

# CONSILIA CAPITAL



## Real Estate Securities Funds Monthly

Period End: January 2014

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Author: Alex Moss [alex.moss@consiliacapital.com](mailto:alex.moss@consiliacapital.com)

February 2014

# Real Estate Securities Funds Monthly

## Summary

This month we have divided the report into the following sections:

### **1) A summary of January performance by fund mandate and size (p3)**

A mixed start to the year, with US Funds (+2.5%) and Japanese Funds (+1.4%) starting strongly, whilst Global Real Estate Funds (-1.34%) and Global Infrastructure Funds (-1.51%) suffered reversals. Europe was marginally down (-0.62%), with Global REIT funds positive (+1.00%). Asia (-3.58%) and Real Asset Funds (-2.47%) were worst hit.

### **2) Real Estate in DC schemes: part 2 (p5)**

The October 2013 Funds monthly featured a brief paper we produced for the EPRA conference, which looked at the performance implications of adding listed real estate to an unlisted fund portfolio. The paper covered a 10 year period (2003 -2013) and demonstrated that there was a consistent performance enhancement, by adding listed, across the cycle. We have updated that study, in conjunction with Kieran Farrelly of the Townsend Group, to cover a longer period (15 years), and account for transaction costs, rebalancing, cash drag, and more granularity on risk attribution. metrics. This month we feature a summary of the key findings of that expanded study. For a copy of the full paper *“The performance implications of adding global listed real estate to an unlisted real estate portfolio: A case study for UK Defined Contribution funds”* please contact us. The key findings are as follows:

\* **Return enhancement:** Over the past 15 years a 30% listed real estate allocation has provided a total return enhancement of 19% (c. 1% p.a. annualised) to our unlisted real estate portfolios. Over the past 10 years this was 43% (c. 2% p.a. annualised), a result which is consistent with the previous Consilia Capital study. Over five years the enhancement is c. 4% p.a. annualised, amounting to +390% in absolute terms).

\* **Risk adjusted impact:** The price of this enhanced performance and improved liquidity profile is, unsurprisingly, higher portfolio volatility, of around 2% p.a., from 6.4% to 8.4%. However, because of the improved returns, the impact on the Sharpe ratio is limited.

\* **Tracking Error.** We found that there is an additional 4% tracking error cost vs. the direct UK real estate market when including 30% listed allocations. We believe that this is surprisingly small given that the listed element comprises global rather than purely UK stocks. We also find that c. 1.3% tracking error arises for a well-diversified unlisted portfolio highlighting that pure IPD index performance is unachievable. This tracking error rises to 2% if subscription costs are included.

\* **Currency impact:** We found that the annual difference in returns and volatility between a hedged and an unhedged global listed portfolio over the 15 year period of the study was not material.

\* **Cash drag:** We found that the impact of adding a 5% cash buffer to the portfolio was to reduce annualised returns over the period by 0.6%, from 7.7% p.a. to 7.1%, and reduce volatility from 8.4% to 8%.

### **3) Detailed performance statistics by region (ps10-15) for January**

We show the dispersion of returns by Fund AuM, benchmark, average, maximum and minimum returns, and the best performing funds by size, for each mandate. For consistency, all returns are rebased in US\$.

*Finally, it is important to note that there will be no recommendations or investment advice in this publication, and that it is not intended for retail investors. This report represents only a very small summary of the outputs of our database, and the bespoke research and advisory service work we undertake for clients. For further details of our work please contact us.*

# Real Estate Securities Funds Monthly

## January 2014 performance summary

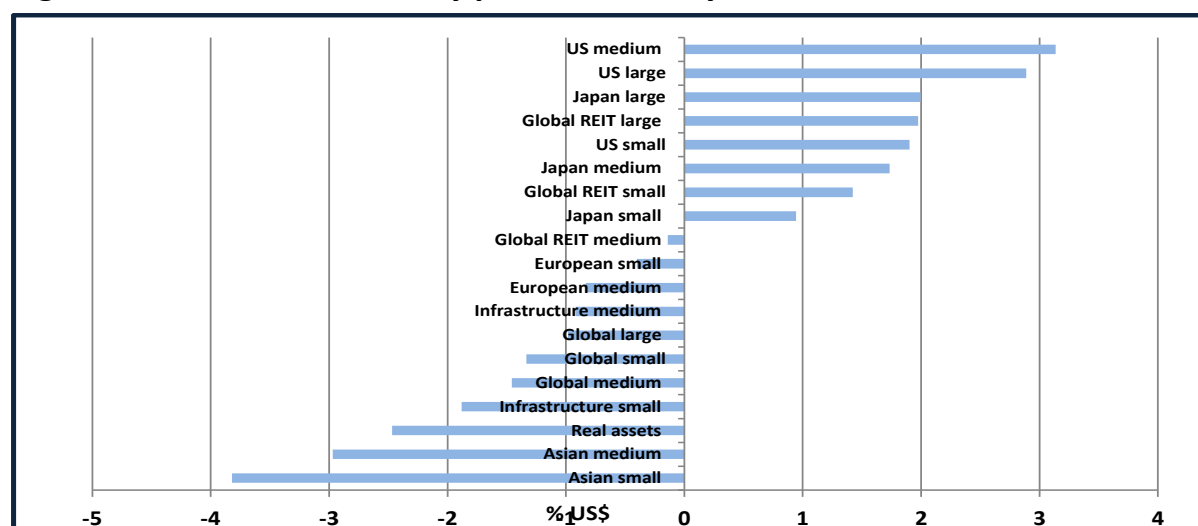
Firstly we show how each region has performed relative to the benchmarks and other listed real estate markets (Figure 1). Secondly, the differences in performance of each mandate classified by size of Fund (Figure 2) and thirdly we are interested in seeing the performance of global listed real estate as an asset class relative to competing asset classes such as Global Infrastructure and Real Assets (Figure 3).

**Figure 1 Regional real estate performance January 2014**

	Asia	Average	Max	Minimum
<b>Funds</b>	Asian Funds	-3.58	2.14	-7.71
	Japanese Funds	1.40	5.01	-11.39
<b>Benchmark</b>	EPRA NAREIT Asia Total Rtrn Index USD	-5.62		
	Europe	Average	Max	Minimum
<b>Funds</b>	European Funds	-0.62	3.19	-3.47
<b>Benchmark</b>	FTSE EPRA/NAREIT Dev'd Europe Index	-0.32		
	US	Average	Max	Minimum
<b>Funds</b>	US Funds	2.54	12.35	-12.18
<b>Benchmark</b>	Dow Jones US Select REIT Index	4.06		

Source: Consilia Capital, Bloomberg

**Figure 2 January performance by mandate and fund size**



Source: Consilia Capital, Bloomberg

**Figure 3 Global Asset Class performance December 2013**

	Global	Average	Max	Minimum
<b>Funds</b>	Global Funds	-1.34	5.43	-7.30
<b>Benchmark</b>	FTSE EPRA/NAREIT Developed Index	-0.25		
	Global REITs	Average	Max	Minimum
<b>Funds</b>	Global REIT Funds	1.00	3.08	-3.64
<b>Benchmark</b>	S&P Global REIT Index	1.73		
	Infrastructure	Average	Max	Minimum
<b>Funds</b>	Global Infrastructure Funds	-1.51	4.06	-7.03
<b>Benchmark</b>	D Jones Brookfield Global Infra Tot Rtn	-0.46		
<b>Funds</b>	Real Assets Funds	-2.47	0.00	-5.98

Source: Consilia Capital, Bloomberg

## Listed Real Estate in DC Schemes: Part 2

In the October 2013 edition we looked at a brief paper produced for the EPRA conference which looked at the performance implications of adding listed real estate to unlisted funds. The paper covered a 10 year period 2003 -2013 and demonstrated that there was a consistent performance enhancement across the cycle. In conjunction with Kieran Farrelly of the Townsend Group we have updated that study to cover a longer period (15 years), as well as account for transaction costs, rebalancing, cash drag, and more granularity on risk attribution metrics. This month we provide a summary of the key findings of the paper.

For a copy of the full paper *“The performance implications of adding global listed real estate to an unlisted real estate portfolio: A case study for UK Defined Contribution funds”* please contact us.

### Background

The paper seeks to provide a better understanding of the performance implications for investors who choose to combine listed real estate with an unlisted real estate allocation. Specifically, it provides a detailed investor level analysis of the impact of combining UK unlisted fund and global listed real estate fund exposures to satisfy the requirements of a real estate allocation in a UK Defined Contribution Pension fund.

The catalyst for the paper was the recent (October 2013) report by the Pensions Institute: “Returning to the core: rediscovering a role for real estate in Defined Contribution pension schemes”. This highlighted both the rationale for real estate in DC funds, and specifically, the use of a blended product, which combined a 70% UK unlisted allocation with a 30% global listed allocation, to provide this exposure. We call this 70/30 mix a DC Real Estate Fund. In addition there are currently three factors which are of utmost importance to investors, which lie behind the increased interest in blending listed and unlisted real estate:

- i) Liquidity
- ii) Cost
- iii) Ease of implementation

One of the key challenges for both asset allocators and product developers is how to provide real estate exposure in a mixed asset portfolio with acceptably high levels of liquidity and low levels of cost. Clearly, a 100% exposure to unlisted funds or direct real estate would not be expected to meet this demanding criteria.

### Objectives

In the paper we set out to answer the following questions:

- \* **Return enhancement:** What is the “raw” performance impact of adding listed real estate to an unlisted portfolio?
- \* **Risk adjusted impact:** What is the impact on portfolio Volatility and Sharpe Ratio?
- \* **Tracking error:** Does adding a global listed element significantly increase the tracking error of the portfolio relative to a UK direct property benchmark?
- \* **Currency impact:** Does adding a global listed portfolio introduce a material currency risk into portfolio returns?
- \* **Cash drag:** What is the impact on returns and volatility of adding cash to the portfolio?
- \* **Risk attribution:** What adjustments are necessary to understand the true relative contributions to portfolio risk?
- \* **Portfolio contribution:** Does this blended real estate product provide the diversification benefits of real estate in a multi-asset portfolio?

# Real Estate Securities Funds Monthly

## Differences from other studies

Firstly, we used actual fund data rather than index data i.e. we are analysing deliverable returns to investors. Similarly, by using fund data not only are we seeking to capture the impact of identifiable costs at all levels, but also provide a structure which has minimal implementation issues at a practical level. We rebalanced the portfolio quarterly so as to meet the target allocations (including a cash holding), and took account of resultant transaction costs.

Secondly, rather than use a single period, or peak to trough periods, we have broken down the study into an analysis during distinct stages of the cycle and over the full horizon (15 years).

Thirdly, our dataset comprises UK unlisted funds and global real estate securities funds, whereas previous studies have looked at the performance impact of combining listed and unlisted indices of the same country.

Finally, our study is seeking to provide greater understanding of the resultant impact of incorporating a real estate asset exposure for a specific investment requirement, namely the UK DC pension fund market.

## Dataset and methodology

As this study seeks to estimate realistic investor total returns from exposure to a pooled fund solution, we have created a sample comprising both existing unlisted real estate and real estate securities (REIT) funds. The unlisted real estate funds were sourced from The Townsend Group database and the global real estate securities funds from the Consilia Capital database. The sample comprises five unlisted managed real estate funds and four global listed securities funds which have the following characteristics:

\* UK unlisted real estate funds: the five funds selected were large managed real estate funds and quarterly performance was provided by Investment Property Databank ("IPD"). All of these funds have relatively liquid open-ended structures and typical hold cash balances of 5-8% of NAV. Monthly total returns have been created by interpolation and we recognise that this will create a degree of artificial smoothing. Performance figures provided did not include the impact of subscription/redemption costs, but is calculated net of fees and fund running costs. The estimated TER for these funds is approximately 0.9% of NAV p.a.

\* Global listed real estate securities funds: these funds were required to have a 15 year track record. This excluded some funds which had previously been used in the Consilia Capital study. The performance data was sourced from Bloomberg and is denominated in US dollars. The funds are all open-ended, and we have provided investor level returns by deducting transaction costs on rebalancing within the detailed study.

## Key Findings

### 1) Currency Impact

To assess the currency risk faced by a UK investor we have calculated the performance of the global listed real estate fund exposure on an unhedged and hedged GBP basis. The results are shown in Figure 4

**Figure 4**

**Currency Impact**

	Local (\$USD)	GBP Unhedged	GBP Hedged
Annualised Mean	10.23%	10.56%	10.36%
Annualised Volatility	20.20%	18.84%	20.25%
Correlation With USD Total Return	-	0.90	1.00
RSq With USD Total Return	-	0.82	1.00

Source: Consilia Capital, The Townsend Group, Bloomberg

# Real Estate Securities Funds Monthly

Clearly unhedged GBP based performance is closely related to performance in USD terms. Whilst both risk and return has marginally improved for a UK investor on this basis, the key finding is that currency risk essentially neutral over the full 15 year period.

## 2) Data frequency

The choice of whether to assess performance on a quarterly or monthly basis will have a material impact on the conclusions drawn. For example the annualised volatility measured for the unlisted fund performance series increases from 3.7% to 6.4% when switching from monthly to quarterly periods, whereas for global listed funds the shift is less significant, increasing from 18.8% to 19.9%.

The study used quarterly returns for the following reasons:

- \* Unlisted fund returns are measured on a quarterly basis.
- \* Monthly performance for private real estate is overly smoothed.
- \* Quarterly performance horizons are more typical for institutional investors.

## 3) Impact on returns of adding listed to unlisted - cyclical breakdown

As can be seen from Figures 5 and 6 the results provide a strong case for incorporating listed into an unlisted portfolio. At the most basic level, over the 15-year period studied, adding 30% global listed exposure to UK unlisted funds would have added 18.8% to the cumulative performance of unlisted funds in isolation and 0.9% p.a. on an annualised basis. In terms of breaking down these returns into different periods of the cycle, clearly the impact of the Dot-Com bubble and subsequent decline has dragged down the historical benefit of including a listed exposure, the impact over 5, 10 and 15 year periods is positive. While this was to be expected during the real estate driven bull market due to the gearing, and predictive power of listed real estate what we believe will surprise many is the fact that during the GFC the inclusion of a 30% listed real estate weighting led to only a marginal (-1.3% over a two-year period) diminution in returns. This represents an extremely small cost when taken against the dramatic improvement in liquidity as a result of the listed weighting.

**Figure 5 Cumulative total returns**

Period	Dates	Total Returns			
		UK Unlisted Funds	Global Listed Funds	70:30	Return Enhancement From Adding Listed
TMT Boom & Crash	June 1998 - June 2003	65.5	33.9	56.0	-14.4%
Rising UK Property Values	July 2003 - June 2007	81.7	107.7	88.4	8.2%
Global Financial Crisis	July 2007 - June 2009	-33.0	-34.5	-33.5	-1.3%
QE Led Recovery	July 2009 - June 2013	32.3	103.6	52.2	61.6%
Past Five Years	July 2008 - June 2013	4.1	62.6	20.3	390.6%
Past Ten Years	July 2003 - June 2013	59.7	154.8	85.6	43.3%
<b>Full Period</b>	<b>June 1998 - June 2013</b>	<b>166.4</b>	<b>270.8</b>	<b>197.7</b>	<b>18.8%</b>

Source: Consilia Capital, The Townsend Group, Bloomberg

**Figure 6 Annualised total returns**

Period	Dates	Annualised Total Returns (%)			
		UK Unlisted Funds	Global Listed Funds	70:30	Return Enhancement From Adding Listed
TMT Boom & Crash	June 1998 - June 2003	10.1%	7.2%	9.0%	-1.1%
Rising UK Property Values	July 2003 - June 2007	15.0%	19.7%	16.1%	1.0%
Global Financial Crisis	July 2007 - June 2009	-19.8%	-16.3%	-19.8%	0.0%
QE Led Recovery	July 2009 - June 2013	7.0%	19.0%	10.7%	3.6%
Past Five Years	July 2008 - June 2013	0.6%	12.6%	3.8%	3.3%
Past Ten Years	July 2003 - June 2013	4.9%	12.2%	6.7%	1.9%
<b>Full Period</b>	<b>June 1998 - June 2013</b>	<b>6.6%</b>	<b>10.6%</b>	<b>7.5%</b>	<b>0.9%</b>

Source: Consilia Capital, The Townsend Group, Bloomberg

## 4) Impact on volatility

Looking at the breakdown of volatility by period in Figure 7, we can see that by taking fund NAVs rather than secondary pricing volatility for unlisted funds has reduced post GFC, whilst the price of liquidity in listed funds is reflected in the maintained higher level of volatility. Outside of the GFC period the volatility pattern remained remarkably consistent. It should also be noted that the unlisted fund returns shown below were interpolated from quarterly performance numbers and so exhibit a high degree of valuation smoothing.

**Figure 7 Annualised Volatility (%)**

Period	Dates	Annualised Volatility (%)		
		UK Unlisted Funds	Global Listed Funds	70:30
TMT Boom & Crash	June 1998 - June 2003	0.6%	16.5%	4.3%
Rising UK Property Values	July 2003 - June 2007	1.3%	16.1%	4.9%
Global Financial Crisis	July 2007 - June 2009	4.2%	31.0%	9.3%
QE Led Recovery	July 2009 - June 2013	2.0%	15.3%	5.1%
Past Five Years	July 2008 - June 2013	4.6%	22.5%	7.9%
Past Ten Years	July 2003 - June 2013	4.4%	19.9%	7.2%
<b>Full Period</b>	<b>June 1998 - June 2013</b>	<b>3.7%</b>	<b>18.8%</b>	<b>6.4%</b>

Consilia Capital, The Townsend Group, Bloomberg

## 5) Impact on tracking error

The results in Figure 6 showed that there is a strong case for UK investors to include a global listed real estate securities exposure to their domestic real estate allocation. Over the period considered in this study a 30% allocation to global listed led to a 0.9% p.a. improvement in performance. However, this exposure clearly led to increases as measured by both absolute volatility and tracking error when measured against the IPD Monthly Index, a measure of direct private real estate market returns. So given the need to create a more liquid portfolio to satisfy the needs of the burgeoning DC market, we can see that over the past 15 years that the inclusion of a 30% global securities exposure provided improved returns of c. 1% p.a. but came at the 'expense' of an additional c. 4% tracking error (see Figure 8). This isn't high in the context of active equity funds and as a result of the inability of managers to closely replicate the performance of a direct property benchmark such as the IPD Monthly Index, we consider this to be an attractive trade-off.



# Real Estate Securities Funds Monthly

**Figure 8 Tracking error (%)**

Period	Dates	Annualised Tracking Error (%)		
		UK Unlisted Funds	Global Listed Funds	70:30
TMT Boom & Crash	June 1998 - June 2003	0.5%	16.6%	4.4%
Rising UK Property Values	July 2003 - June 2007	1.1%	15.8%	4.6%
Global Financial Crisis	July 2007 - June 2009	2.3%	30.7%	8.3%
QE Led Recovery	July 2009 - June 2013	0.9%	15.2%	4.9%
Past Five Years	July 2008 - June 2013	1.4%	22.0%	6.4%
Past Ten Years	July 2003 - June 2013	1.5%	19.3%	5.6%
<b>Full Period</b>	<b>June 1998 - June 2013</b>	<b>1.2%</b>	<b>18.4%</b>	<b>5.2%</b>

Source: Consilia Capital, The Townsend Group, Bloomberg

## 6) Full Results

We show in Figure 9 the full results over the 15 year period.

**Figure 9 Full Results**

	UK Unlisted Funds	UK Unlisted Funds Inc Subscription Costs	70:30 UK Unlisted Funds: Global Listed Funds	70:25:05 UK Unlisted Funds: Global Listed Funds: Cash
<b>Portfolio Allocation</b>				
Unlisted Property Funds	100%	100%	70%	70%
Global Listed Funds	0%	0%	30%	25%
Cash	0%	0%	0%	5%
<b>Portfolio Statistics</b>				
Annualised Mean	6.8%	6.4%	7.7%	7.1%
Annualised Geometric Mean	6.8%	6.3%	7.5%	7.0%
Annualised Volatility	6.4%	6.5%	8.4%	8.0%
Beta vs IPD Monthly Index	0.88	0.88	0.93	0.88
Tracking Error vs IPD Monthly Index	1.3%	2.0%	5.4%	5.2%
RSq with IPD Monthly Index	0.97	0.92	0.60	0.60
Sharpe Ratio	0.67	0.60	0.62	0.58
Modified Sharpe Ratio	0.35	0.32	0.33	0.19
Information Ratio - IPD Monthly Index	-0.34	-0.42	0.08	-0.02

Consilia Capital, The Townsend Group, Bloomberg



## Summary and Conclusions

\* **Return enhancement:** Over the past 15 years a 30% listed real estate allocation has provided a total return enhancement of 19% (c. 1% p.a. annualised) to our unlisted real estate portfolios. Over the past 10 years this was 43% (c. 2% p.a. annualised), a result which is consistent with the previous Consilia Capital study. Over five years the enhancement is c. 4% p.a. annualised, amounting to +390% in absolute terms).

\* **Risk adjusted impact:** The price of this enhanced performance and improved liquidity profile is, unsurprisingly, higher portfolio volatility, of around 2% p.a., from 6.4% to 8.4%. However, because of the improved returns, the impact on the Sharpe ratio is limited.

\* **Tracking Error.** We found that there is an additional 4% tracking error cost vs. the direct UK real estate market when including 30% listed allocations. We believe that this is surprisingly small given that the listed element comprises global rather than purely UK stocks. We also find that c. 1.3% tracking error arises for a well-diversified unlisted portfolio highlighting that pure IPD index performance is unachievable. This tracking error rises to 2% if subscription costs are included.

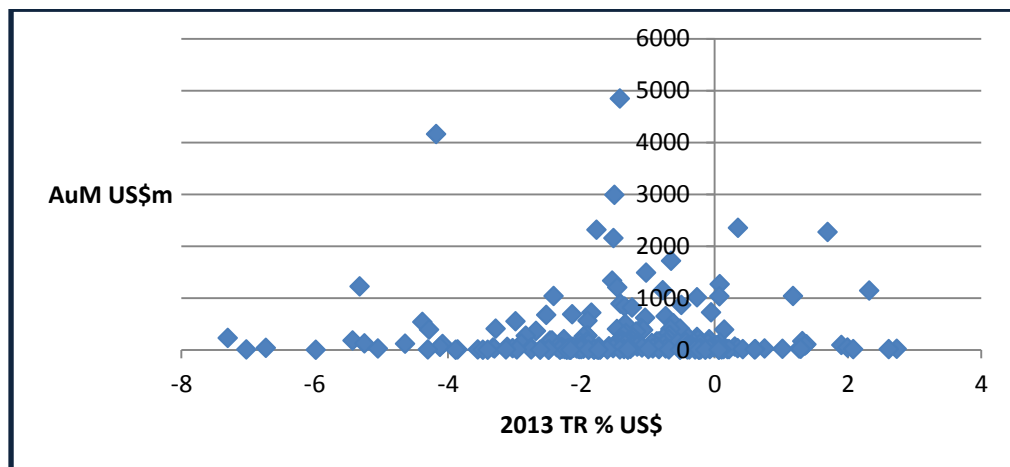
\* **Currency impact:** We found that the annual difference in returns and volatility between a hedged and an unhedged global listed portfolio over the 15 year period of the study was not material.

\* **Cash drag:** We found that the impact of adding a 5% cash buffer to the portfolio was to reduce annualised returns over the period by 0.6%, from 7.7% p.a. to 7.1%, and reduce volatility from 8.4% to 8%.

\* **Risk attribution:** While the volatility of listed exposure is well-known, it is equally well-recognised that the true volatility of unlisted funds is greater than commonly stated. We refined our measurements for risk by accounting for non-normalities and valuation smoothing and found that unlisted funds contributed to a greater share of overall risk.

\* **Portfolio contribution.** We modelled the impact of using our DC Real Estate Fund rather than 100% unlisted exposure in a mixed asset portfolio of equities and bonds. The impact was extremely similar, and marginally better if unsmoothed data was used as a comparable, modestly raising the Sharpe ratio for the mixed asset portfolio over the 15-year period, whether a 10% or 20% real estate weighting was used.

## Global Funds Performance January 2014



### Popular Benchmark

Benchmark Index	Jan 2014 TR %	Volatility %
FTSE EPRA/NAREIT Developed Index	-0.25	12.28

### By Fund size

Fund	Average	Maximum	Minimum
Global large	-0.98	2.32	-5.32
Global medium	-1.46	1.90	-7.30
Global small	-1.33	2.74	-7.02

## Best Performing Funds 2013

### Global Large Funds > US \$ 750m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
CBRE Clarion Global Real Estate Income	2.32	-0.57	16.76	1,140	Closed-End
DFA Global Real Estate Securities	1.70	0.11	14.26	2,273	Fund of Funds
Invesco Global Real Estate Income Fund	1.18	-0.05	8.85	1,038	Open-End
iShares Developed Markets Property ETF	0.35	-0.51	15.14	2,354	ETF
AMP Capital Global Property Securities	0.08	0.38	12.64	1,267	Unit Trust

### Global Medium Funds US \$75m to US\$750m Aum

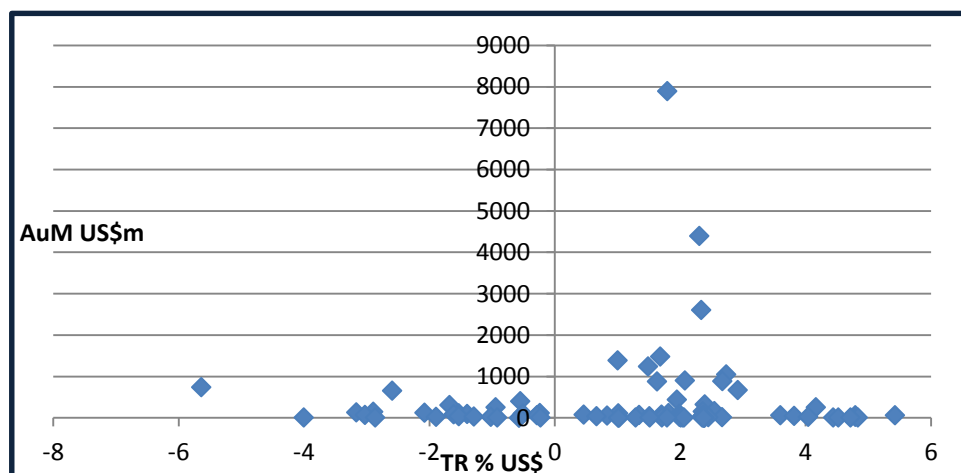
Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
DFA Global Real Estate Securities Fund	1.90	0.89	12.96	94	Open-End
Investors Global Real Estate Fund	1.38	0.64	12.53	105	Open-End
Catalyst Global Real Estate Fund	1.36	-0.21	12.14	83	Open-End
Dimensional Global Real Estate Trust	1.32	1.35	12.08	164	Unit Trust
IAM-Immo Securities Fund	0.15	-0.38	7.79	391	FCP

### Global Small < US\$ 75 Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Lion Global Income Real Estate Fund	2.74	-0.83	15.07	22	Open-End
Aston/Harrison Street Real Estate Fund	2.62	0.12	15.60	13	Open-End
Marriott International Real Estate	2.08	n/a	n/a	16	Unit Trust
Virtus Global Real Estate Securities Fund	2.00	0.13	13.20	43	Open-End
Nikko AM Shenton Global Property	1.29	0.14	11.05	20	Unit Trust

# Real Estate Securities Funds Monthly

## Global REIT Funds Performance January 2014



### Popular Benchmark

Benchmark Index	Jan 2014 TR %	Volatility %
S&P Global REIT Index	1.73	12.64

### By Fund size

Fund	Average	Maximum	Minimum
Global REIT Large	1.97	2.73	1.01
Global REIT Medium	-0.14	4.17	-5.64
Global REIT Small	1.42	5.43	-4.00

### Best Performing Funds

#### Global REIT Large Funds > US\$750m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Okasan World REIT Selection US	2.73	0.77	19.13	1,044	Fund of Funds
Cohen & Steers REIT and Preferred Inc.	2.68	-0.15	18.76	883	Closed-End
DIAM World REIT Index Fund	2.34	0.86	18.25	2,605	Fund of Funds
Kokusai World REIT Open	2.31	0.62	17.61	4,395	Fund of Funds
Nikko AMP Global REIT Fund	2.08	0.80	18.11	899	Fund of Funds

#### Global REIT Medium Funds US\$75m to US\$750m Aum

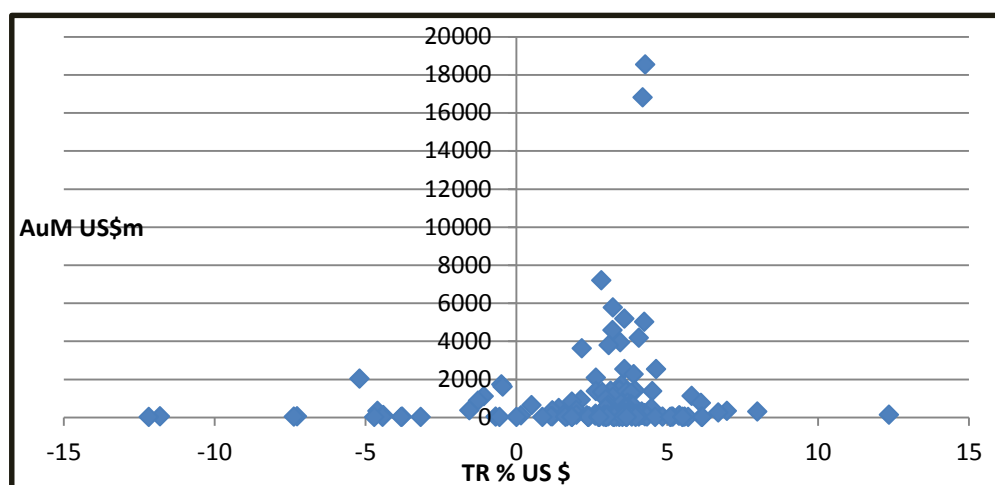
Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Daiwa Developed Market REIT	4.17	-0.12	9.45	255	Open-End
Nomura Nichibei REIT Fund	2.92	0.99	18.63	668	Fund of Funds
Daiwa Fund Wrap International REIT	2.55	0.90	18.79	162	Open-End
Sompo Japan Global REIT Fund	2.39	0.78	18.57	319	Open-End
SMTAM Global REIT Index	2.36	0.78	19.04	153	Open-End

#### Global REIT Small Funds <US\$75m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Meiji Yasuda Strategic REIT Fund	5.43	n/a	n/a	62	Open-End
Nomura Fund Wrap World REIT	4.84	0.23	12.46	8	Fund of Funds
Nomura Global REIT Premium	4.80	0.09	10.33	20	Open-End
Nomura World REIT Fund	4.52	0.37	12.54	4	Fund of Funds
Nikko AMP Global REIT Fund	4.44	0.29	11.82	5	Fund of Funds

# Real Estate Securities Funds Monthly

## US Funds Performance January 2014



### Popular Benchmark

Benchmark Index	Jan 2014 TR %	Volatility %
Dow Jones US Select REIT Index	4.06	16.33

### By Fund size

Fund	Average	Maximum	Minimum
US Large	2.89	5.82	-5.20
US medium	3.14	12.35	-4.61
US small	1.90	6.16	-12.18

### Best Performing Funds

#### US Large Funds - Over US \$1bn Aum

Fund	Jan 2014 TR %	Sharpe Ratio	Volatility%	AUM US\$	Type
iShares Mortgage Real Estate Cap'd ETF	5.82	-0.28	20.11	1,121	ETF
iShares Cohen & Steers REIT ETF	4.63	0.06	16.50	2,527	ETF
DWS RREEF Real Estate Securities Fund	4.50	0.13	16.67	1,371	Open-End
Vanguard REIT ETF	4.28	0.25	16.06	18,528	ETF
DFA Real Estate Securities Portfolio	4.24	0.20	16.61	5,008	Open-End

#### US Medium Funds US\$100bn to US\$1bn Aum

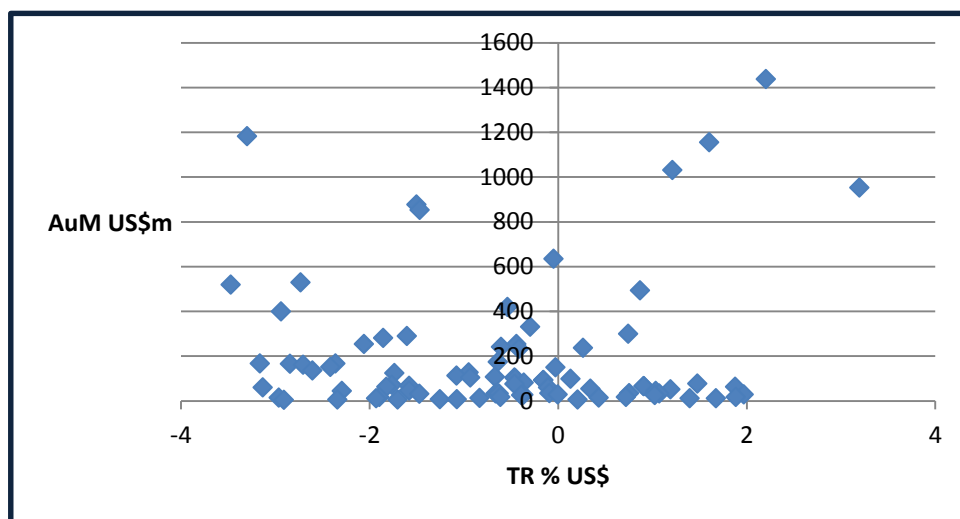
Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Direxion Daily Real Estate Bull 3x Shares	12.35	0.18	47.66	120	ETF
Nuveen Real Estate Income Fund	7.98	-0.05	24.03	300	Closed-End
ProShares Ultra Real Estate	6.98	0.07	30.98	332	ETF
iShares Residential Real Estate Cp'd ETF	6.69	n/a	16.53	246	ETF
Goldman Sachs US REIT Fund	6.12	-0.02	16.06	749	Fund of Funds

#### US Small <Under US\$100m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Nissay AEW US REIT Fund	6.16	0.02	15.76	1	ETF
PineBridge US REIT Income Fund	5.70	0.08	15.83	4	ETF
Daiwa US REIT Open	5.58	0	15.68	21	ETF
Nomura US-REIT Open C Course	5.51	-0.06	15.72	1	Open-End
Market Vectors Mortgage REIT Inc. ETF	5.41	-0.12	20.71	96	Inv Trust

# Real Estate Securities Funds Monthly

## European Funds Performance January 2014



### Popular Benchmark

Benchmark Index	Jan 2014 TR %	Volatility %
FTSE EPRA/NAREIT Dev'd Europe Index	-0.32	12.86

### By Fund size

Fund	Average	Maximum	Minimum
Europe medium	-0.83	3.19	-3.47
Europe small	-0.40	1.97	-3.13

## Best Performing Funds

### European Medium Funds > US\$ 75m Aum

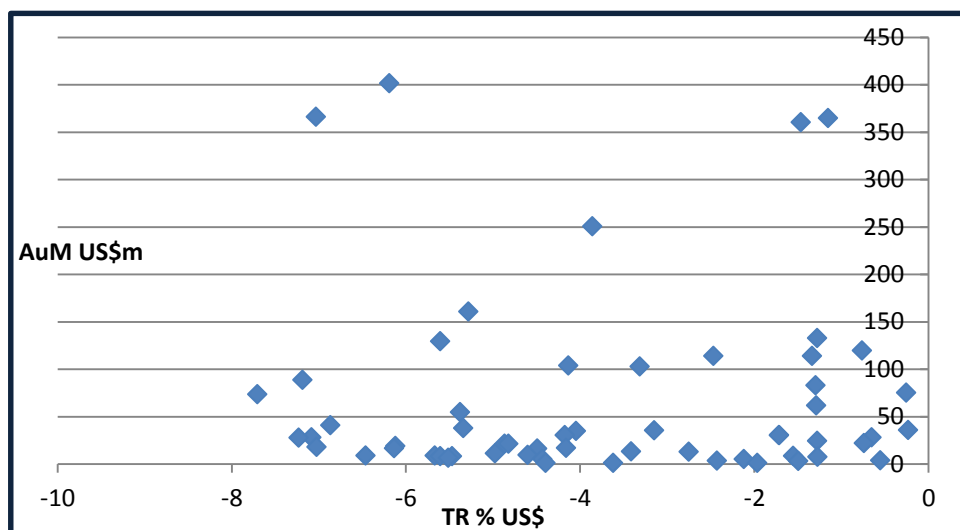
Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
iShares UK Property UCITS ETF	3.19	1.57	14.76	953	ETF
TR Property Investment Trust PLC	2.21	1.82	15.97	1,438	Invst Trust
Credit Suisse Real Estate Fund Property	1.60	0.18	9.65	1,155	Closed-End
ESPA Stock Europe-Property	1.48	0.99	12.53	77	Open-End
BNP Paribas Real Estate Secs Europe	1.21	1.07	12.44	1,031	SICAV

### European Small Funds <US\$75m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
BNP Paribas Property Secs Fund Europe	1.97	1.12	15.20	28	Open-End
Henderson Funds - European Property Se	1.88	1.72	14.87	17	Unit Trust
Kempen European Property Fund	1.88	0.79	15.71	63	Open-End
AXA Luxembourg Fund - European Immo	1.40	0.69	14.64	12	SICAV
Groupama Europe Actions Immobilier	1.19	1.22	13.05	51	FCP

# Real Estate Securities Funds Monthly

## Asian Funds Performance January 2014



### Popular Benchmarks

Benchmark Index	Jan 2014 TR %	Volatility %
EPRA NAREIT Asia Total Rtrn Index USD	-5.62	16.43
TR GPR APREA COMPOSITE Index USD	-4.99	14.79

### By Fund size

Fund	Average	Maximum	Minimum
Asian medium	-2.97	-0.26	-7.19
Asian small	-3.82	-0.23	-7.71

## Best Performing Funds

### Asian Medium funds >US\$75m Aum

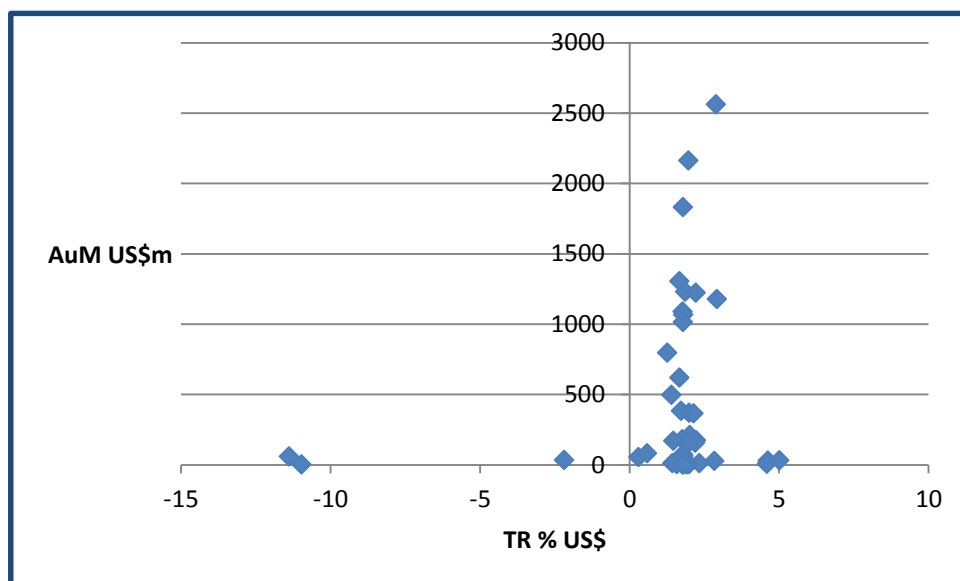
Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
B&I Pacific Real Estate Securities Fund	-0.26	0.09	5.61	75	Open-End
SMTAM Asia REIT Research Open	-0.76	0.00	18.07	119	Open-End
MFL Property Fund	-1.15	0.89	7.22	364	Open-End
Sumitomo Mitsui Asia High Yield REIT	-1.28	-0.09	21.42	132	Open-End
B&I Pan-Asian Total Return	-1.34	0.02	13.09	114	Open-End

### Asian Small funds <=US\$75m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Celsius Funds PLC - Asian Real Estate	-0.23	-1.44	7.33	35	Open-End
Nomura Asia REIT Fund	-0.56	0.63	17.45	4	Fund of Funds
Nikko Listed Index Fund	-0.65	-0.01	18.27	28	ETF
B&I Asian Real Estate Securities Fund	-0.74	0.08	12.95	22	Open-End
ARA Asian Asset Income Fund	-1.28	-0.27	15.03	24	Open-End

# Real Estate Securities Funds Monthly

## Japanese Funds Performance January 2014



### Popular Benchmarks

Benchmark Index	Jan 2014 TR %	Volatility %
Tokyo Stock Exchange REIT Index	1.82	26.39
TR/GPR/APREA Composite Japan Index	-6.27	28.76

### By Fund size

Fund	Average	Maximum	Minimum
Japanese large	1.99	2.92	1.26
Japanese medium	1.73	2.23	0.59
Japanese small	0.94	5.01	-11.39

## Best Performing Funds

### Japanese Large funds > US\$500m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Shinko Resona JREIT Active Open	2.92	0.83	26.05	1,178	Open-End
SMTAM J-REIT Research Open	2.89	0.85	25.56	2,562	Fund of Funds
DLIBJ DIAM J-REIT Open	2.22	0.78	25.20	1,224	Fund of Funds
Nissay J-REIT Fund	1.97	0.84	27.09	2,162	Fund of Funds
Mitsubishi UFJ J REIT Open	1.86	0.85	27.02	1,230	Fund of Funds

### Japanese Medium funds < US\$500m > US\$75m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
DIAM DIAM J-REIT Active Fund	2.23	0.79	24.14	176	Open-End
Okasan J REIT Open - Monthly Dividend	2.14	0.82	24.38	366	Fund of Funds
Daiwa Fund Wrap J-REIT Select	2.01	0.86	24.51	210	Open-End
Nissay J REIT Open - Monthly Dividend	1.99	0.83	25.42	370	Open-End
DIAM Strategic J-REIT Fund	1.97	0.84	23.34	155	Open-End

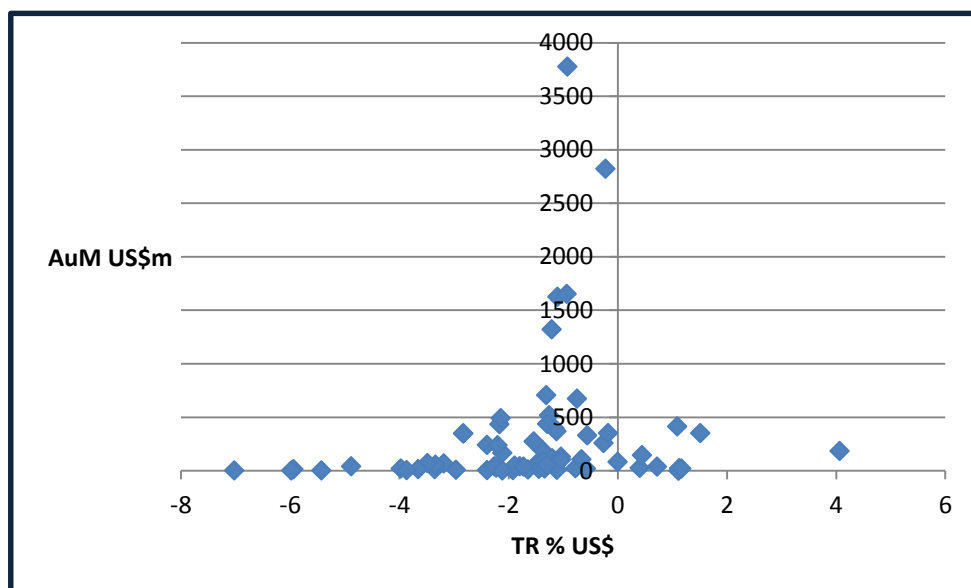
### Japanese Small funds < US\$75m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Tokio Marine J-REIT Fund	5.01	0.82	25.05	32	Open-End
BNP Paribas DB Resona J-REIT Alpha	4.63	0.18	12.91	28	UIT
J-REIT + Strategy Fund/JAAM	4.60	0.66	13.98	6	UIT
Mizuho JREIT Fund	2.83	1.18	29.72	27	Open-End
Meiji Yasuda JREIT Strategy Fund	2.33	0.98	22.58	12	Open-End



# Real Estate Securities Funds Monthly

## Infrastructure/Real Asset Funds January 2014



### Popular Benchmark

Benchmark Index	Jan 2014 TR %	Volatility %
D Jones Brookfield Global Infra Tot Rtn	-0.46	10.14

### By Fund size

Fund	Average	Maximum	Minimum
Global infrastructure medium	-0.92	4.06	-2.83
Global infrastructure small	-1.88	1.17	-7.03
Real assets	-2.47	0.00	-5.98

## Best Performing Funds

### Global Infrastructure Medium >US\$150m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Shinko Global Infrastructure Fund	4.06	1.69	9.21	184	Open-End
BlackRock Utility and Infrastructure	1.51	0.22	12.79	351	Closed-End
Nomura Deutsche High Div Infra.	1.09	1.96	14.91	414	Open-End
BMO Global Infrastructure Index ETF	0.44	2.18	10.82	146	ETF
iShares Global Infrastructure UCITS ETF	-0.18	0.36	12.18	352	ETF

### Global Infrastructure Small < US\$150m Aum

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Shinko World Infrastructure High Div	1.17	1.98	15.86	21	Open-End
Meeder Utilities and Infrastructure	0.72	2.34	11.65	39	Open-End
Shinko World High Dividend	0.41	0.57	17.49	27	Open-End
Nomura Deutsche High Dividend	-0.58	0.59	18.10	22	Open-End
Morgan Stanley Select Dimensions	-0.78	1.14	16.06	24	Variable Ann.

### Real Assets Funds

Fund	Jan 2014 TR %	Sharpe ratio	Volatility %	AUM US\$m	Type
Prudential Real Assets Fund	0.00	-0.33	8.20	84	Open-End
T Rowe Price Real Assets Fund Inc	-0.92	-0.31	14.60	3,776	Open-End
Cohen & Steers Real Assets Funds Inc	-1.04	-0.78	9.61	103	Open-End
FP Real Assets Fund	-1.04	-0.92	6.93	132	Open-End
Ofi MultiSelect - Lynx Real Assets	-1.30	-0.96	9.31	57	SICAV

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# CONSILIA CAPITAL

Consilia Capital, 2nd Floor, Berkeley Square House, Berkeley Square, London W1J 6BD

m: +44 (0) 7807 868 237

T: + 44 (0) 207 887 6086

[alex.moss@consiliacapital.com](mailto:alex.moss@consiliacapital.com)

[www.consiliacapital.com](http://www.consiliacapital.com)