

Why invest in real estate?

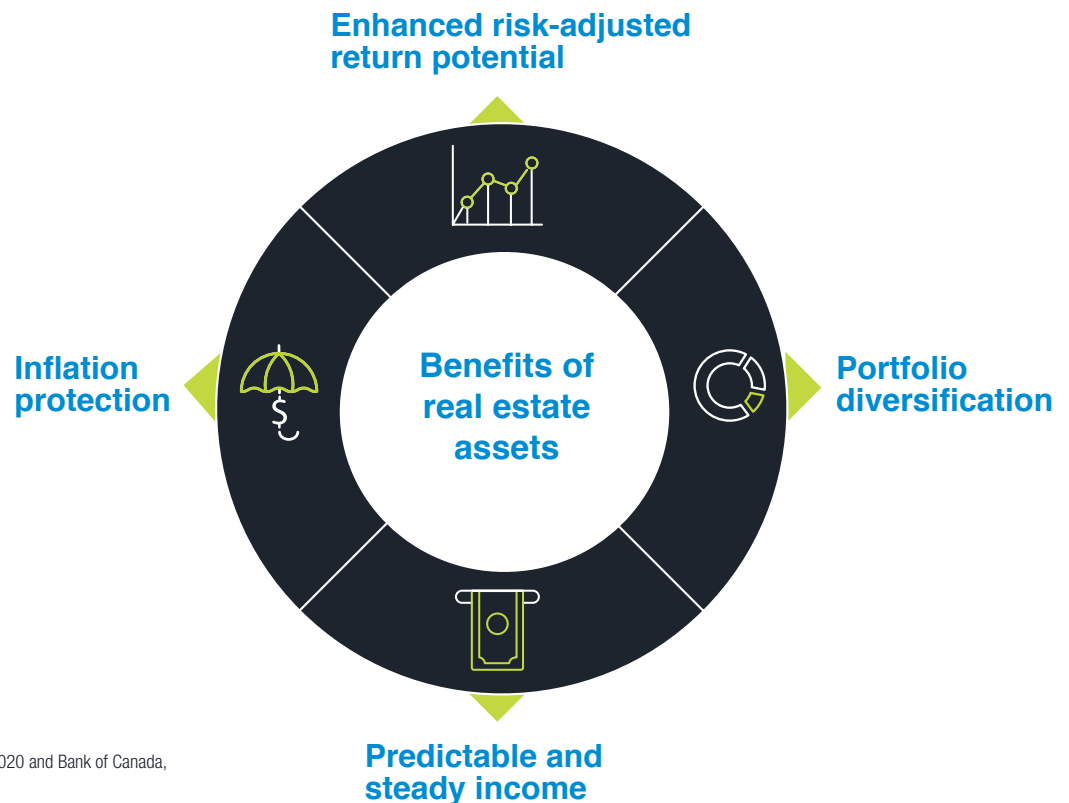
Similar to mutual funds, REITs pool capital from numerous investors in order to invest in portfolios of commercial and residential real estate. Global real estate securities have a market capitalization of CAD \$3.8 trillion with Canada accounting for approximately 1.5 percent of that total¹. Real estate investors should be rewarded with long term capital appreciation and rising distributions over time.

Real estate attributes

Real estate assets, both commercial and residential, provide the foundation for economic activity in global economies.

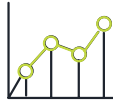
Subsectors:

- Office
- Retail
- Multifamily
- Industrial
- Self-Storage
- Hospitality
- Other



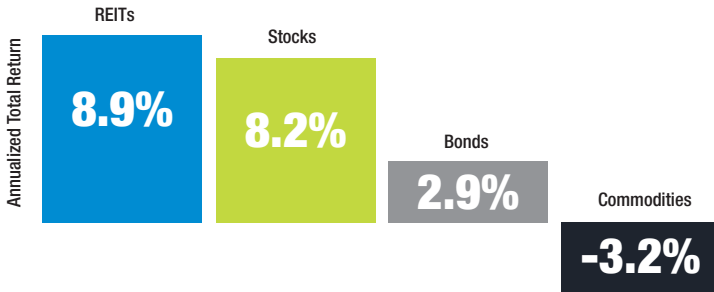
¹ Source: Citi Research, The Global Property Hunter, January 7, 2020 and Bank of Canada, USD to CAD exchange rate as of December 31, 2019.

Enhanced risk-adjusted return potential



Over the long-term, REITs have outperformed other major asset classes*. REITs have generally provided strong total returns comprised of tax efficient regular and growing distributions, and long-term capital appreciation driven by Net Operating Income growth.

REITs outperform other major asset classes



Source: Bloomberg Financial L.P. and Starlight Capital. Data from December 31, 2002 to December 31, 2019. Global REITs, Global Equities, Global Bonds and Global Commodities are represented by the FTSE EPRA/NAREIT Developed Total Return Index (CAD), MSCI World Index (CAD) and FTSE World Broad Investment-Grade Bond Index (WorldBIG) (CAD) and S&P GSCI Official Close Index TR, respectively. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance.

Portfolio diversification



Historically, real estate securities have shown relatively low correlations to stocks and bonds[†]. This means that adding real estate securities to a portfolio should enhance diversification and result in the portfolio generating higher returns for the same amount of risk.

Real estate correlations July 2000 – September 2015

	Canadian Equities	U.S. Equities	Non U.S. Equities	Global Bonds	REITs
Canadian Equities	1.00				
U.S. Equities	0.80	1.00			
Non U.S. Equities	0.82	0.87	1.00		
Global Bonds	0.25	0.10	0.33	1.00	
REITs	0.53	0.62	0.62	0.29	1.00

Source: Infrastructure Investing: A Distinct Asset Class, InstarAGF, October 8, 2015.

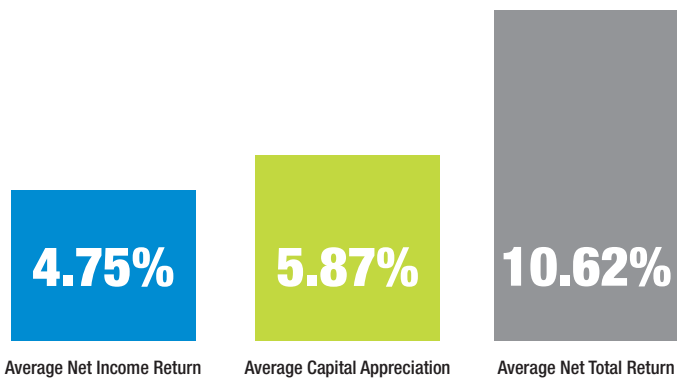
[†] Correlation measures the extent to which two items move in the same direction. A correlation value of 1 means two items move closely in the same direction, while 0 means they do not move closely at all in either direction, and -1 means the items move closely in opposite directions.

Predictable and steady income



The contractual nature of the revenue streams and the requirement to pay out 90% of pretax income to unitholders means REITs have historically generated consistent income for investors.

Income and Capital Appreciation of Listed Equity U.S. REITs, 25-year Period



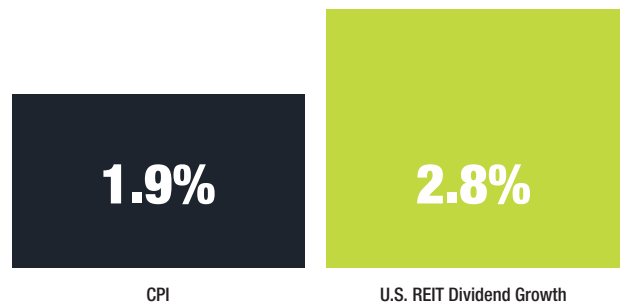
Source: 25-year period is represented by 1988Q4-2013Q3. Income and Capital Appreciation from Real Estate Investing: The Participation Trophy and the Performance Record, NAREIT Market Commentary, 29 August 2017.

Inflation protection



Many REITs have annual rent increases that are tied to inflation and/or revenues that are sensitive to economic activity. As a result, rising inflation leads to cash flow growth and asset appreciation in these REITs.

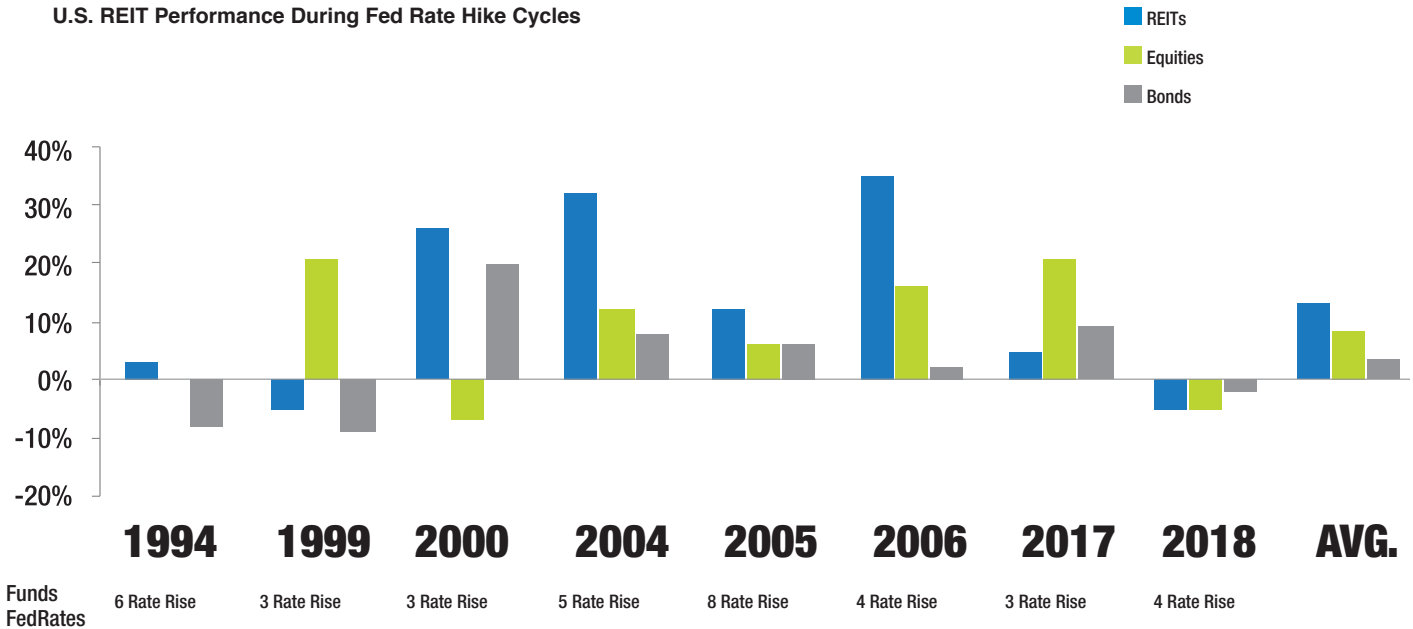
Average U.S. REIT Dividend Growth vs. Average CPI from 2006 – 2019



Source: Bloomberg, as at December 31, 2019.

REITs Outperform During Rising Interest Rates

According to the National Association of Real Estate Investment Trusts (“NAREIT”), REITs have posted positive total returns in 86% of previous rate hike cycles, going back to 1994. Further, in more than half of those rate hike cycles, REITs have outperformed the S&P 500 Index.

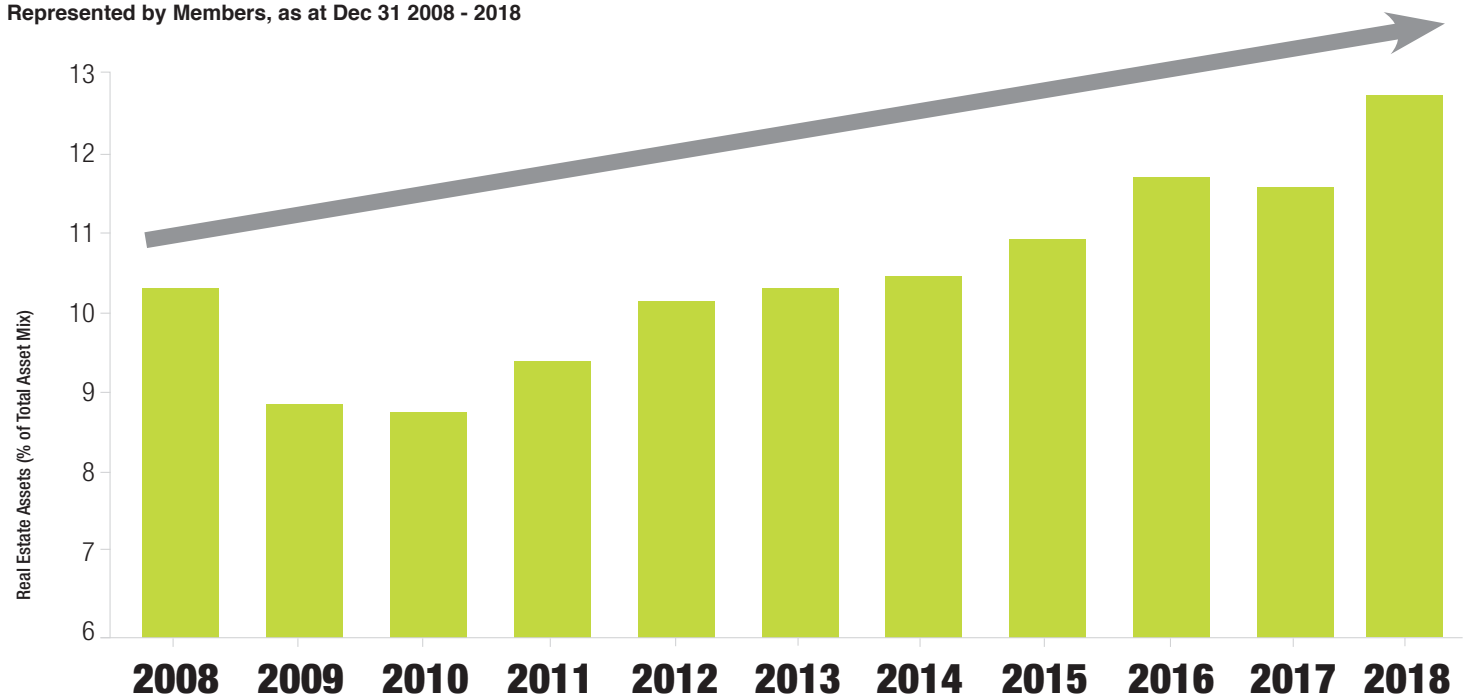


Source: CBRE Clarion as of December 2017. U.S. REITs: FTSE NAREIT Equity REIT Index, U.S. Equities: Russell 3000 Index, U.S. Bonds: Citigroup Treasury 10+ Years Index.

Pension funds increasing real estate investments

Large pension funds have continued to increase their allocations to real estate. Between 2008 to 2018 the top 100 pension plans in Canada steadily increased their total allocation to real estate from approximately \$82 billion or 10.04 per cent to \$267 billion or 12.79 per cent of their combined assets under management (AUM).

Real Estate Asset Mix of DB Plans of Sponsor Organizations (% of total)
Represented by Members, as at Dec 31 2008 - 2018



Source: Data from December 31, 2008 to December 31, 2018. Pension Investment Association of Canada

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Starlight Capital is an independent Canadian asset management firm. We are investment led and client-focused and we believe investing is about finding great businesses that will do well over long periods of time. When we find these businesses, we conduct our own independent analysis and take meaningful positions when the risk/reward outlook is favourable.

Starlight Capital approach:

- 1 Differentiated investment solutions:** Concentrated global portfolios of high-quality real asset businesses offered through mutual funds, exchange-traded funds and structured products.
- 2 Disciplined investment approach:** We strive to deliver superior, risk-adjusted, long-term returns for investors through our proprietary investment strategy Focused Business Investing. We build concentrated portfolios of high-quality businesses when they offer us sufficient return for the risk incurred.
- 3 Deep expertise:** Investment team with over 30 years of experience managing over \$2 billion of global real estate and infrastructure securities. Dennis Mitchell, CEO & CIO of Starlight Capital has led investment teams of more than 30 people and exercised oversight more than \$18B in AUM.

The **Starlight Global Real Estate Fund** is an opportunity to provide investors with regular income by investing in investment grade commercial real estate in world-class cities.

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*Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing.

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