Global Real Estate

INVESTING IN PERSPECTIVE

For Current and Prospective Client Use

"With low correlations to both stocks and bonds, Real Estate Investment Trusts (REITs) are a valuable diversifying asset class that can substantially improve a portfolio's risk-adjusted return. Further diversification can be achieved through an allocation to global REITs."

Gregg S. Fisher, CFA, Founder, Head of Quantitative Research & Portfolio Strategy
Gerstein Fisher

Public REITs, which are listed securities of real estate companies that own and operate commercial properties, have expanded dramatically around the world in recent years. **Investing in a diversified basket of real estate across multiple economies, property markets, interest-rate and inflation regimes, enhances the risk-return profile of a diversified portfolio** (see table and chart below). Historically, REITs have offered bond-like yields and equity-like returns.

Risk and Return Comparison

Jan. 1, 1990–May 31, 2017

	Stocks & Bonds Only*	With Real Estate**
Annualized Return	8.0	8.0
Annualized Standard Deviation	8.5	8.1
Sharpe Ratio	0.61	0.63

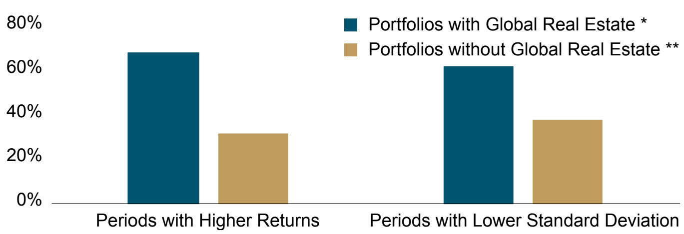
* 60% S&P 500 Index, 40% Barclays US Treasury Bond Index 1–5 Years – portfolios rebalanced quarterly

** 50% S&P 500 Index, 40% Barclays US Treasury Bond Index 1–5 Years, 5% DJ US Select REIT Index, 5% S&P Global ex US REIT Index – portfolios rebalanced quarterly

Sources: S&P, Barclays, Dow Jones, Gerstein Fisher Research

Multi-Period Portfolio Comparison: 10-Year Rolling Periods

Jan. 1, 1990–May 31, 2017



* 60% S&P 500 Index, 40% Barclays US Treasury Bond Index 1–5 Years – portfolios rebalanced quarterly

** 50% S&P 500 Index, 40% Barclays US Treasury Bond Index 1–5 Years, 5% DJ US Select REIT Index, 5% S&P Global ex US REIT Index – portfolios rebalanced quarterly

Sources: S&P, Barclays, Dow Jones, Gerstein Fisher Research

Did You Know?

REITs are listed baskets of income-producing properties that may include office and apartment buildings, shopping malls, hotels, warehouses, and healthcare facilities. Currently approximately 40 countries – including Australia, Japan, Germany, and France – have listed REITs, and the universe continues to grow.

This might be the right time to have a conversation about adding an allocation to global real estate securities to your portfolio.

The Gerstein Fisher Multi-Factor Global Real Estate Securities Fund (symbol: GFMRX) uses a unique, quantitative, model-based strategy while systematically addressing risk.

Let's Talk

Contact Gerstein Fisher:
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About Gerstein Fisher

Gerstein Fisher is an investment management firm headquartered in New York City. Established in 1993, the firm manages assets using a quantitative, Multi-Factor® approach grounded in economic theory and time-tested academic research. Drawing on a deep understanding of both market dynamics and investor behavior, Gerstein Fisher has more than two decades of experience creating innovative solutions for investors.

S&P 500® Index: A capitalization-weighted index of 500 widely traded stocks. S&P Global ex US REIT Index: A member of the S&P Global Property Index Series, the S&P Global REIT serves as a comprehensive benchmark of publicly traded equity REITs listed in both developed and emerging markets. Barclays US Treasury Bond Index: Measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury based on the defined maturity constraint. STRIPS are excluded from the index because their inclusion would result in double-counting. DJ US Select REIT Index: Tracks the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. You cannot invest directly in an index.

Diversification is no guarantee of future results.

This strategy and mutual fund investing involves risk. Principal loss is possible. Investments in foreign securities involve greater volatility and political, economic, and currency risks, as well as differences in accounting methods. These risks are greater for emerging markets. Small-, medium-, and microcapitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies. Growth stocks typically are relatively more expensive than value stocks; however, value stocks have a lower expected growth rate in earnings and sales. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. The investment in options is not suitable for all investors. The risks of investments in derivatives include imperfect correlation between the value of these instruments and the underlying assets; risks of default by the other party to the derivative transactions; risks that the transactions may result in losses that partially or completely offset gains in portfolio positions; and risks that the derivative transactions may not be liquid. The Fund may engage in short sales of securities, which involve the risk that losses may exceed the original amount invested. A REIT's share price may decline because of adverse developments affecting the real estate industry, including changes in interest rates. The returns from REITs may trail returns from the overall market. Additionally, there is always a risk that a REIT will fail to qualify for favorable tax treatment. Unlike mutual funds, ETFs do not necessarily trade at the net asset values of their underlying securities, which means an ETF could potentially trade above or below the value of the underlying portfolios. Additionally, because ETFs trade like stocks on exchanges, they are subject to trading and commission costs, unlike open-end investment companies. High yield debt securities (also known as "junk bonds") that are rated below investment grade are subject to additional risk factors, such as increased possibility of default, illiquidity of the security, and changes in value based on public perception of the issuer. Such securities are generally considered speculative because they present a greater risk of loss, including default, than higher quality debt securities. Interest rates may go up, resulting in a decrease in the value of the securities held by the Fund. Credit risk is the risk that an issuer will not make timely payments of principal and interest.

Please refer to the **prospectus** *for important information about the investment company, including investment objectives, risks, charges, and expenses. You may also obtain a hard copy of the prospectus by calling 800-473-1155. The prospectus should be read carefully before you invest or send money.*

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