

## Market Performance

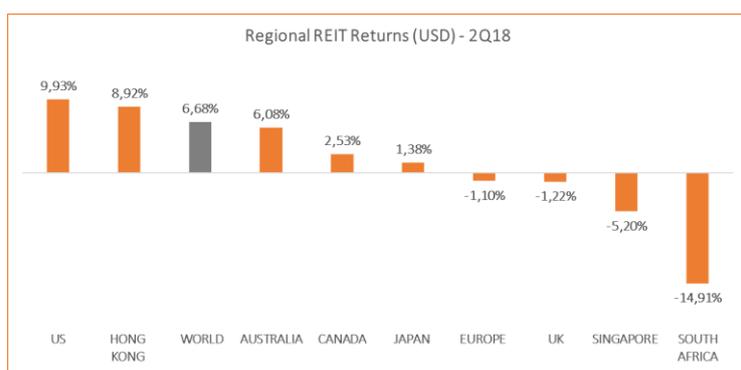
The GPR 250 REIT World Index produced a total return of 6.68% in US dollar terms for the quarter ending 30 June 2018.

GPR 250 REIT Index	USD
Africa	-1,57%
Americas	9,69%
Asia	1,47%
Europe	-1,10%
Oceania	6,08%
<b>World</b>	<b>6,68%</b>

Source: Global Property Research & Datastream, July 2018

Africa (-1.57%) and Europe (-1.10%) were the only continental carve-outs that contracted in the April – June period, while Americas (9.69%), Oceania (6.08%), and Asia (1.47%) recorded quarterly gains.

The chart below shows the total return for the respective REIT markets in 2Q18.



Source: Global Property Research & Datastream, July 2018

## Country Highlights

### United States (9.93% total return)

A resurgent US dollar, mounting fears of a full-blown trade war and softening China data drove a risk-off mindset in Q2 which benefitted the REIT market.

The self-storage (15.1%), health care (14.21%) and lodging (14.14%) sectors were the top performers.

### Hong Kong (8.92% total return)

Link REIT, the only constituent in the GPR 250 Hong Kong, benefitted from stronger than expected retail sales in 1H18. Link's NAV also increased by 33% partly due to strong rental reversions, compression in cap rates and a reduction in outstanding shares.

### Singapore (-5.20% total return)

S-REIT share prices were impacted by fund outflows on the back of tightening yield spreads. While fundamentals have begun to improve, challenging conditions are likely to persist.

### South Africa (-14.91% total return)

Resilient REIT and Fortress B staged a nice recovery, but the overall index returns in Q2 were dragged down by Growthpoint, Redefine and Hyprop Investments. The local currency return of (-1.6%) was worsened by the currency depreciation

## Portfolio Performance

Reitway BCI Global Property Fund (USD)				
	2Q18	1yr	3yrs	5yrs
Reitway Global	6.41%	3.61%	5.94%	4.85%
Benchmark	6.68%	4.11%	6.21%	6.55%
<i>Relative</i>	<i>-0.27%</i>	<i>-0.50%</i>	<i>-0.27%</i>	<i>-1.70%</i>

Source: MoneyMate & Global Property Research (GPR)  
Net of fees TR as at 30/06/18. 3- & 5yr returns are annualised

Top 5 Weights		
	Security name	%
1.	Uniti Group	7.74
2.	Invitation Homes Inc	4.57
3.	Simon Property Group	4.54
4.	American Homes 4 Rent	4.51
5.	Mirvac Group	4.10

Top 5 Contributors		
	Security name	%
1.	Uniti Group	2.02
2.	American Homes 4 Rent	0.57
3.	CyrusOne Inc	0.55
4.	Simon Property Group	0.50
5.	Mitsubishi Estate	0.36

Bottom 5 Contributors		
	Security name	%
1.	MAS Real Estate	-0.28
2.	Mercialys	-0.11
3.	Hufvudstaden	-0.08
4.	GLP J-REIT	-0.07
5.	PotlatchDeltic Corp	-0.05

Source: Reitway Global & StatPro, July 2018

The portfolio generated a positive total return for the quarter. Stock selection and our underweight allocation in the UK and Singapore was an important contributor to relative performance.

On a gross return basis, the portfolio outperformed the benchmark by 13 basis points evenly split between country allocation and stock selection.

In the US, stock selection in the specialized, data centre and single-family rental sectors boosted results. Our overweight position in Uniti Group, CyrusOne and American Homes 4 Rent paid off during Q2.

The funds underweight in the U.S. health care and self-storage sector, as well as higher representation towards German and Swedish real estate modestly detracted from results.

## Reitway BCI Global Property Fund vs Peer Group Average (ZAR)

	1yr	2yrs	3yrs	4yrs	5yrs
Reitway Global	7.22%	-1.35%	9.48%	10.27%	11.72%
Peer Group Average	8.22%	-1.63%	6.94%	9.26%	11.35%
<i>Excess return</i>	<i>-1.00%</i>	<i>0.28%</i>	<i>2.54%</i>	<i>1.01%</i>	<i>0.37%</i>
<i>Peer Group Rank</i>	<i>12/17</i>	<i>5/13</i>	<i>1/10</i>	<i>2/8</i>	<i>3/8</i>

Source: MoneyMate. As at 03/07/18.

All periods greater than one year are annualised

The performance table above highlights our performance against our peer group over the last 5 years. We continue to deliver good relative returns and we retained the number one spot over a rolling three-year period.

### Investment Outlook

Although volatility in real estate stocks may continue in the short run as investors seem focused on interest rates, bond yields are rising because of stronger growth and signs of higher inflation, both in the U.S. and abroad.

At Reitway, we believe commercial real estate should continue to see improving operating fundamentals in most global markets amid solid economic growth, steady job creation, reasonable new supply levels, and monetary conditions that should remain relatively accommodative even as stimulus is gradually withdrawn.

### Reitway News

#### Reitway Global welcomes Garreth Elston



Garreth, who comes with 20 years of industry experience specializing in global real estate investments, joined Reitway Global on the 1st of June as a Portfolio Manager. Along with being the deputy chairman of the Investments Analysts' Society of Southern Africa, he was most recently the managing director of Golden Section Capital.

Garreth's experience includes being a portfolio manager at Alternative Real Estate Capital Management and Absa (Commercial Property Finance's Specialised Equity Division). We have high expectations that Garreth will make a significant contribution to Reitway Global and that this will benefit our investors.

Grant Lowton has moved to another area in the asset management industry after nearly four years with our team. We want to thank Grant for his contribution to the growth of Reitway Global.

We are confident that these changes will improve our business and capabilities as we endure with our commitment to building wealth for our investors by delivering superior performance over the medium to long term.

## Australia – Reitway Global Property Portfolio

Platform availability

The Australian domiciled long-only fund has made significant progress and is now available on the following platforms:

- Premium
- Netwealth
- Macquarie
- Linear
- OneVue
- BT.

## GFS Broker Services

We welcome Gino Vandersteen and his team from [GFS Broker Services](#), who will be offering our products in their area of activity.

## Reitway Global Leveraged Product

IFA sales

Whilst we are endeavouring to load this unique product onto the various LISPs we would like to draw your attention to financial advisors being able to sell this fund and be remunerated directly from the administrator.

Contact Olivia Teek on 021 551 3688 or [oliviatt@reitwayglobal.com](mailto:oliviatt@reitwayglobal.com) should you require additional information.

*Regards,*

*The REITWAY team*

For more information about the performance of our funds and investment methodology, please visit our website at [www.reitwayglobal.com](http://www.reitwayglobal.com)

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