

FP Foresight Sustainable Real Estate Securities Fund

Fund Commentary

Foresight

29 February 2024

The Fund invests in developed markets listed real estate companies with structural tailwinds and that embed the Strategy's sustainable investment criteria. The Manager takes an active approach to investing in real estate companies which benefit from secular trends across environmental, demographic, social and economic factors. The Fund seeks to achieve a positive total return underpinned by a 4.00% dividend yield over a rolling 5 year period.

(3.92%) Monthly Performance	(8.92%) Total Return Since Inception ¹	£70.29m Fund Size at 29 February 2024	3.21% 12-Month Trailing Dividend
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Past performance is not a reliable indicator of future results. Target yield is not guaranteed.¹The Fund's inception date is 15 June 2020.

Market Update

- Inflation prints from major economies illustrated the sticky nature of prices, although CPI remains on track towards central bank targets. Central banks in the US, UK and EU reaffirmed the peak interest rates narrative, as they to continue to observe the lagged effect of current interest rate levels on the real economy.
- The Fund remains positioned in companies that continue to benefit from structural growth drivers, solid sustainability credentials and strong cashflow visibility.

Portfolio News

- The month closed off earnings for the year ending 2023. Divergence across sector level fundamental performance is appearing with companies accounting for the higher cost of debt and evolving consumer trends. Industrials, data centres and single-family residential sectors continue to exhibit strong earnings growth prospects with demand intact and supply relatively contained.
- Dream Industrial REIT ("DIR-U") delivered strong operating income driven by solid organic growth, low supply and higher rents, while highlighting the earnings growth opportunities from the under-rented potential portfolio. STAG Industrial ("STAG") also reported a strong set of results, evidencing continued pricing power for landlords servicing near and re-shoring industrial activity, while delivering margin efficiencies through cost management.
- The highlight of the month came from Segro's ("SGRO") upsized placing for over £900m which was oversubscribed and filled over-night. The additional equity will enable the Company to pursue development opportunities across its prized landbank and will include expanding its data centre footprint. The scale of the raise relative to equity raises in the UK REIT sector across 2023 illustrates strong investor appetite, a return of animal spirits and willingness from investors to back attractive and accretive growth opportunities.
- As anticipated, M&A activity has continued within the Fund and market, with Tritax Big Box ("BBOX") announcing a merger with UK Commercial Property REIT ("UKCM"), which may provide additional scale and liquidity. Shareholders also approved the Healthpeak ("PEAK") and Physicians Realty ("DOC") merger, which closed following period end. FCM welcome transaction activity, although remain vigilant and seek to engage with management teams and boards in the event the deal is perceived to be sub-optimal.

Portfolio Changes

- There were no significant portfolio changes to report during the month.

Source: Foresight Group, Company Reports, March 2024.



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Important Notice

The value of an investment in the Fund, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest. Past performance is not a reliable indicator of future results. We recommend investors seek professional advice before deciding to invest. Investors must read the Fund Prospectus ("Prospectus"), dated July 2023 and Key Investor Information Document ("KIID"), dated February 2024, before making an investment decision. The opportunity described in this document may not be suitable for all investors. Attention should be paid to the risk factors set out in the Prospectus. Words and expressions defined in the Prospectus shall have the same meaning in this Investor Factsheet. Foresight Group does not offer investment or tax advice. There are a number of other risks connected to an investment in the Fund, including (but not limited to) counterparty risk, liquidity risk and volatility. These risks are explained in the Fund Prospectus. This has been approved as a financial promotion for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Foresight Group LLP ("Foresight Group"). Foresight Group is authorised and regulated by the Financial Conduct Authority (FRN 198020). Its registered office is The Shard, London SE1 9SG. FundRock Partners Limited is the authorised corporate director of the Fund and Foresight Group is the investment manager. Unless stated otherwise any opinions expressed are those of Foresight Group and may change. They should not be viewed as indicating any guarantee of return from an investment managed by Foresight Group nor as personalised advice or recommendation of any nature. This document should not be taken as a recommendation or offer by anyone in any jurisdiction in which such an offer is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. Portfolio holdings are subject to change at any time without notice and information about specific securities should not be construed as a recommendation to buy or sell any securities. We respect your privacy and are committed to protecting your personal data. If you would like to find out more about the measures we take in processing your personal information, please refer to our privacy policy, which can be found at <http://www.foresightgroup.eu/privacy-cookies>. March 2024

