.2%	3.3%	1,188	1,708	2,389	2,299	(59)	(175)	(160)
Jun 03 - Jun 04	+176	21.5%	15.8%	574	1,343	2,185	2,989	(73)	(73)	(76)
Jun 05 - Jun 06	+136	19.7%	5.9%	1,379	682	879	(65)	(69)	(62)	(15)
Jan 09 - Jan 10	+162	50.1%	39.2%	1,092	749	620	1,431	2	(78)	(48)
Oct 10 - Apr 11	+118	9.2%	14.8%	(559)	922	(568)	659	(65)	(149)	(158)
May 13 - Dec 13	+138	-11.2%	17.4%	(2,857)	628	925	1,850	(27)	(51)	(87)
Feb 15 - June 15	+82	-9.7%	6.4%	(1,610)	184	537	1,176	(29)	(26)	(82)
Jul 16 - Mar 17	+123	-7.5%	12.7%	(2,020)	14	37	(2,013)	(39)	(43)	29
Sept 17 - May 18 *	+104	-6.2%	12.2%	(1,839)	647	1,032	?	(25)	0	?
Aug 18 - Nov 18 *	+42	-2.6%	-1.4%	(121)	750	?	?	(61)	N/A	?
Historical Average	145	9.1%	16.1%	(702)	655	860	987	(46)	(78)	(82)

* Excluded from averages until there is comparable data for all periods

Source: Citi Research, FactSet, and Bloomberg

Performance Disclosure

REIT COMPOSITE

Year End	Total Firm Assets (millions) ¹	Strategy Assets (millions) ²	Composite Assets			Annual Performance Results				3 Yr Rolling Standard Deviation	
			U.S. \$ (millions)	% of Wrap Assets	Number of Accounts	Composite Gross*	Composite Net	MSCI US REIT Index (RMS)	Composite Dispersion	Chilton Capital REIT Strategy	MSCI US REIT Index (RMS)
2018	1377	452	316	50.0%	434	-7.6%	-8.3%	-4.6%	0.4%	13.1%	13.6%
2017	1322	598	354	46.3%	415	8.4%	7.4%	5.1%	0.5%	12.7%	13.5%
2016	1229	514	324	44.0%	456	9.2%	8.1%	8.6%	0.6%	13.9%	15.2%
2015	1233	396	256	44.6%	362	6.7%	5.8%	2.5%	0.5%	13.1%	14.7%
2014	1300	287	188	36.3%	279	33.8%	32.7%	30.4%	0.6%	12.3%	13.3%
2013	1184	161	79	26.7%	127	5.1%	4.2%	2.5%	0.8%	16.7%	16.7%
2012	991	125	54	20.6%	76	25.6%	24.6%	17.8%	1.2%	17.5%	18.3%
2011	845	75	24	15.0%	28	9.4%	8.5%	8.7%	1.4%	33.2%	32.1%
2010			26		39	24.1%	23.1%	28.5%	1.6%	38.8%	40.5%
2009			25		33	34.8%	34.1%	28.6%	14.4%	39.0%	40.5%
2008			23		25	-22.7%	-23.3%	-38.0%	7.9%	25.9%	30.8%

2019 Gross and Net Quarterly Performance for Composite

	1Q 2019			2Q 2019			3Q 2019			4Q 2019		
	Gross	Net	Benchmark	Gross	Net	Benchmark	Gross	Net	Benchmark	Gross	Net	Benchmark
Chilton Capital REIT Composite	17.0%	16.7%	16.3%									

Chilton Capital Management, defined for GIPS® purposes, encompasses two entities, Chilton Capital Management LLC, a registered investment adviser, and Chilton Capital Management Trust Company (collectively "Chilton Capital Management"). Prior to December 18, 2012 Chilton Capital Management encompassed three entities, Chilton Capital Management LLC, Chilton Capital Management Advisors, Inc., and Chilton Capital Management Trust Company. Prior to March 31, 2007 the firm was defined as Chilton Capital Management LLC. The firm maintains a complete list and description of composite(s) which is available upon request. The Chilton Capital REIT Composite was created January 1, 2005 and is a fully discretionary Taxable and Tax-Exempt REIT accounts that contain only real estate-related company common stock, securities that are convertible to real estate-related company common stock, and cash. It is benchmarked against the MSCI US REIT Index (RMS) for comparison purposes. The primary objective of the strategy is to outperform the MSCI US REIT Index (RMS). Effective 8/1/2016, the REIT composite has been redefined to no longer include high conviction REIT accounts, defined as accounts with less than 20 holdings. The change was made as we would expect performance of high conviction accounts to differ from accounts in the REIT composite with 21 or more holdings. Prior to July 2011, the performance represents the track record established by the portfolio manager while at a prior firm. The minimum account size for the

composite is \$50,000. Accounts are removed from the composite if they fall below \$25,000 due to market volatility and/or cash withdrawals. If an account reaches the minimum account size of the composite, whether due to cash additions or market appreciation, the account will be re-included in the composite at the beginning of the next month. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Effective 2011 through present, the composite contains both bundled fee accounts and SMA's; therefore a portion of the gross return does not reflect the deduction of any expenses, including trading costs. Bundled fees can include any combination of management, trading, custody, and other administrative fees. Returns are presented gross and net of management fees and include the reinvestment of all income. From January 1, 2005 to December 31, 2011, the performance was calculated using a significant cash flow threshold of 10%, whereby an account was removed from the composite if there was a cash flow greater than or equal to 10% of the portfolio value. As of January 1, 2012, and on a go-forward basis, the composite will reallocate the portfolio on the day that a large cash flow (10% or greater) occurs, but the account will remain in the composite. Effective January 1, 2013, if the withdrawal or contribution is greater than 50% of the account value, the account will go out of the composite for the month in which the transaction occurs, plus one full calendar month. The composite was known as the Salient REIT composite

at the prior firm from January 1, 2005 to June 30, 2011. Gross returns will be reduced by the investment advisory fees and other expenses that may be incurred in the management of the accounts. *"Pure" gross returns, presented as supplemental information, for wrap accounts only, from 2011 to current do not reflect the deduction of any trading costs, fees or expenses and are presented for comparison purposes only. Actual investment advisory fees incurred by clients may vary. Our standard fee schedule is the First \$4,000,000 at 1.00%, Next \$5,000,000 at 0.70%, and Over \$10,000,000 at 0.50%. Net of fee performance is calculated using actual fees. The annual composite dispersion presented is an equal-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing the compliant presentations are available upon request. Chilton Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Chilton Capital Management has been independently verified for the periods April 1, 1996 through December 31, 2017. A copy of the verification report(s) is/are available upon request. Verification assesses whether (a) the firm has complied with all the composite construction requirements of the GIPS standards on a firm wide basis and (b) the firm's policies and procedures are designed to calculate and present performance in compliance with the

GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. (1) Total Firm Assets do not include Unified Managed Accounts. (2) As of January 1, 2014 Strategy Assets include all Separately Managed Accounts, approximate month-end Unified Managed Accounts values, and the portfolio of a managed investment company, and represents supplemental information to the fully compliant GIPS® presentation. Past performance is not indicative of future results. The US dollar is the currency used to express performance. Clients are not able to invest directly in the indices referenced in this illustration and unmanaged index returns do not reflect any fees, expenses or sales charges. The referenced indices are shown for general market comparisons and are not meant to represent an investment. The MSCI US REIT Index (RMS) is a free float-adjusted market capitalization index that is comprised of equity REITs. The index is based on MSCI USA Investable Market Index (IMI) as parent index which captures large, mid and small cap securities. With 188 constituents, it represents about 90% of the US REIT universe and securities are classified in the REIT sector according to the Global Industry Classification Standard (GICS®). It however excludes Mortgage REIT and selected Specialized REITs. The S&P 500® Index is an unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks.

General Disclosures

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- **The performance data quoted here represents past performance and is no guarantee of future results. Investment returns and principal value will fluctuate so that an investor’s account, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.** *No assurance can be given that the Chilton’s REIT strategy will perform similarly in the future. There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. *Please reference Chilton’s Brochure, Item 5 Fees and Compensation of Part 2.A of the Form ADV.
- Investors are not able to invest directly in the indices referenced in this illustration and unmanaged index returns do not reflect any fees, expenses or sales charges. The referenced indices are shown for general market comparisons and are not meant to represent an investment. The **MSCI US REIT Index (RMS)** is a free float-adjusted market capitalization index that is comprised of equity REITs. The index is based on MSCI USA Investable Market Index (IMI) its parent index which captures large, mid and small caps securities. It represents about 99% of the US REIT universe and securities are classified in the REIT sector according to the Global Industry Classification Standard (GICS®). It however excludes Mortgage REIT and selected Specialized REITs. The FTSE NAREIT All Equity REITs Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria. The **S&P 500** is a stock market index that tracks the stocks of **500** large-cap U.S. companies. It represents the stock market’s performance by reporting the risks and returns of the biggest companies. Investors use it as the benchmark of the overall market, to which all other investments are compared
- **Definitions**
- **Alpha:** is a measure of performance on a risk-adjusted basis since it takes into consideration the risk-free rate. Alpha is also used to refer to the excess return of the portfolio relative to the return of the benchmark. A positive annual Alpha indicates the portfolio outperformed the market on a risk-adjusted basis, and a negative Alpha indicates the portfolio underperformed in relation to the market. **Beta:** is a measure of the volatility, or systematic risk of a security or a portfolio in comparison to the market as a whole. A Beta of 1 indicates that the security’s price is expected to move in the same direction and by the same percentage as a movement in the market. A Beta greater than 1 indicates that the security is expected to move by a greater percentage than a corresponding movement in the market, and therefore the security is considered to be more risky than the market. A Beta less than 1 indicates that the security is expected to move by a lesser percentage than a corresponding movement in the market, and therefore the security is considered to be less risky than the market. Portfolio Beta is the weighted average of the Betas of the securities held in the portfolio. **R-Squared:** R-Squared is a statistical measure that represents the percentage of a fund’s or security’s movements that are explained by movements in a benchmark index. For fixed-income securities the benchmark is the T-bill, and for equities the benchmark is the S&P 500. R-Squared values range from 0 to 100%. A score of 100 means all movements of a security are completely explained by movements in the index. **Sharpe Ratio:** Is a risk-adjusted measure of return that is used to evaluate the performance of one portfolio comparable to another by adjusting for risk. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken, the higher the Sharpe ratio number the better. **Standard Deviation:** A statistical measure of the historical volatility of a portfolio, usually computed using monthly returns. A measure of the extent to which numbers are spread around their average. The greater the standard deviation, the greater the portfolio’s volatility. **Tracking Error:** is a statistical measure of dispersion measuring volatility of excess returns over a given period

