

Adelante (Public RE - REITs)

Domestic Equity: Wilshire REIT Benchmark

	For the month of:	March	2025		
Manager Performance Calculations			* Annualized returns		
	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Adelante Total Return	-4.17%	0.16%	8.70%	-0.79%	11.10%
Wilshire REIT Index	-3.55%	1.01%	10.23%	-0.84%	11.15%

Performance Attribution & Strategy Comments

For the month ended March 31, 2025 – The Account underperformed the Wilshire US REIT Index by 62 basis points, gross of fees, as the REIT market declined 3.6%.

- Contributors: security selection within Office REIT, Shopping Center REIT and the cash position.
- Detractors: the sector allocation to Free Standing REIT (underweight), Data Center REIT (overweight) and security selection within Apartment REIT.
- Best performing holding: Agree Realty Corporation, +4.8%.
- Worst performing holding: Marriott International-CL A, -14.8%.

For the trailing quarter ended March 31, 2025 – The Account underperformed the Wilshire US REIT Index by 85 basis points, gross of fees, as the REIT market advanced 1.0%.

- Contributors: security selection within Care Facilities REIT, Hotel REIT and the sector allocation to Care Facilities REIT (overweight).
- Detractors: the sector allocation to Data Center REIT (overweight), Free Standing REIT (underweight) and Gaming and Casino REIT (underweight).
- Best performing holding: Welltower, Inc., +22.4%.
- Worst performing holding: Digital Realty Trust, -18.5%.

Comments – Economic indicators signal caution. According to Challenger, Gray & Christmas, **U.S. employers announced 275,240 job cuts in March**, the highest monthly total since May 2020, with upcoming Federal and DOGE-related layoffs expected to negatively influence employment data for the rest of the year. **Uncertainty surrounding the Administration's evolving tariff policies is beginning to weigh on both consumer spending and corporate decision-making.** Retail earnings reflected growing caution, with many companies highlighting tariffs as a key concern. Consumer sentiment came in well below expectations, and the \$5+ trillion market selloff appears to be impacting spending patterns among higher-income households.

The **10-year Treasury yield fluctuated throughout March**, peaking at 4.38% and ending the month at 4.21%, up 9 basis points. The **S&P 500 declined 5.75%**, its worst monthly performance since December 2022. Despite conflicting Federal Reserve guidance, **markets are pricing in a greater than 70% probability of a June rate cut, with expectations of three or more cuts by year-end**, even as inflation pressures persist.

Within the Wilshire REIT Index, **Single Family Rental REITs were the best performing sector gaining 3.2%**, while **Lodging REITs were the worst performing sector falling 10.3%**. Core Industrial REITs, once the largest property sector (13.2% index weight), declined 7.5% and became the second largest property sector by month-end

We continue to closely monitor the evolving impact of tariffs, macroeconomic risks, and sector-specific dynamics as we navigate this complex environment. **As of month-end, the portfolio's dividend yield stood at 3.6%, with cash holdings at 3.1%.**

Manager Style Summary

Adelante (formerly Lend Lease Rosen) manages the public real estate portfolio, comprised of publicly-traded real estate companies, primarily real estate investment trusts (REITs). Investments will generally fall into one of three categories as described in the Portfolio Attributes section: Core holdings, Takeover/Privatization candidates, and Trading Opportunities. Typical portfolio characteristics include current pricing at a discount relative to the underlying real estate value, attractive dividend prospects, low multiple valuations (P/FFO), and expert management.

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Portfolio Guideline Compliance

Portfolio Guideline:	Adelante	Wilshire REIT	Calc	Min	Max	Compliance
B2. All securities are publicly-traded real estate companies, primarily real estate investment trusts						ok
B3. Mkt Cap of Issuers of Securities in the Account				\$250		ok
B4. Single Security Positions <= 30% @ purchase						ok
B6a. P/FFO (12-mo trail)	18.20	17.21	1.06		1.30	ok
B6b. Beta	0.95	1.00	0.95	0.70	1.30	ok
B6c. Dividend Yield	3.49	3.87	0.90	0.80	2.00	ok
B6d. Expected FFO Growth	18.99	17.89	106%	80%	120%	ok
E2. Commissions not to exceed \$0.06/share						ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Manager Explanations for Deviations from Portfolio Guidelines

There were no deviations.

Portfolio Attributes

Portfolio Guidelines section B5

Core Holdings (40% - 100%)

Actual: 83% ok

Consists of investments with the following characteristics: premier asset portfolios and management teams, attractive dividend yields, low multiple valuations, real estate property types or regions that are less prone to experience the impact of an economic slowdown.

Takeover/Privatization Candidates (0% - 15%)

Actual: 0% ok

Focuses on smaller companies which may be attractive merger candidates or lack the resources to grow the company in the longer-term. Also focuses on companies which may have interest in returning to the private market due to higher private market valuations.

Trading Arbitrage (0% - 20%)

Actual: 14% ok

Focuses on high quality companies which may become over-sold as investors seek liquidity.

Total Firm Assets Under Management (\$m) as of:

Qtr 1 \$ 1,503

Organizational/Personnel Changes

There were no changes during the month.

Account Turnover

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):				