

Adelante (Public RE - REITs)

Domestic Equity: Wilshire REIT Benchmark

For the month of:		May	2025		
Manager Performance Calculations			* Annualized returns		
	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Adelante Total Return	2.27%	-3.64%	13.05%	3.62%	9.48%
Wilshire REIT Index	2.06%	-4.20%	13.07%	3.04%	9.29%

Performance Attribution & Strategy Comments

For the month ended May 31, 2025 – The Account outperformed the Wilshire US REIT Index by 21 basis points, gross of fees, as the REIT market advanced 2.1%.

- Contributors: the sector allocation to Specialty Industrial REIT (underweight), Medical Offices and Laboratories REIT (underweight) and security selection within Shopping Center REIT.
- Detractors: security selection within Office REIT, Apartment REIT and Manufactured Housing REIT.
- Best performing holding: Marriott International CL-A, +10.9%.
- Worst performing holding: Ventas, Inc., -8.3%.

For the trailing quarter ended May 31, 2025 – The Account outperformed the Wilshire US REIT Index by 56 basis points, gross of fees, as the REIT market declined 4.2%.

- Contributors: the sector allocation to Medical Offices and Laboratories REIT (underweight), Specialty Industrial REIT (underweight) and the cash position.
- Detractors: security selection within Care Facilities REIT, Medical Offices and Laboratories REIT and the sector allocation to Free Standing REIT.
- Best performing holding: Digital Realty Trust, +10.9%.
- Worst performing holding: Alexandria Real Estate Equities, Inc., -29.8%.

Comments – Equity investors returned in force in May, driving the S&P 500 Index up 6.12%—its strongest monthly gain since November 2023. **REITs participated in the rally, up 2.1%, though performance was mixed amid rising Treasury yields and evolving trade dynamics.** Two of the largest real property sectors—Care Facilities and Apartments—lagged, declining 0.90% and 0.38%, respectively.

The House of Representatives’ passage of a deficit-expanding tax package and Moody’s downgrade of U.S. credit reinforced the Federal Reserve’s “no-rush” approach to rate cuts. The 10-year Treasury yield peaked at 4.58% before settling at 4.39% by month-end. **The commercial real estate transaction market remains sluggish, offering limited price discovery.**

Macroeconomic data painted a cautious picture; **small business sentiment declined for the fourth consecutive month, job openings reached a four-year low, and consumer sentiment hovered near record lows.** Housing data disappointed—single-family Housing Starts came in below expectations, homebuilder sentiment fell to its lowest level since 2023, and existing home sales fell to their slowest pace since 2009; reduced construction activity and limited new deliveries have yet to rekindle home buying interest. **The “hard” data is starting to align with earlier “soft” signals.**

In Las Vegas, ICSC’s annual **convention drew over 30,000 attendees, with retail tenant demand holding steady and landlord sentiment remaining constructive.** Coincidentally, Bitcoin 2025, also held in Las Vegas a week later, attracted more than 35,000 delegates, underscoring mounting interest in the digital asset space.

Sector performance diverged sharply in May: **Hotel REITs led with a 7.6% gain, while Specialty Industrial (cold storage) REITs declined 11.1%.** Prologis, Inc. advanced 6.3%, reclaiming its position as the largest U.S. REIT in the Wilshire US REIT Index, surpassing Welltower Inc.

We have reintroduced MidAmerica Apartments to the portfolio, favoring its Sun Belt concentration and resilient fundamentals. **As of month-end, the portfolio's dividend yield stood at 3.6%, with cash holdings at 1.9%.**

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)	18.35	17.18	1.07		1.30	ok
B6b. Beta	0.95	1.00	0.95	0.70	1.30	ok
B6c. Dividend Yield	3.49	3.88	0.90	0.80	2.00	ok
B6d. Expected FFO Growth	18.93	17.73	107%	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: 84% 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):				