Monthly Commentary

November injected much needed relief into markets as volatility settled and major indices continued to move up their ascending channels for most of the month before meeting resistance at the very end.

The MSCI Europe Real Estate Index (price return 7.75%) outperformed the MSCI US REIT index (price return 5.76%) in USD terms by ~2%. The GPR 250 REIT World index produced a price return of 5.72%.

Data Center REITs were among the best performing sectors of the month on a real estate and equity basis—producing a 18.46% price return, while self-storage was the worst performing REIT sector coming in at -4.8%.

The month saw more jumbo rate hikes from major economies; the UK and US. The Fed raised the federal funds rate by 75 bps to 3.75%-4%, with the BOE following suit to a policy rate of 3%. US inflation data came in softer than expected: October m/m Core CPI increased by ~0.3%, translating into an annualized rate of 3.6%—well below the latest annual figure of 6.3%.

US midterm elections saw the Republicans take the house, but no cigar in the senate—ending with a tepid victory much closer to the margins than originally suggested by the polls.

Rent control measures returned to the public eye as midterm voters approved several rent control regulations in California, Maine, and Florida. Although those aimed at Florida are unlikely to come to fruition and with no indirect portfolio exposure to Maine, these regulatory risks are monitored actively.

US West Coast port negotiations continued to be drawn out - shifting cargo logistics to US East Coast markets. West Coast ports accounted for 38% of import shipments compared to 62% for the East Coast as of 31 October 2022, the largest portion of import shipments for the East Coast YTD. The development is far off from becoming a trend but is expected to continue over the short-term and should lift East Coast port industrial markets.

Taiwan Semiconductor Manufacturing Company announced that it will be adding a second factory to its project in Phoenix, Arizona with an expected foreign direct investment of $12 billion. This came on the back of a $100mn state funding announcement to enhance state infrastructure, human capital, and research - supplemented by Maricopa County Community College (the county in which Phoenix is situated) adding courses supportive to those who wish to work in the industry.

Arizona's ambition to becoming the preeminent force in the US semiconductor industry is expected to drive state market fundamentals across the industrial and office sectors for years to come. In other industrial news, Rexford Industrial (REXR) credit rating was upgraded from BBB to BBB+ by Fitch Ratings while Prologis (PLD) got ranked second in the US for on-site solar generation by the Solar Energy Industries Association.

The office sector continues to come under pressure - its latest bane driven by en masse US tech layoffs. According to the website Layoffs.fyi, more than 50,000 workers in the US tech sector lost their jobs in November.

Focus for office REITs continues to be on high quality, fully stabilized office properties with long-term credit leases. The biggest office transaction of November was a $350 million acquisition of a 1330 sixth avenue New York office by a joint venture led by Empire Capital Holdings.

November was a tempestuous month for China with spiking Covid cases and social unrest dominating Chinese headlines. Protests broke out after the government pulled back its initial easing of Covid restrictions when daily cases shot through the roof to eclipse the wave that brought Shanghai to a standstill earlier this year.

The government yielded to the protests in the last week of November when it once again started pulling back restrictions. Chinese markets were volatile during this time but ended up ~10% higher than the start of the month.

REITs are expected to show a greater dispersion of intra asset class returns in 2023 than YTD. Hybrid companies, with offensive and defensive characteristics, are considered best for 2023 positioning in our global slowdown and shallow US recession base case.

The next shoe to drop is earnings curtailment which REITs are generally less vulnerable to than equities owing to the contractual nature of their revenue streams.

Disclaimers

COPYRIGHT

All information used in this presentation and any material referred to herein are subject to copyright and may not be reproduced or used (other than for information purposes) in any way, unless prior written permission has been granted by Reitway Global (Pty) Ltd ("Reitway") or the appropriate copyright owner.

INFORMATION AND CONTENT

This presentation is intended for information purposes only and none of the information contained in this presentation constitutes investment advice or a recommendation, solicitation or offer by Reitway to buy or sell any financial product. The information contained in this presentation has been prepared without consideration of the investment objectives, financial situation or particular needs of any particular recipient. Any transactions described in this presentation may give rise to substantial risk, including the possible loss of principal value, and are not necessarily suitable for all investors. This presentation should accordingly not be considered as a substitute for the exercise of your own judgement or for obtaining independent advice based on your personal preferences and circumstances.

DISCLAIMER

Although all precautions have been made to ensure the reliability of data and information contained in this presentation, Reitway cannot guarantee the reliability thereof. Past performance referred to in this presentation is not necessarily indicative of future performance. Similarly, forecasts contained in this presentation involve risks and uncertainties which may result in future performance, outcomes and results which differ materially from such forecasts. You are accordingly cautioned not to place undue reliance on any historical data, general information or forecasts used in this presentation.
Reitway accepts no liability whatsoever for any loss, damage (direct or consequential) or expense suffered by a recipient as a result of any reliance placed on any information contained in this presentation or any opinions expressed during this presentation. The views, opinions and comments reflected in the presentation represent those of Reitway, associated companies and employees.
Raging Bull Certificate Awards were awarded on 2018-02, 2021-02 and 2022-02, full details and the basis of the awards are available from Reitway Global.

REITWAY GLOBAL (Pty) Ltd

Registration No: 2011/125542/07. A Financial Services Provider licensed under the Financial Advisory and Intermediary Services Act, 37 of 2002. FSP license No: 43747

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA.
Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory investments may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge.
Performance figures quoted for the portfolio are from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Past performance referred to in this presentation is not necessarily indicative of future performance.
Investments in foreign securities may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio.
Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of BCI/the Manager's products.

NewFunds (RF) Proprietary Limited ("NewFunds") is a registered and approved NewFunds Collective Investment Scheme in Securities (NewFunds CIS) under the Collective Investment Schemes Control Act 45 of 2002. The information contained in this document is provided for information purposes only and does it constitute (i) financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002; or (ii) any other financial, investment, trading, tax, legal, accounting, retirement, actuarial or other professional advice or service whatsoever ("advice") or (iii) provide the basis of any credit, financial or other evaluation. It does not purport to be a prospectus for any security, financial product, transaction or service nor is it deemed appropriate and/or suitable for any particular investment, investor's objective or financial circumstances.

This document is neither an offer to sell nor a solicitation of an offer to buy any of the products and, while every effort is made to ensure the information contained herein is complete and accurate, any pricing and other information included herein is indicative only and is not binding as such on Absa Bank Limited and NewFunds (collectively the Promoters"). Accordingly, the information contained herein merely contains a description of certain facts as at the date hereof and investors are advised to carry out their own independent investigation and appraisal and seek their own advice prior to making any decision or taking action based on information contained herein. The Promoters disclaim any liability for any direct, indirect or consequential damage or losses that may be suffered as a result from using or relying on the information disclosed. Investors are advised that not all risks and issues related to the products are disclosed and therefore, Investors should familiarize themselves with the products and the risks and issues related to or associated with them. Collective Investments Schemes in Securities ("CIS") are generally medium to long term investments where the investor essentially owns a "proportionate share" (in proportion to the participatory interest held in the fund) of the underlying investments held by the fund. The value of participatory interests may fluctuate as a result of market moves, associated external factors and risks, and past performance is not generally a guide to future performance. Any information on past financial returns, modelling or back-testing cannot be guaranteed nor does NewFunds guarantee with respect to the capital or return of any portfolio of NewFunds CIS. Listed CIS products are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges is available from NewFunds upon request. Absa Bank Limited Reg No 1986/004794/06, an Authorised Financial Services Provider (FSP 72), Registered Credit Provider Reg No NCRCP7. NewFunds (RF) Proprietary Limited registration number 2005/034899/07. This document was published on 04 November 2019.

Collective Investment Schemes are generally medium to long term investments. The value of the participatory interests may go down as well as up. The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Past performance is not necessarily an indication of future performance. CIS's are traded at ruling prices and can engage in borrowing and scrip lending. Different classes of units apply to these portfolios and are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the manager. The manager has a right to close portfolios to new investors in order to manage them more efficiently in accordance with their mandates. Commission and incentives may be paid and if so, will be included in the overall costs. Forward pricing is used. The manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Income is reinvested on the re-investment date. The Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Dealing prices are calculated on a net asset value and auditor's fees, bank charges and trustee fees are levied against the portfolios. Performance is calculated for the portfolio, as well as that the individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Income distributions are included in performance calculations prior to deduction of applicable taxes.

Performance numbers and graphs are sourced from Collective Endeavours Consulting (Pty) Ltd. NAV to NAV figures have been used. Investment performance is for illustrative purposes only. Investment performance is calculated after taking the actual initial fees and all ongoing fees into account. The reinvestment of income is calculated on the actual amount distributed per participatory interest by using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual date of reinvestment. Risk profile of the fund ranges from low risk to high risk with a low risk potentially associated with lower rewards and a high risk with potentially higher rewards. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund. Foreign securities may be included in the portfolio from time to time and as such may result in the following: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks and potential limitations on the availability of market information.
Certain investments, including futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors. The daily cut off time is 14:00 for trades and the valuation point is 22:00 daily. Prices are published on Finswitch by 10:00 daily. One can also obtain additional information on Prime Investments products on the Prime Investments website and all price related queries or information is readily available on request. Prime Collective Investment Schemes Management (RF) (Pty) Ltd is a registered Collective Investment Scheme Manager in terms of Section 5 of the Collective Investment Schemes Control Act and is a wholly owned subsidiary of Prime Financial Services (Pty) Ltd, a member of ASISA. This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. This document should not be construed as advice or guidance in any form whatsoever. Investors should take cognisance of the fact that there are risks involved in buying or selling any financial product and are encouraged to obtain independent professional investment and taxation advice. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.