



James Murray  
Portfolio Manager



William Schaff  
CEO, Portfolio Manager

# Phocas U.S. Equity REIT

## Discipline

Embracing a patient, value oriented approach means rigorous and intensive bottom-up fundamental analysis aiming to capture value in mispriced securities. We search for companies that trade at discounts to their peer group.

## Research

Using proprietary tools and research models that account for quantitative and qualitative factors, we seek the management teams and strategies we believe will deliver the best risk-adjusted returns to shareholders, while maintaining price and value discipline.

## Balance

We don't try to hit home runs. Our goal is to deliver returns that exceed our benchmark, after fees, without assuming the risk inherent in swinging for the fences. We believe our emphasis on fundamental investment value enable us to serve our clients well over the long term.

## Investment Philosophy

We believe that successful REIT investing requires extensive knowledge of REIT management teams, real estate markets and equities. Our approach embraces best ideas using a core/satellite strategy while diversifying across real estate asset classes.

Inception date  
7/1/05

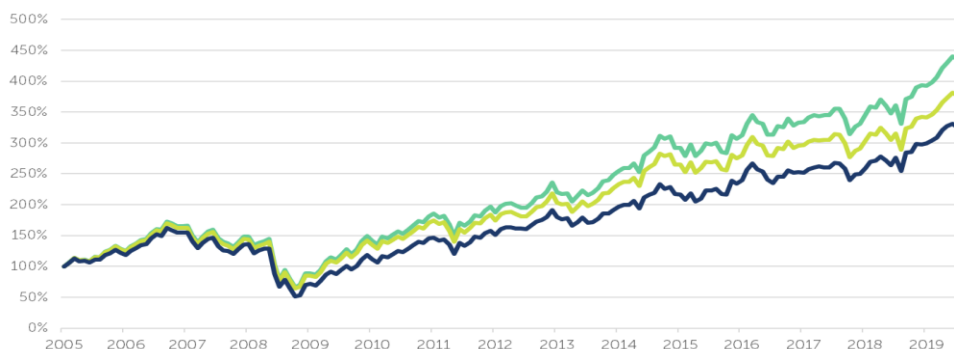
Number of holdings  
25 - 40

Geography  
U.S.

Benchmark  
FTSE NAREIT All Equity REITs Index

Total assets  
Firm: \$664M  
Strategy: \$33M

## Performance as of 9/30/20



■ Phocas U.S. Equity REIT (gross) ■ Phocas U.S. Equity REIT (net) ■ FTSE NAREIT All Equity REITs Index

## Annualized Returns (%) as of 9/30/20

	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Phocas U.S. Equity REIT (Gross)	-10.36%	-9.64%	3.99%	6.94%	10.28%	9.08%
Phocas U.S. Equity REIT (Net)	-11.36%	-10.64%	2.99%	5.94%	9.28%	8.08%
FTSE NAREIT All Equity REITs Index	-12.27%	-12.15%	3.54%	6.61%	9.20%	6.95%

## Calendar Year Returns (%) as of 9/30/20

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Phocas U.S. Equity REIT (Gross)	24.2%	8.6%	17.2%	8.2%	33.4%	2.6%	9.1%	8.4%	-6.8%	30.8%
Phocas U.S. Equity REIT (Net)	23.2%	7.6%	16.2%	7.2%	32.4%	1.6%	8.1%	7.4%	-7.8%	29.8%
FTSE NAREIT All Equity REIT Index	27.9%	8.3%	19.7%	2.9%	28.0%	2.8%	8.6%	8.7%	-4.0%	28.7%

### Data presented reflects past performance, which is no guarantee of future results.

Net performance shown reflects the deduction of a maximum annual investment management fee of 1.00% of assets under management and includes income, dividends, as well as realized capital gains. Performance returns may reflect the effect of material economic and market factors not anticipated by Phocas. Clients' returns will be reduced by advisory fees and other expenses incurred in the management of the client's account.

The charts and graphs above are provided for illustrative purposes only.

The Phocas U.S. Equity REIT composite contains all assets under management from discretionary portfolios that are fully invested in the Company's REIT investment strategy since August 2005.

There is inherent risk with investing in the stock market which may result in a loss of principal. Investment strategy, market conditions, composition of portfolios, and calculation methods are variables that can and will affect the performance of a portfolio.

The benchmark for the Phocas' U.S. Equity REIT Strategy is the FTSE NAREIT All Equity REITs Index ("Index") as it relates closely to the strategy. The Index Series tracks the performance of the U.S. REIT industry at both an industry-wide level and on a sector-by-sector basis.

Please see [Phocas' Form ADV Part 2](#) for additional fee information.

Interested in  
more information?

Visit Phocas at  
[phocasfinancial.com](http://phocasfinancial.com)  
or give us a call at  
510-523-5800.

### Key Differentiators

In addition to our pedigree and commitment to capacity constraint, our proprietary approach to analyzing REIT investments is a differentiator.

The Phocas Fair Market Value approach is based on the belief that REIT pricing is driven, to different degrees at different times, by three different methods of valuation, all of which are critical components of our investment strategy to create long-term value:

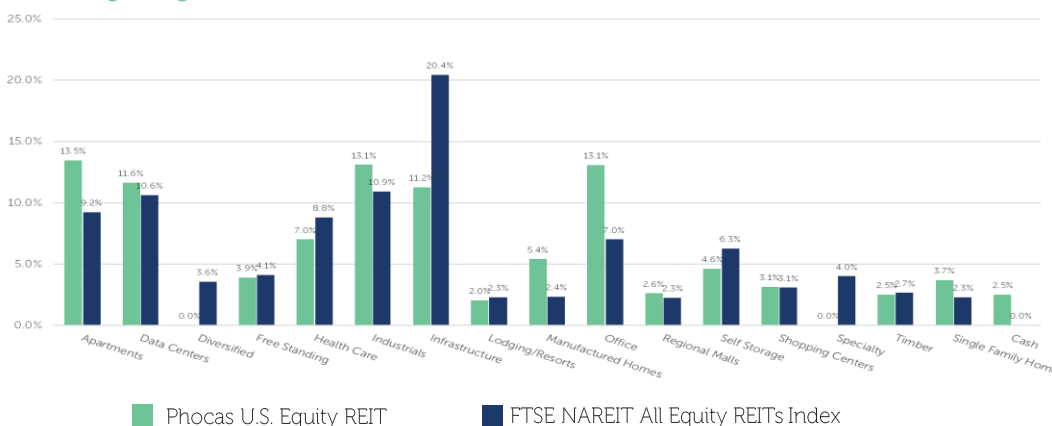
- Management quality
- Asset quality and location
- Balance sheet soundness including cash flow and NAV growth.

### Top 10 Holdings<sup>^</sup>

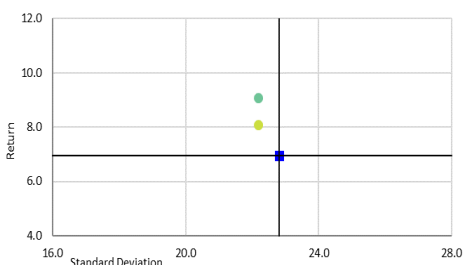
American Tower Corp	9.2%
Equinix, Inc.	8.1%
Prologis	6.6%
Rexford Industrial Realty	6.5%
Alexandria Real Estate	5.7%
Sun Communities, Inc.	5.4%
Extra Space Storage	4.6%
Independence Realty Trust, Inc.	4.4%
Store Capital Corporation	3.9%
Invitation Homes, Inc.	3.7%

“ The pedigree of our REIT team is rare. Many REIT portfolio managers have direct real estate experience. Others have experience as value equity investors. We believe that to be a successful REIT investor, you need to understand both. ”

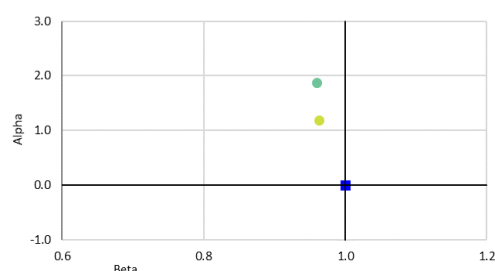
### Sector Weightings (%) as of 9/30/20



### Risk/Reward 8/1/05 – 9/30/20



### Efficiency (Beta/Alpha) 8/1/05 – 9/30/20



### Portfolio Characteristics\*

	Phocas	NAREIT
Stocks	30	184
Market Cap (median)	\$13.3	\$8.7
Market Cap (wt avg)	\$28.4	\$22.3
P/AFFO	30.4	18.4
P/Net Asset Value	0.97	0.98
Yield	3.9%	4.3%
Turnover	25.7%	-

### Portfolio Statistics\*

	Phocas	Index
Cumulative Return (%)	192.92	130.78
Annualized Return (%)	7.83	6.04
Alpha	1.88	0.00
Sharpe Ratio	0.30	0.22
Information Ratio	0.49	-
Up Period %	35.89	35.07
Down Period %	-20.64	-21.49
Correlation	0.99	1.00
Std Dev	22.18	22.81
Beta	0.96	1.00
Tracking Error (%)	3.67	0.00
Up Capture Ratio	109.08	100.00
Down Capture Ratio	99.46	100.00

\* Source: Factset and SPAR, 9/30/20  
\* Time Period: 7/1/05 – 9/30/20

Retail investors with account size under \$10 million, please visit [AAM/Phocas Real Estate Fund](http://AAM/Phocas Real Estate Fund).

### PHOCASFINANCIAL.COM

980 Atlantic Avenue, Suite 106  
Alameda, CA 94501  
510-523-5800  
info@phocasfinancial.com

Phocas Financial Corporation (the "Company" or "Phocas"), has been a registered investment advisor with the SEC since 2005. The Company provides investment management services focused on achieving competitive returns utilizing our U.S. equity real estate investment approach.

The charts and graphs above are provided for illustrative purposes only.

Phocas has prepared and presented this report in compliance with the Global Investment Performance Standards.

<sup>^</sup> Portfolio holdings and composition are subject to change. This information should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the securities holdings listed were or will be profitable, or that investment recommendations or decisions that we make in the future will be profitable. A complete list of holdings for the past twelve (12) months is available upon written request.