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Nedgroup Investments Global Property Fund

Quarter Four, 2023

Marketing Communication

Nedgroup Investments Global Property Fund

Commentary produced in conjunction with sub-investment manager, Resolution Capital

Past performance is not indicative of future performance and does not predict future returns.

Indicator	3 months	1 year	3 years p.a.	5 years p.a.	Since Inception# p.a.
Portfolio*	14.70	8.11	0.15	3.45	2.29
Performance indicator+	15.29	9.68	1.19	2.81	1.50
Difference	-0.59	-1.57	-1.03	0.64	0.78

* Net USD return for the Nedgroup Investments Global Property Fund, A class. Source: Morningstar
# 14 July 2016
+ FTSE EPRA/NAREIT Developed Index (in USD Net Ret)

Summary points

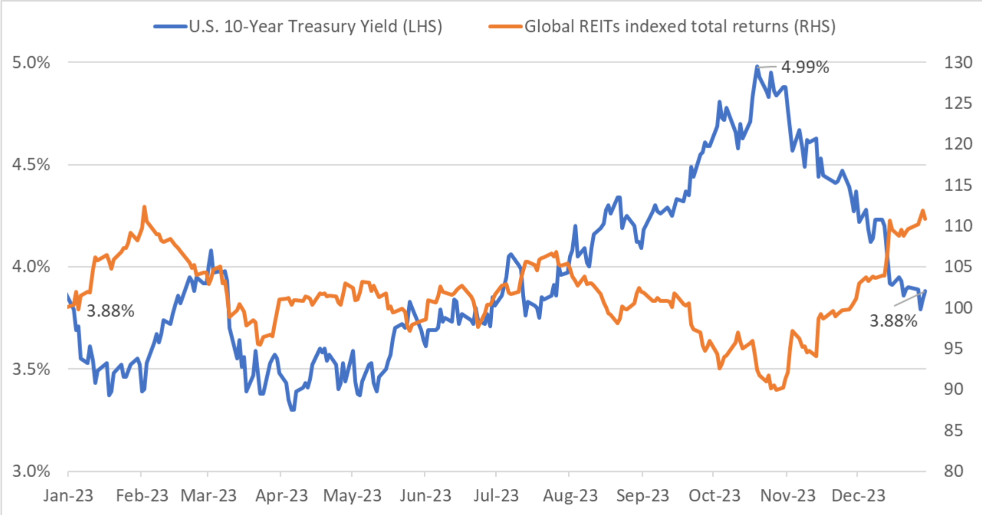
- A strong 15% return during the fourth quarter for Global Real Estate as concerns of higher inflation and rising interest rates, which had been headwinds earlier in 2023, inflected sharply late in December.
- REIT rally was driven by a sharp decline in US bond yields, a valuation disconnect between REIT prices and replacement costs, and a low supply of new commercial real estate.
- Rising construction costs, which have been well above inflation since 2021, and strong tenant demand putting upward pressure on market rents, make real estate a hedge against inflation.
- The Fund generated a significant absolute return which broadly matched the index, a satisfactory result given the more defensive positioning, avoiding highly indebted European REITs and US office, which rebounded due to a short squeeze.
- The Fund benefited from an overweight exposure to UK listed REITs, which bounced strongly in the quarter, and its underweight exposure to Japan, which lagged behind.
- US office REITs face uncertain tenant demand, high capital expenditure spending, increasing building obsolescence and a massive refinancing challenge.
- Data centre and towers lagged in the quarter, but they have strong structural demand growth from the continued digitisation of the economy.
- Self-storage performed well in Europe and the UK, where they have steady occupancy and pricing power. In the US, however, they face lower occupancy and street rental rates, as well as reduced demand from home sales.
- Healthcare REITs are showing strong operating fundamentals, especially senior housing, which have solid tenant demand and low supply.
- Logistics enjoyed strong returns in the quarter, as they have high embedded rental reversion and low new supply. The fund's large position in Prologis, the global leader in logistics real estate, benefited from its market rent growth forecast and its warehouse infrastructure investments.1920

Market and Portfolio Commentary

Concerns of higher inflation and rising interest rates which had been headwinds for global REITs for much of 2023, inflected sharply late in December and propelled REITs, along with bond prices and global equities more broadly, to solid gains for the quarter.

It is remarkable that after a tumultuous year, US government bond yields ended 2023 at basically the same level they began. As the chart below highlights, bond yields peaked in mid-October when the US 10-year yield briefly breached 5.0%, the highest level since 2007, before rallying 112 basis points in the remainder of the quarter, contributing to the REIT rally.

US 10-Year Treasury Yield & Global REIT index total returns

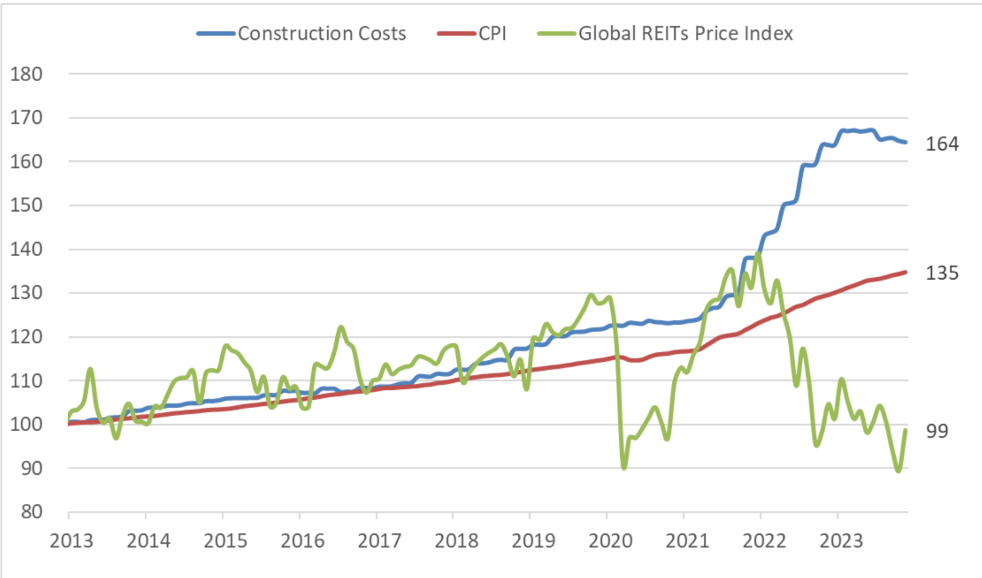


Source: Factset and Resolution Capital

REITs Ripe for a Rally

In response to mounting evidence, earlier in 2023 we began to look more closely at the cumulative impact of materially increasing construction costs, which were well in excess of inflation, and the significance of this issue for real estate and REITs. As illustrated in the chart below, construction costs in the US have increased at a substantially greater rate than the broader consumer price inflation index since 2021.

US construction costs running ahead of inflation



Source: Factset

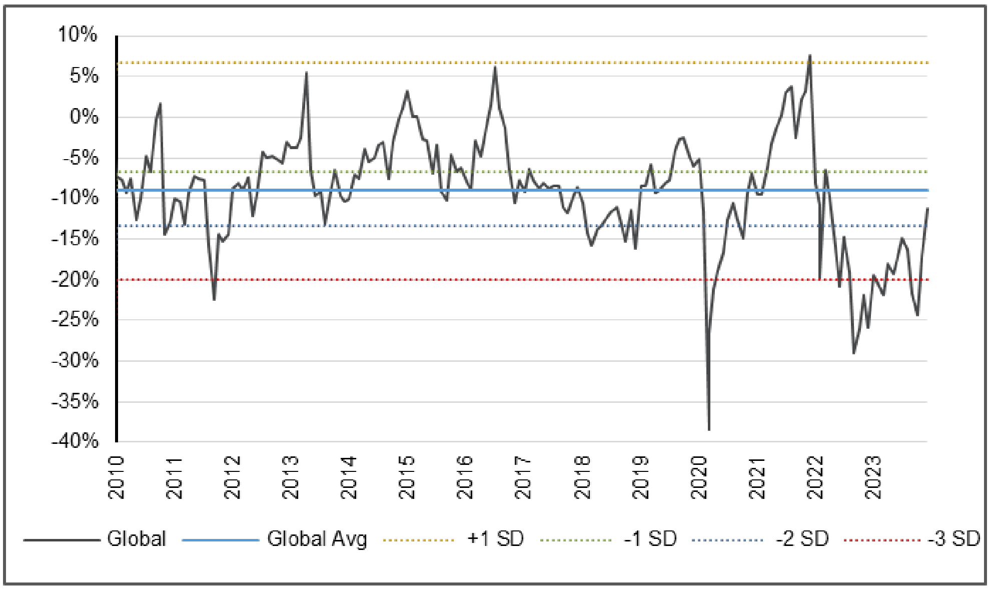
NB: Construction Costs is the PPI: Final Demand Construction index which measures the change in selling prices of domestic construction services. This includes labour, materials and other operating costs.

Whilst land prices are an important and variable component, typically the majority of property costs relate to bricks and mortar, with labour and finance being key elements. As we have commented on previously, rising construction costs usually underpin market rents and produce upward pressure, provided new build supply remains broadly in line with (or less than) tenant demand. This is why real estate is considered a hedge against inflation.

Yet despite evidence of rising construction costs over the past decade, materially so since Covid, and recently exacerbated by higher finance costs, the average REIT price as measured by the global REIT price index has changed little over the same period. As a consequence, our analysis supported the view that toward the end of 2022, REIT prices implied that the market was valuing their underlying property portfolios at or below replacement costs with very limited value ascribed to the land component[1]. This valuation disconnect was particularly significant in light of generally robust operating conditions with solid tenant leasing demand and low vacancy rates for commercial real estate generally, with REIT portfolios no exception.

These dynamics supported the notion that by mid-2023 REITs were trading well below Net Asset Value, as depicted in the chart below, reinforcing our conviction that REITs represented a true store of wealth trading at or below intrinsic value, and hence were ripe for the rally which was unleashed in the final quarter of 2023.

Global REIT NAV Premium/Discount 2010-2023



Source: UBS and Resolution Capital

The Portfolio generated a significant absolute return which broadly matched the benchmark for the quarter, a satisfactory result given our more defensive positioning which we will detail.

Given the wide valuation dispersion preceding the market rally, there were elements of mean reversion evident in the December quarter. However, it shouldn't surprise that our well flagged aversion to highly indebted real estate companies weighed on the Portfolio's performance relative to the benchmark. Generally, those listed REITs which bore the full weight of selling pressure in the preceding 12 -18 months, then burdened by more hawkish central bank monetary policies, enjoyed the biggest price rebounds, particularly as evidence of a meaningful economic contraction has yet to materialise.

From a real estate sector perspective, increased expectation of an economic soft landing in western economies helped to support areas of the REIT market considered more cyclical, chiefly offices and malls, which were those sectors generally out of favour in recent times principally due to higher property capital expenditure loads and uncertain tenant leasing dynamics. The more constructive outlook that formed mid-quarter, prompted some investors betting against these sectors to at least pare their underweight, if not outright short, positions.

Healthcare and data centre REITs lagged, with several constituents having enjoyed strong relative performance in preceding periods thanks to strong secular tenant demand.

[1] We have seen signs, but not yet formal studies, that land prices have declined 10-30% in various markets in the past two years since interest rates increased. This would be a natural outcome when land absorption slows due to less readily available construction finance to start projects, longer hold periods for land parcels, and fewer developers able to be active. It is our understanding that pressure on land values have been greatest for office parcels in secondary locations.

Geographically, beneficiaries of these dynamics included many highly indebted European real estate companies, particularly those in Sweden and Germany, which outperformed over the quarter as mounting pressures associated with servicing and refinancing the debt were expected to moderate.

The UK market also experienced a strong bounce in the quarter, and the Portfolio's overweight exposure to UK listed REITs benefited performance.

North American markets performed strongly with outsized returns greatest among offices, hotels and self-storage. At the same time, other sectors saw more modest total returns, including residential, data centres & towers, and healthcare. Residential, the Portfolio's largest sector exposure, limited relative performance for the quarter.

Whilst conditions in western REIT markets were buoyant, markets in AsiaPac-ex Australia remained sluggish with Hong Kong, Singapore and Japan failing to fire. Hong Kong REITs continue to grapple with broader issues including the city's place in a greater China and its struggling economy.

Furthermore, the Portfolio's underweight exposure and limited positioning in Japan led to that market being one of the biggest contributors to relative performance for the quarter. Most Japanese REITs struggled to achieve positive total returns in the quarter.

Sector Commentary

Office – Bouncing Beyond the Fundamentals

US office REITs surged in the month of December to cap a strong quarter. We view the sharp rally as mostly attributable to a short squeeze driven by the interest rates reprieve as operationally there was little evidence of meaningful positive tenant leasing absorption in most markets which would warrant the dramatic rerating.

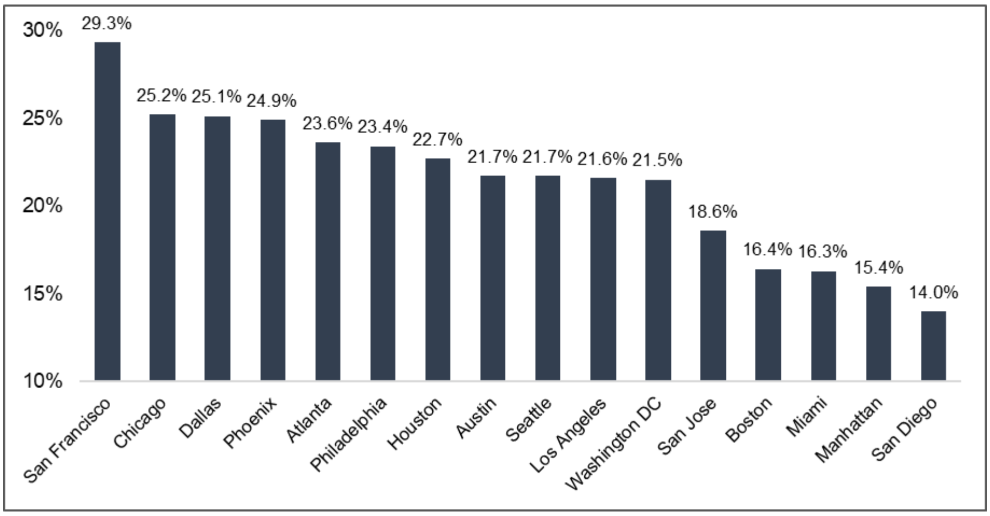
Nevertheless, there were some signs of encouragement for select office capital values. As the outlook for interest rates became more benign, the prospect of further valuation declines and debt refinancing distress eased somewhat.

Indeed, the quarter saw some noteworthy office transactions which could herald a slight improvement in the prevailing limited transaction environment. In Cambridge, Massachusetts, Norges acquired a 45% stake in two life science buildings, recently completed and fully leased from Boston Properties (BXP) for US$2,050 psf, approximately 24% above their development cost. In New York, SL Green (SLG) surprised by selling 625 Madison Avenue for US$633 million or US$1,100 psf to The Related Companies, a large developer/investor active in major US markets. Highlighting the difficulty of obtaining adequate finance, the sale includes a component of seller financing with SL Green providing a US$245 million mezzanine loan on the property.

Against the backdrop of an interest rate inflection, the more leveraged companies bounced the most over the December quarter, even as operating fundamentals did not. For instance, the share price of New York City office focused SLG, sporting a 13x Net Debt/EBITDA, or more than 40% LTV by our estimates, leapt almost 24% in the quarter. This bounce happened while the operational outlook was not rosy. In fact, at its annual investor conference in late November, SLG lowered its 2024 FFO guidance and reduced its dividend. The Portfolio has no exposure to SLG as we are wary of the company's leverage load.

Looking forward, the US office sector faces ongoing operational concerns given uncertain tenant demand, capital expenditure spend and increasing building/environmental obsolescence. Vacancies across major US markets continue to rise, and an aggressive concessionary environment depresses net effective rents.

US Office Vacancy Rate by Market - 3Q23



Source: CBRE

WeWork No Longer

In another blow to the struggling office sector, WeWork, the global flex office space provider, declared bankruptcy during the quarter and announced it would reject 69 office leases in North America. As of mid-2023, WeWork had a network of 777 locations in 39 countries, leasing nearly 44 million square feet. Although it has been in contraction for some time, it still accounted for 1% of the office stock in several major markets, including New York, San Francisco, Boston and Paris.

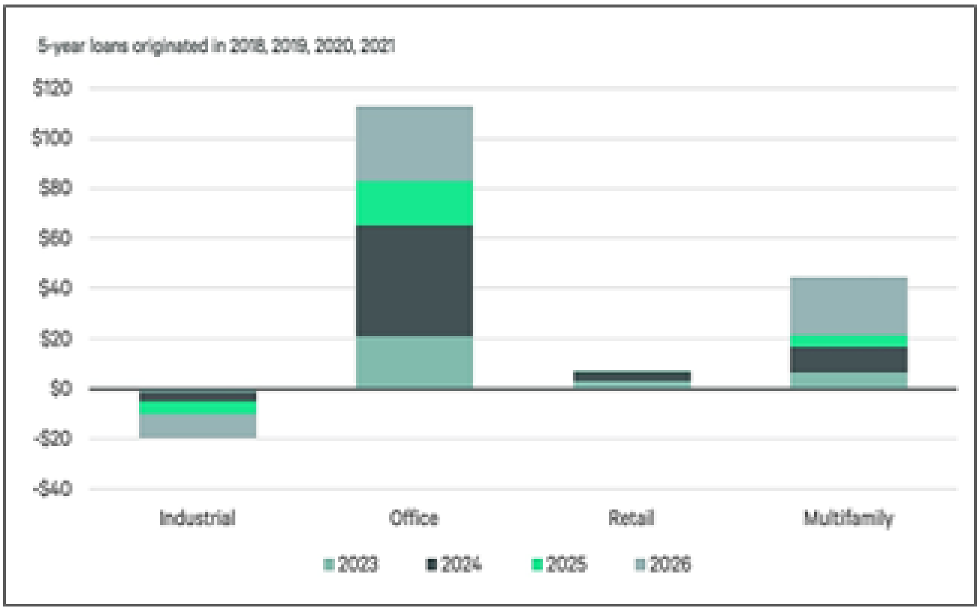
We see WeWork's problems as having limited lasting impact on the broader office market. Locations with higher occupancy will likely have the management operations taken over by another operator. Certainly, there will be further contraction in leases and importantly, the bankruptcy filing will facilitate renegotiations or outright cancellations of existing lease contracts. At this point, only a few listed REITs have more than 2% direct exposure to WeWork as a tenant, and those that do are in markets with low vacancy rates such as Paris and Singapore. WeWork is not listed as a top 10-15 tenant in any holdings in the Fund.

2024 Debt Matters

An equity funding gap that could lead to foreclosures and distressed asset sales is a real and present risk for a range of US offices that use secured borrowings. We stress that most US listed REITs do not face these risks because most REITs have lower leverage than private investors and largely use unsecured financing. However, the US office value landscape more generally may remain depressed as a wave of secured debt maturities in the US over the next few years, including an estimated US$117 billion in 2024, creates a massive refinancing challenge. Refinancing should be particularly difficult in an environment where asset values have fallen, lenders have tightened their LTV underwriting and borrowing costs have risen. The National Bureau of Economic Research (NBER) estimates that 44% of office loans appear to be in a negative equity situation where property values are less than loan balances[2].

[2] Jiang, Erica et al., "Monetary Tightening, Commercial Real Estate distress and US Bank Fragility", NBER Working Paper No. 31970, December 2023.

Debt-funding Gap by Maturity Year by Sector ($ Billions)

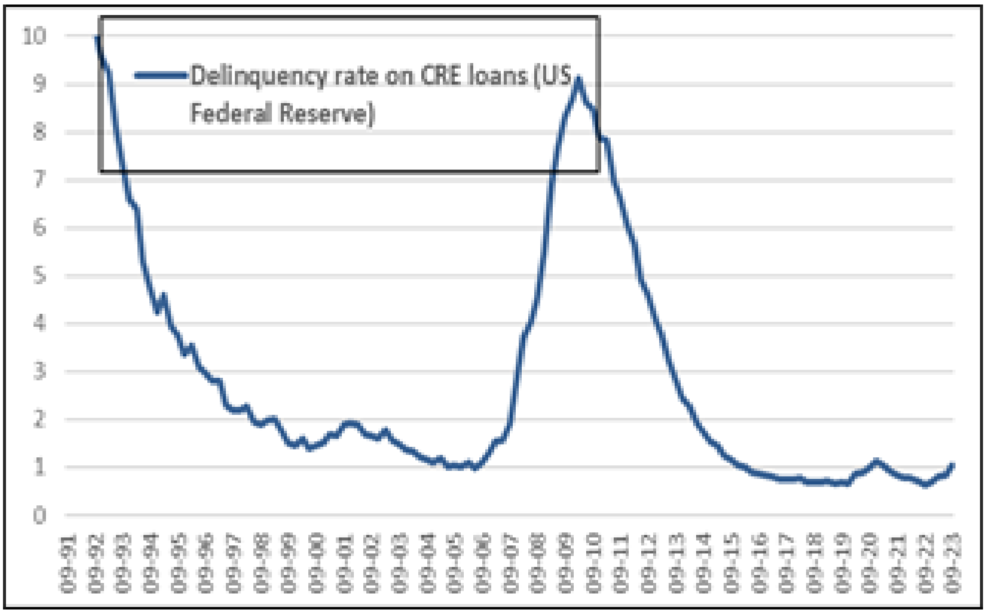


Source: CBRE Econometric Advisors

Even though most listed REITs will not be directly affected because they use unsecured debt, the equity gap for US office landlords, which CBRE estimates to be nearly US$85 billion for loans maturing through 2025, could further depress asset values as borrowers potentially walk away from assets that cannot be refinanced.

The following chart highlights that delinquency rates in commercial property have been stable at a low level for several years. We suspect delinquency rates could be poised to edge higher with increased finance costs and lower appraisal values.

US commercial real estate loan delinquency rate



Source: US Federal Reserve

In this environment, many lower-levered listed REITs would seem to be well positioned to make opportunistic investments.

Data Centres &Towers – Quarter Tech Detox

Having performed strongly prior to the December quarter, data centre REITs produced low-single-digit total returns during this quarter as investors focused on segments of the market which would enjoy greater benefit from lower interest rates and an improved economic outlook.

Hence, the Portfolio's ongoing sizable exposure to data centre REITs detracted from relative performance. We continue to believe these globally significant data centre platforms are well positioned to generate superior medium to long term returns, with strong structural demand growth resulting from the continued digitisation of the economy.

Self-storage – Varied Outlook Across Regions

The outlook for self-storage varies across regions, and this is reflected in the Portfolio exposures. The Portfolio maintains an overweight position in storage globally, which is comprised of a strong overweight in Europe/UK and a more modest exposure in the US

In Europe/UK, the operating environment has been resilient, with steady occupancy levels and continued pricing power in key markets, particularly London.

The operational outlook for self-storage in the US is somewhat less constructive. Occupancy and street rental rates are under pressure. Visibility on the trajectory of future demand is limited in part because US home sale volumes reached 20-year lows in October, thereby reducing an important driver of self-storage usage. At the same time, tenant move-out volumes continued to normalise, which helped push occupancies and new lease rates lower.

Despite the operational challenges, pockets of deep value appeared. During the quarter, we initiated a position in Extra Space Storage (EXR), funding the investment by exiting Public Storage (PSA). We have long viewed EXR as the top self-storage operator in US, but we had been reluctant to pay a premium for EXR shares. Earlier in the year, EXR shares were pressured following its all-share acquisition of smaller rival, Life Storage (LSI), and also because the company's capital structure employed higher leverage and more floating rate debt exposure than other storage REITs. We closely monitored the stock as it sold off as borrowing costs rose and higher financial interest costs were poised to eat into earnings, offsetting the benefits of EXR's operational growth. Earlier in the quarter when the stock began to trade at an unprecedentedly large discount to its peers, we initiated a position. Fortunate timing as EXR has been a beneficiary of declining interest rates that will limit the expansion of its financial borrowing costs somewhat. EXR generated 33% total returns in the quarter and gained 38% since we began purchasing shares in early November.

Healthcare – Infusions and Transfusions

Strong operating fundamentals for US senior housing, the key healthcare segment, remain intact. In the quarter, the sector's largest player, and a major holding of the Fund, raised equity capital to better position itself in the midst of secular demand drivers and heightened barriers to new supply.

In a surprising move, Healthpeak Properties (PEAK) and Physicians Realty (DOC) announced an all-share merger early in the quarter. As a reminder, long time Portfolio holding PEAK comprises a US$22 billion portfolio that is 50% life science, 40% MOB (medical office building) and 10% CCRC (a seniors housing retirement village format). DOC owns a US$5.4 billion MOB portfolio. The merger will dilute PEAK's life science exposure and upweight slow but steadily growing MOBs. We are sceptical of the strategy and terms of this combination but nonetheless, we see value in PEAK shares at current levels as the market appears to have overly discounted the stock following the news of this transaction.

Industrial – The Super Cycle Continues

Logistics REITs enjoyed strong performance in the quarter as the underlying operating environment remains stronger than expected, particularly in select US locations. The market decided that a very high embedded rental reversion matters more than occupancies potentially declining 100-200 bps from 98%+ and market rents falling by maybe 5-10% after soaring 100% in the past three years. Core, infill locations, whether in New York's outer boroughs, LA's West Side, Park Royal in London or in South Sydney are supported by tenants desperate to be in close proximity to other businesses and end-users. Embedded rental reversion (the difference between in place lease contract rent and current market rent) remains around 30-50% in these core locations.

Prologis (PLD), one of the largest positions in the Portfolio, held a well-attended investor briefing where it provided a constructive forward look of its market and rent growth expectations. While the delivery of construction projects currently underway will impact the market's supply/demand dynamic in 2024, the company envisions a dramatic decline in deliveries beginning in 2025 as financing for speculative projects has dried up. In this environment, Prologis intends to ramp up its development program and capture market share. It also forecasts 4-6% compound annual growth rate (CAGR) market rent growth over the next three years, which helped ease investor concerns around the trajectory of rents and lifted industrial stocks from a mid-5% implied cap rate to a mid-4%.

Prologis also used the investor event to showcase a series of warehouse infrastructure investments and service provisions to improve the competitive position of its properties and deepen its contact with its tenants. For instance, with a portfolio that is 1.2 billion square feet globally, the company is rolling out solar installations on its rooftops that will become an important energy source for its properties. This is particularly timely as truck fleet electrification is expected to gain momentum in the next decade. LA County, for example, mandates all drayage trucks must be electric vehicles by 2035. Prologis is installing truck vehicle charging stations at its properties, and solar is an important energy source as demand is forecast to exceed the grid's current capacity over time.

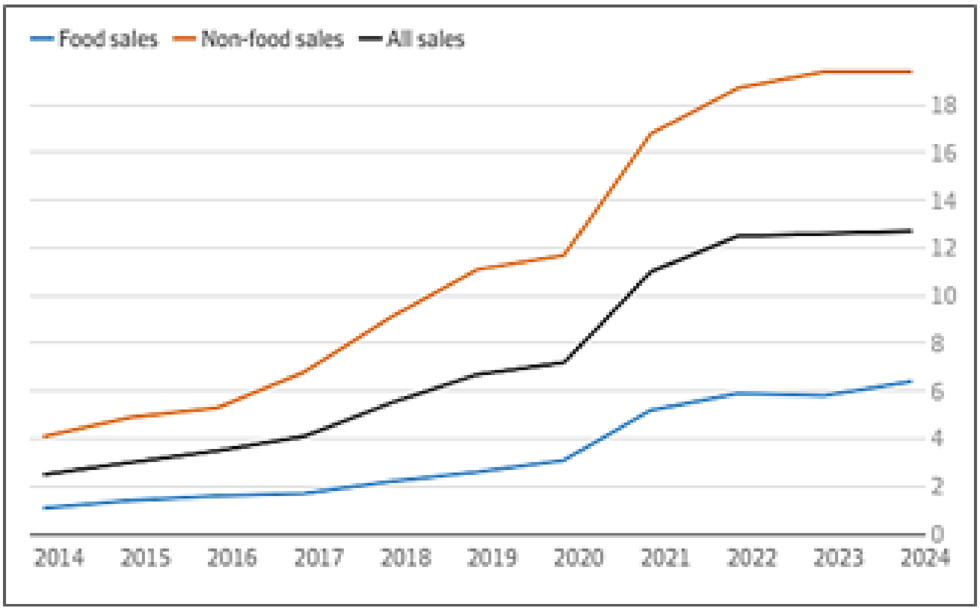
Retail

Given the impact of ecommerce's growth over the past decade, seemingly reinforced by Covid lockdowns, retail tenant demand has been remarkably resilient across markets around the world. The Portfolio has an overweight exposure to retail, and particularly to non-discretionary retail formats. In expectation of a slowing economy following the sharp upward movement in interest rates in the past 18 months and roll-off of Covid-related government stimulus, we have pivoted toward a more necessity-oriented retail exposure.

During the quarter the Fund benefited from its exposure to Realty Income (O), which gained 16.7% in the period in local currency terms. Realty Income is a US$58 billion net lease company that owns more than 13,000 properties across the US and UK/Europe. Notwithstanding the REIT's recent foray into data centres, the vast majority of the company's assets are retail in nature, largely food and convenience which are often more economically resilient, where the tenant pays all of the operating costs over a long lease term. In October, Realty Income announced the acquisition of listed peer, Spirit Realty Capital (SRC) for US$9.5bn. This transaction positions O to produce nearly 5% FFO growth in 2024, before any additional investment activity, which we see as good defensive growth.

Whilst the performance of the shopping centre REITs has been in line with expectations with robust tenant demand and vacancy at 15-year lows, discretionary retail formats have outperformed. Our discretionary retail exposure is predominantly via Australian malls due to their diversified tenant mix, strong operating fundamentals, and dominant market positioning.

Online sales as a proportion of total retail spend (%)



Source: ABS

Let's Go Shopping

The December quarter saw somewhat of a pick-up in shopping mall transaction activity in various markets around the world for the first time after a quiet couple of years. In Europe, URW sold an asset and Hammerson (HMSO) was rumoured to be selling another, which would help each in their respective deleveraging efforts. In October, URW announced the sale of Polygone Riviera, a 77,100 sqm mall in the south of France for €272 million at an estimated 7.25% yield and a 4% discount to URW's June 2023 book value. The sale marks its exit from a shopping centre developed in 2015 which always struggled to compete with an established dominant centre nearby.

Klepierre (LI) was reported to be acquiring Hammerson's (HMSO) O'Parinor property, a 128,000 sqm shopping mall in northeastern Paris. The transaction was progressed just after year-end, where Klepierre and a private French investment firm would jointly acquire the property from HMSO and its existing JV investor for an estimated €300 million, making it one of the largest European shopping centre transactions in several years. During the quarter, Klepierre's major shareholder, Simon Property Group (SPG), issued €750m bonds exchangeable into its Klepierre shares, a novel way of potentially divesting its 22% stake.

Wereldhave (WHA) and Primaris (PMZ) each acquired retail assets in regional centres in the Netherlands and Canada, respectively, further signalling the resumption of mall transaction activity.

Australia saw several shopping centre transactions in the quarter. Most notable was Vicinity Centres' acquisition of the remaining 49% stake in Chatswood Chase in Sydney for A$307m and a 5.75% yield from its JV partner, GIC. The sales price represented a 45% discount to the A$562m price VCX had sold the stake to GIC for in 2017 as part of an exchange of three Sydney CBD office and retail properties. Vicinity plans to redevelop Chatswood Chase, adding a significant luxury retail component over the next two years. There were also several Australian regional and grocery anchored shopping centre transactions during the quarter, including by vendors Charter Hall Retail REIT, Stockland, Region and Vicinity Centres.

Residential – Multifaceted

Residential represents the largest component of the Portfolio, and the sector's positive but comparatively low total returns (+5.4%) detracted from the Portfolio's relative performance.

In the US, multifamily markets showed signs of further rent moderation as historically elevated new supply deliveries are beginning to impact leasing dynamics, particularly in the Sunbelt markets. The Fund has no meaningful exposure to REITs with significant exposure to Sunbelt apartments in anticipation of elevated supply pressures. Coastal markets, those mostly in the Northeast and on the West Coast, are experiencing choppy operating conditions, in some cases magnified by social challenges in downtown markets, a slow return to the office in the key tech sector, and the continued outflow of residents to the Sunbelt.

Anecdotally, our property tour of several Los Angeles apartments during the quarter highlighted the continuing fall-out from Covid-related renter assistance measures where, in major parts of the city, around 4% of occupants are delinquent, despite a moratorium on evictions lifted during the second quarter of 2023. Undoubtedly there are genuine hardship cases, but it would appear that several tenants have taken advantage of the prolonged government munificence provided to renters that extended well beyond the pandemic period. Exacerbating the situation, the process of evicting tenants has been bogged down by limited resources in the legal system, particularly related to the courts' ability to process the sheer volume of cases and insufficient sheriff numbers to carry out the eviction procedure.

The vacated apartments typically require increased repairs, and when the vacancy occurs in a seasonally quieter leasing period, additional incentives such as free rent, may be required. That said, these apartments have effectively been non-income producing for an extended period, hence landlords should be able to generate stronger cashflow growth into 2024 as they are returned to rent producing status.

ESG Matters

Net Zero Buildings Related Announcements at UN COP28

In early December 2023, the 28th Conference of the Parties to the UNFCC (COP) was held in the UAE. The main outcome of COP28 was the 200 participating countries agreeing to:

> "transitioning away from fossil fuel use in energy systems, in a just, orderly and equitable manner, to achieve net zero by 2050 in keeping with the science".

This marks a significant point as it is the first time a COP agreement has included reference to oil and gas and is the first time that countries have explicitly acknowledged the need to end the use of fossil fuels in energy systems.

There were also a number of announcements that were more directly, and indirectly, relevant to the real estate sector. Firstly, there was the launch of a global collaboration to enable policy and regulatory action in the Real Estate sector with the goal of making:

> "near-zero emission and climate resilient buildings the new normal by 2030".

At the time of the announcement, 27 countries had joined the collaboration, including significant property markets such as the US, China, Germany, France and Canada. This additional focus on the construction and operation of near-zero emissions buildings will be particularly important to achieving global carbon reduction goals given the Real Estate sector contributes approximately 37% of global energy-based carbon emissions, especially for companies that are lagging in implementing net zero emissions aspirations.

Secondly, there were two other headline announcements that will have relevance for the real estate sector and could contribute to the near-zero emissions and climate resilient buildings goal. One is an agreement to triple renewable electricity capacity by 2030, which can provide additional drivers for properties to generate onsite renewable electricity or procure renewable electricity, and will also provide benefits through greener electricity grids. Higher penetration of renewables in a country's electricity grid will contribute to the lowering of a property's operational carbon emissions

Another announcement that is more focused on the embodied carbon emissions of a property is one that supports policies and approaches with the aim of promoting low carbon construction and to increase the use of timber from sustainably managed forests in construction.

City of Seattle Enacts Net Zero Carbon Emissions Target at End of 2023

In December 2023, the City of Seattle joined New York, Washington DC and Boston in enacting a net zero target for its new and existing buildings. Through its Building Emissions Performance Standards (BEPS) policy, commercial and multifamily buildings that are greater than 20,000 square feet will have until 2045 and 2050 respectively, to achieve net zero.

Although the compliance periods start later than New York’s Local Law 97, with Seattle’s starting in 2031 compared to 2024, the emissions caps are much stricter owing to the lower emissions intensity of the electrical grid in Washington state compared to New York state’s grid.

Each of these cities are imposing fines for not complying with their respective emissions caps, although with slightly different applications. Seattle and Boston’s fines are based on building size, whereas New York’s are based on the volume of carbon emissions over the limit.

One of the interesting aspects of this target is that it implicitly requires buildings to become fully electric over time. This is done by making gas appliances increasingly uneconomical to replace compared to installing electric alternatives as the carbon emissions limits are progressively lowered.

Conclusion and Outlook – The Old Normal

We agree with the “higher for longer” interest rate scenario, while also recognising it’s based off an unnaturally low quantitative easing period. Hence, we see it as really a return to the “old normal”.

As 2024 begins, REITs look to be well placed to take advantage of opportunities in a commercial real estate landscape that is uneven and laden with potential minefields. Yes, higher finance costs will take some of the gloss off earnings as existing debt reprices to current levels over time, but REITs are well placed given generally low/moderate financial leverage and well laddered debt maturities. Having embraced unsecured financing over the past decade, REITs are able to view the secured debt market problems largely from the sidelines.

Unlike many private operators in commercial real estate, REITs possess multiple avenues to raise capital, as seen by public equity offerings, convertible debentures and public bond offerings in numerous markets in the past few months. We have also seen REITs sell assets to further reinforce their balance sheets. REITs’ strong financial position with low leveraged capital structures and limited but manageable maturity ladders make them well positioned to capitalise on distress, attracting tenants from capital-starved competitors and opportunistically acquiring assets. Once again, the listed market will be a relief valve for assets held in illiquid private hands.

The operating environment should improve as 2024 progresses, provided fears of a recession remain at bay. Speculative development starts remain low or have plummeted across many property sectors due to a restrictive finance environment. Importantly, this decline in new starts is occurring while demand remains healthy, which is unlike typical real estate cycles where supply overshoots as demand contracts. The more disciplined supply picture is a good set up for rent growth, and it will pay dividends for real estate in the years ahead. Provided the economy avoids a significant recession, we see reduced new supply to be constructive for rents and a benefit to landlord pricing power over the medium term.

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Switzerland: the Representative is Acolin Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Paying agent is Banque Heritage SA, Route de Chêne 61, CH-1211 Geneva 6. Nedgroup Investments (IOM) Limited is affiliated to the Swiss ombudsman: Verein Ombudsstelle Finanzdienstleister (OFD), Bleicherweg 10, CH-8002 Zurich.
U.K: Nedgroup Investment Advisors (UK) Limited (reg no 2627187), authorised and regulated by the Financial Conduct Authority, is the facilities agent. The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000.
Isle of Man: The Fund has been recognised under para 1 sch 4 of the Collective Investments Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.

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