Investment Fund #202 (US REIT)
5 Year Review - Jan 2018 to Dec 2022

Just Analytics

Spend Wisely

www.justanalytics.ca

Principles of Investment Management

1. Active Managers get higher fees than a 'pure' track the Index ETF because they are supposed to provide higher <u>net</u> returns.

2. These higher returns should **not** be purely a result of your Investment Fund (IF) taking on more risk.

3. These higher returns should **not** be purely a result of 'luck' (random) as this is not sustainable for your Investment Fund.

Our Approach

1. We utilize the science of Analytics.

2. This will tell you if it is 'just luck' or 'skill' (i.e., a better methodology) when your Investment Fund (IF) outperforms the market.

3. I want your Investment Funds to repeatedly out perform the market!

4. Hire Investment Funds that are most likely to outperform the market & have reasonable fees – Spend Wisely!

5. Custom design a portfolio with Tier 1 Investment Funds, and a low risk, low cost Bond ETF, to achieve a portfolio with less risk and higher rate of return / greater investment growth.

The Index

1. The first step in the analytics is to determine the appropriate Index against which to compare your Investment Fund (IF).

2. The MSCI US REIT is an excellent broad base index for US Real Estate Investment Trusts – it includes 98% of the SEC Registered publicly traded REITs; it had an annual return of -24.51% for 2022.

3. We can compare to any Index that you prefer; we have also included the Dow Jones US Select REIT Total Return Index in this review. It had an annual return of -25.96% for 2022.

Which Analytics?

Excess Return

▶ Are you receiving enough return for the level of risk in the portfolio?

Downside Risk

▶ How is your Investment Fund performing when the Index is struggling?

Outperformance Ratio

▶ How often does your Fund underperform the Index in a 5 year period?

Likelihood to Outperform – the most critical in my opinion

▶ Is it random (50% ish) or 'almost science' (85% ish) ?

▶ Is it sustainable at the 85% level over 5 years?

Growth of $100 (net of fees)

▶ Is your Investment Fund at least 10% ahead of the Index(es) after 5 years?

Excess Return (MSCI US REIT)

► This Investment Fund has generated an average excess return (risk adjusted) of 500+ basis points over the past 5 years as of 31 Dec 2022.

	IF 202	MSCI REIT	T.E. Data
Avg. Monthly Returns	0.96	0.56	
Avg. Monthly Std. Devn.	6.29	5.94	
Avg. Annual Return	11.56	6.69	
Avg. Annual Std. Devn.	21.78	20.56	
Intercept	0.51		
Slope (Beta)	0.81		
Expected Return	5.98		
Excess Return (Alpha)	5.59		
Tracking Error	14.48		4.18
Information Ratio	0.39		

Excess Return (Dow Jones US REIT)

	IF 202	DJ US Select REIT	T.E. Data
Avg. Monthly Returns	0.96	0.25	
Avg. Monthly Std. Devn.	6.29	5.85	
Avg. Annual Return	11.56	2.97	
Avg. Annual Std. Devn.	21.78	20.27	
Intercept	0.76		
Slope (Beta)	0.82		
Expected Return	2.97		
Excess Return (Alpha)	8.59		
Tracking Error	14.03		4.05
Information Ratio	0.61		

► This Investment Fund has generated an average excess return (risk adjusted) of 800+ basis points over the past 5 years as of 31 Dec 2022.

Downside Risk – MSCI US REIT

- Stress test - how did the Investment Fund perform when the Index had its worst months (i.e., the Index lost at least 2%).

- The Fund was better than the MSCI US REIT Index by a cumulative difference of 2300+ basis points over the 18 worst months.

Date	IF 202	MSCI US REIT	Difference
	-18.33	-21.62	3.29
	-11.96	-12.14	0.18
	-2.30	-8.18	5.88
	-5.73	-7.93	2.20
	-1.44	-7.68	6.24
	-2.91	-7.37	4.46
	-10.01	-6.93	-3.08
	-6.35	-6.15	-0.20
	-6.25	-5.99	-0.26
	-7.83	-5.51	-2.32
	-2.65	-5.14	2.49
	-0.02	-4.46	4.44
	-4.25	-4.18	-0.07
	-5.68	-3.19	-2.49
	-4.21	-3.19	-1.02
	-1.05	-2.95	1.90
	-1.59	-2.60	1.01
	-2.12	-2.59	0.47
Sum	-94.68	-117.80	23.12

Downside Risk – Dow Jones US REIT

▶ Stress test - how did the Investment Fund perform when the Index had its worst months (i.e., the Index lost at least 2%).

▶ The Fund was better than the Dow Jones US REIT Index by a cumulative difference of 3800+ basis points over the 21 worst months.

Month	IF 202	DJ US REIT	Difference
	-18.33	-22.28	3.95
	-11.96	-12.25	0.29
	-2.30	-8.59	6.29
	-5.73	-8.41	2.68
	-2.91	-7.75	4.85
	-1.44	-7.20	5.76
	-6.35	-6.89	0.55
	-10.01	-6.46	-3.55
	-6.25	-6.21	-0.04
	-2.65	-5.24	2.58
	-1.06	-5.17	4.11
	-5.11	-4.79	-0.32
	-0.02	-4.65	4.62
	-4.25	-3.96	-0.29
	-4.21	-3.53	-0.68
	-5.68	-3.10	-2.58
	5.13	-2.93	8.06
	-1.59	-2.73	1.14
	-2.12	-2.59	0.47
	-1.05	-2.55	1.50
	-2.78	-2.04	-0.74
Sum	-90.67	-129.33	38.66

Outperformance Ratio (5 years)

▶ Even the best performing funds will regularly underperform the Index; a Quartile 1 fund will typically underperform the Index in 2 of 5 years (Mercer).

Annual Return	IF 202	MSCI REIT	DJ REIT
2018	9.00	-4.57	-4.22
2019	48.00	25.84	23.10
2020	3.00	-7.57	-8.62
2021	41.00	43.06	41.64
2022	-33.00	-24.51	-25.96

▶ IF 202 has outperformed both the MSCI US REIT Index and the Dow Jones US Select REIT TR Index 3 of the past 5 years. The IF 202 returns are rounded to protect the identity of the fund.

Performance – is it 'Random' or 'Skill'?

1. If your Fund outperforms the market, they will tell you it is 'skill'.

2. If your Fund under performs the market, they will tell you it is 'bad luck'. Actually, they will compare their fund to a manipulated, easy to beat benchmark and tell you 'we outperformed our benchmark'. Essentially, they lie to you.

3. The reality is that either statement (skill or bad luck) could be true or false.

4. How do you know?

5. The 'science of Analytics' can determine if outperformance (or underperformance) is random (luck) or skill (better process / meaningful).

6. The predictive analytics looks at the returns, the various risk profiles, the correlation, and then runs a regression analysis to determine the probability of the results being more than just luck.

'Random' or 'Skill' – What is the Threshold?

Scientists expect a 95% confidence level, it is a very rigorous standard.

I look for a 85% confidence level over 3 and 5 years, and 80% over 10 years.

I believe it is worth reviewing if the results are within 5% of target (e.g., 76% confidence level over 10 years).
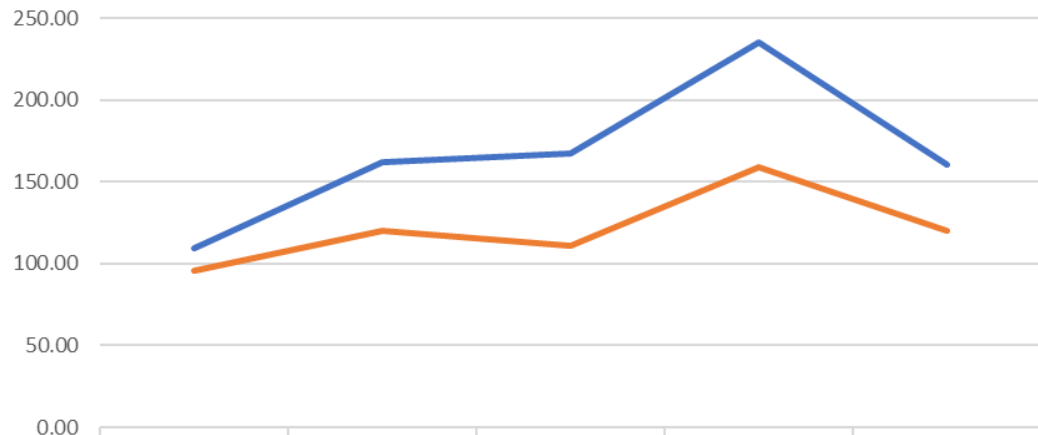
We know that Investment Fund 202 outperformed the market over the past 5 years based on having generated excess return. Was it luck or skill? That is the critical question…

Repeatability – Dow Jones US REIT

IF 202 & DJ US REIT TR Monthly
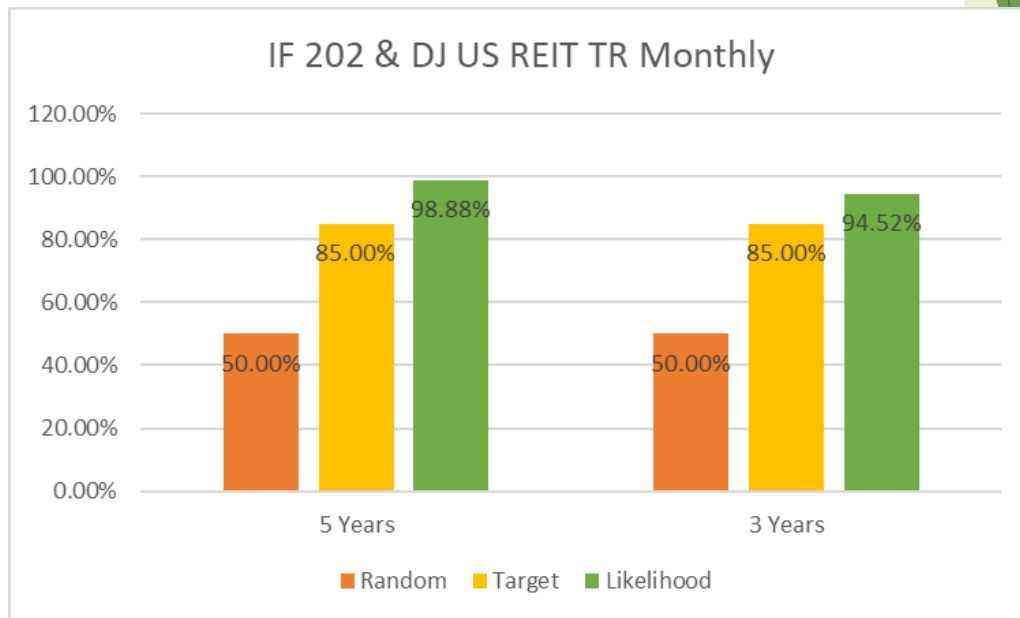
- ▶ Likelihood to Outperform - we are very confident (98+% for 5 years and 94% for 3 years) that IF 202 results are statistically significant.

Growth of $100 – 5 years (net of fees)

	2018	2019	2020	2021	2022
IF 202	109.62	161.78	167.18	235.37	160.29
MSCI REIT	95.50	120.18	111.08	158.91	119.96

▶ The Dow Jones US REIT Total Return Index grew to $113 (not shown).

▶ What does this equate to from a CAGR perspective?

▶ Next slide...

Compound Annual Growth Rate – 5 years (net of fees)

▶ The Tier 1 IF had a CAGR that was at least 5% per annum better than both Indexes.

CAGR	IF 202	MSCI US REIT	DJ US REIT TR
	9.90	3.71	2.47

▶ This is how you make more money with less risk at the same time!

Exec Summary

Investment Fund 202 outperformed the market, on a risk adjusted basis, by at least 500 basis points over the 5-year period.

The Downside Risk results were positive, 2300+ basis points ahead of the Index in the worst months with losses greater than 2%.

Investment Fund 202 outperformed both the MSCI & DJ REIT Indexes in 3 of 5 years.

There is at least a 94% likelihood that the outperformance is not random (i.e., a better methodology).

The Growth of $100 is 40+% higher than either Index.

This is a Tier 1 fund.

Review Meeting

- Please call me at 403 818 0671 or email me at greg@justanalytics.ca to book our review meeting.

- Please let me know if you have any questions.

- Thank you for choosing Just Analytics.ca!

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