

AME Capital

**REAL ESTATE
SECURITIES FUNDS**

Summary Monthly Report

January 2008

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Investors should be aware that the value of and income in respect of any securities may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment.

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Introduction

Background

- Following on from our research reports and database outputs which cover all listed real estate companies globally, we have now introduced a similar suite of analytical tools which cover specialist real estate securities funds.
- The growth of this sector of the market over the last eighteen months means that there is now a significant universe of funds, with a sufficiently diverse number of mandates and investor interest, to justify a separate database and research product.

Scope and Methodology

- We have analysed the Funds by a number of criteria, specifically:
 - 1) **Mandate** – i.e Global, Global REIT, European, Asian, Australian, and US
 - 2) **Structure of Fund** – i.e. Unit Trust, SICAV, FCP, Investment Trust, ETF , Hedge Fund, Fund of Funds etc
 - 3) **Assets under Management** – shown in US\$m
 - 4) **Asset manager** – As well as the official fund management company, we have added a function to enable grouping of Funds by a common Fund Manager, e.g. ABN Amro, Fidelity, Hendersons, ING
 - 5) **Performance** – We use monthly, Quarterly (or YTD if applicable) and 12 month performance figures, as well as a 260 day volatility measure. We are likely to add other risk-adjusted measures such as Sharpe Ratios in future months.
 - 6) **Currency** – to ensure consistency we have enabled a sort function by the currency of the Fund

Content

- This report is a summary of the monthly research report, and includes screenshots of the monthly database that we send to subscribers, as well as the proprietary analytical tool that we use to produce the reports and use for our Funds Advisory mandates.
- As with our Global Property Securities products we would expect there to be a series of enhancements going forward.

Availability

- The complete monthly research report and monthly database is now available to subscribers.
- To become a subscriber please contact Alex Moss at alex.moss@amecapital.co.uk.

Summary Monthly Research Report – January 2008

Performance

- The weak property securities markets in Asia in January meant that the unweighted average returns for all mandates in our Universe of Funds are now negative on a monthly, quarterly and annual basis.
- The best performing mandate in January was the US (-0.1%). Over three months Europe is the best performing mandate (-12.7%). Over twelve months Asia is the best performer (-18%) and the US (-26%) the worst.
- What is interesting to note is the convergence of performance across mandates. For 2007 there was a difference of 24% between the best (Asia) and worst (European). For the 12 months to January 08 this has narrowed to 9% (Asian -18% to European -27%).

Table 1: Real Estate Securities Funds returns - January 2008

REAL ESTATE SECURITIES FUNDS

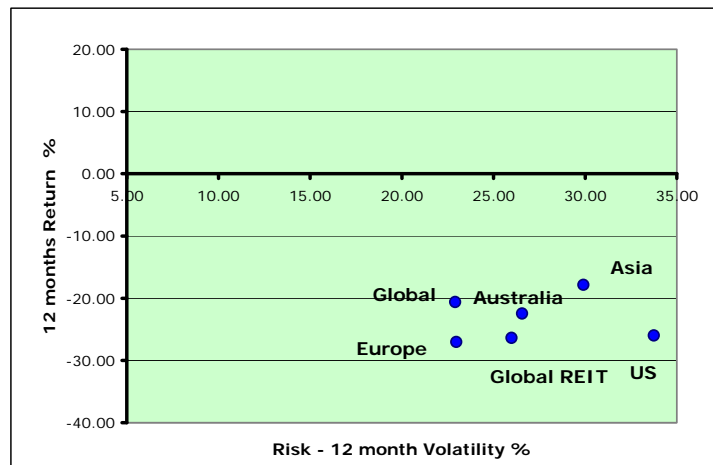
MANDATE	Monthly return for January %	3 Month Return %	12 month return to January %	Sharpe ratio 12 M	Average volatility 260 Day	2006 return %	Total AUM (US\$m)	Number of Funds	Median AUM (US\$m)
European	-2.59	-12.67	-27.02	-2.78	22.97	44.40	21,646	106	85
Asian	-11.83	-16.93	-17.84	-1.16	29.91	24.26	7,588	55	46
US	-0.10	-13.88	-25.99	-1.74	33.74	33.10	48,514	103	180
Australian	-12.70	-23.90	-22.45	-1.58	26.57	30.92	21,255	197	23
Global REIT	-8.13	-19.17	-26.36	-1.79	25.98	33.55	16,350	55	80
Global	-4.07	-14.95	-20.62	-2.02	22.92	33.89	42,566	166	67
TOTAL							157,920	682	
AVERAGE	-6.57	-16.92	-23.38	-1.84	27.02	33.35			80.17

Source: AME Capital / Bloomberg

Risk Return Profile by mandate

- Similarly, the decline in the returns for Asian and Australian mandates has led to a change in the shape of the efficient frontier of our Funds Universe over the last month, with the all mandates grouped far closer together than previously.

Chart 1: Risk/Return by mandate 12-Month returns January 2008



Source: AME Capital / Bloomberg

News

Fund launches

Laxey Partners is looking to launch a closed ended European real estate hedge fund, with a listing on the UK AIM market. The fund is to be called **Terra Catalyst**, and will utilise Laxey's background in activist investing.

Investors Group, of Canada, are launching their **Investors Global Real Estate Fund**. The sub-adviser is **LaSalle Investment Management**.

ETFs

PowerShares Capital Management, part of the **Invesco** group, has launched the PowerShares FTSE RAFI International real estate ex US portfolio. The index weighting is not based on free float, but fundamental factors such as book value, cash flow, sales and dividends.

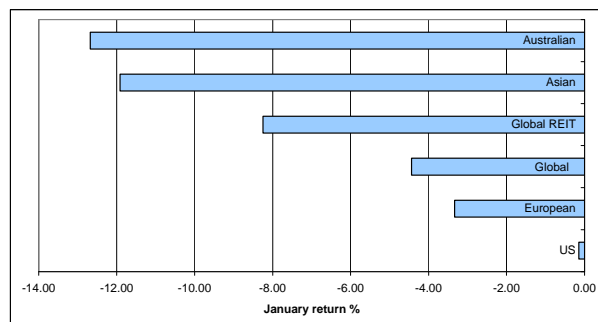
Mandates

Government of Singapore has committed US\$300m to **Rosen Real Estate Securities**, a US focused Hedge Fund.

Performance by mandate

Monthly Performance

Chart 2: Real Estate Securities Funds returns for January 2008



Source: AME Capital / Bloomberg

Best Performing Funds

January 2008

Table 2: Real Estate Securities Funds ranked by January 2008 return – All mandates

FUND NAME	ASSET MANAGER	Monthly return January %	Fund Manager	Mandate	Fund Currency	Bloomberg Ticker
COHEN & STEERS ADV INC REAL	Cohen & Steers Funds/Closed-en	28.33	JOSEPH M HARVEY	US	USD	RLF US Equity
COHEN & STEERS QUAL INC RLTY	Cohen & Steers Funds/Closed-en	21.07	ROBERT H STEERS	US	USD	RQI US Equity
COHEN & STEERS PREMIUM INC	Cohen & Steers Funds/Closed-en	21.07	LAWRENCE B STOLLER	US	USD	RPF US Equity
ISHARES DJ US HOME CONSTRUCT	iShares/USA	18.66		US	USD	ITB US Equity
SPDR S&P HOMEBUILDERS ETF	State Street ETF/USA	13.70	JAMES B MAY	US	USD	XHB US Equity
ING CLARION GL R/E INCOME FD	ING Clarion Funds/Closed-End/U	12.51	T RITSON FERGUSON	Global	USD	IGR US Equity
ING CLARION REAL ESTATE INCM	ING Clarion Funds/Closed-End/U	12.35	KENNETH WEINBERG	US	USD	IIA US Equity
NUVEEN REAL ESTATE INCOME FD	Nuveen Funds/Closed-end/USA	11.96	KEVIN W BEDELL	US	USD	JRS US Equity
COHEN & STEERS WORLDW REA IN	Cohen & Steers Funds/Closed-en	10.74		Global	USD	RWF US Equity
LMP REAL ESTATE INCOME FUND	Citi Fund Management Inc	10.69	MATTHEW A TROXELL	US	USD	RIT US Equity

Source: AME Capital / Bloomberg

Table 3: Leading Global Funds ranked by January 2008 return

FUND NAME	ASSET MANAGER	Monthly return January %	Fund Manager	Mandate	Fund Currency	Bloomberg Ticker
ING CLARION GL R/E INCOME FD	ING Clarion Funds/Closed-End/U	12.51	T RITSON FERGUSON	Global	USD	IGR US Equity
COHEN & STEERS WORLDW REA IN	Cohen & Steers Funds/Closed-en	10.74		Global	USD	RWF US Equity
MARRIOTT GLOBAL REAL ESTATE	Marriott Unit Trust Management	7.68	RUSSELL COLLISTER	Global	ZAR	MARGRES SJ Equity
STANLIB INTL PROPERTY FUND A	STANLIB Collective Investments	6.42		Global	ZAR	STINPRA SJ Equity
BG GESTION INMOBILIARIA G 2	Guipuzcoano SGIC SA/Spain	2.11		Global	EUR	GUBGGIG2 SM Equity
ING GLOBAL REAL ESTATE SECS	ING Real Estate Investment Man	2.11		Global	GBP	IGRE LN Equity
BG GESTION INMOBILIARIA G	Guipuzcoano SGIC SA/Spain	1.93		Global	EUR	BGGINMG SM Equity
AGF GL REAL ESTATE EQ CL-MF	AGF Funds Inc/Canada	1.34	STEVE W WAY	Global	CAD	AGFGREEQ CN Equity
FGIT GLOBAL ABS FUND-G	First Global Investment Trust	1.11		Global	TWD	FGGABSG TT Equity
CAIXA CATALU SECT INM	Caixa Catalunya Gestio SGIC S	0.89		Global	EUR	CAICASM SM Equity

Source: AME Capital / Bloomberg

Table 4: Leading European Funds ranked by January 2008 return

FUND NAME	ASSET MANAGER	Monthly return January %	Fund Manager	Mandate	Fund Currency	Bloomberg Ticker
TR PROPERTY INVESTMENT TRUST	Thames River Capital UK Ltd/Un	6.65	CHRIS M TURNER	European	GBP	TRY LN Equity
COHEN & STEERS EURO REALTY-A	Cohen & Steers Fund Group/USA	4.02	MARTIN COHEN	European	USD	EURAX US Equity
TR PRPTY INVESTMENT-SIGMA	Thames River Capital UK Ltd/Un	3.07	CHRIS M TURNER	European	GBP	TRY LN Equity
BALZAC REAL EST EUROPE INDEX	State Street Global Advisors S	1.75	ANNE SCHWARTZ	European	EUR	BALREEI FP Equity
SGAM INDEX FD-EPRA EUROPE-IE	SGAM Index Fund/Luxembourg	0.85		European	EUR	SGEPRAI LX Equity
STRATEGO GRUND	Landesbank Berlin Investment G	0.53		European	EUR	STRAGRU GR Equity
BBVA IMOBILIARIO - FEI	BBVA GEST SGFIM SA/Portugal	0.53		European	EUR	BBVAIMB PL Equity
SEB EUROPEAN PROPERTY FD I-A	Gyllenberg Rahastoyhtio Oy/Fin	0.37		European	EUR	SEBEPIA FH Equity
SGAM INVEST SECTR IMMOBILR-C	Societe Generale Asset Managem	0.29		European	EUR	SOGESIM FP Equity
SGAM INVEST SECTR IMMOBILR-D	Societe Generale Asset Managem	0.27		European	EUR	CONVERT FP Equity

Source: AME Capital / Bloomberg

Performance Analysis by Assets Under Management

- As part of our ongoing analysis we analyse performance by size of Fund, looking at the impact on both returns and volatility. In January there was an out performance by the larger Funds, although over 12 months this is also accompanied by an increased volatility.

Table 5: Global funds grouped by size and return

Global Funds: AUM / January return%

	< \$100m	\$100m-\$300m	\$300m-\$1bn	> \$1bn
No. of Funds	98	31	26	10
Average January return %	-4.68	-4.14	-4.62	-2.51

Table 6: Global Funds grouped by size and return

Global Funds: AUM / 3 Month Return

	< \$100m	\$100m-\$300m	\$300m-\$1bn	> \$1bn
No. of Funds	98	31	26	10
Average 3 Month Return %	-15.06	-15.19	-16.07	-15.14

Table 7: Global Funds grouped by size and return

Global Funds: AUM /12 Month return%

	< \$100m	\$100m-\$300m	\$300m-\$1bn	> \$1bn
No. of Funds	98	31	26	10
Average 12 month return %	-21.20	-20.96	-19.23	-21.71

Table 8: Global Funds grouped by size and volatility

Global Funds: AUM / Volatility %

	< \$100m	\$100m-\$300m	\$300m-\$1bn	> \$1bn
No. of Funds	98	31	26	10
Volatility %	22.15	22.76	22.58	26.87

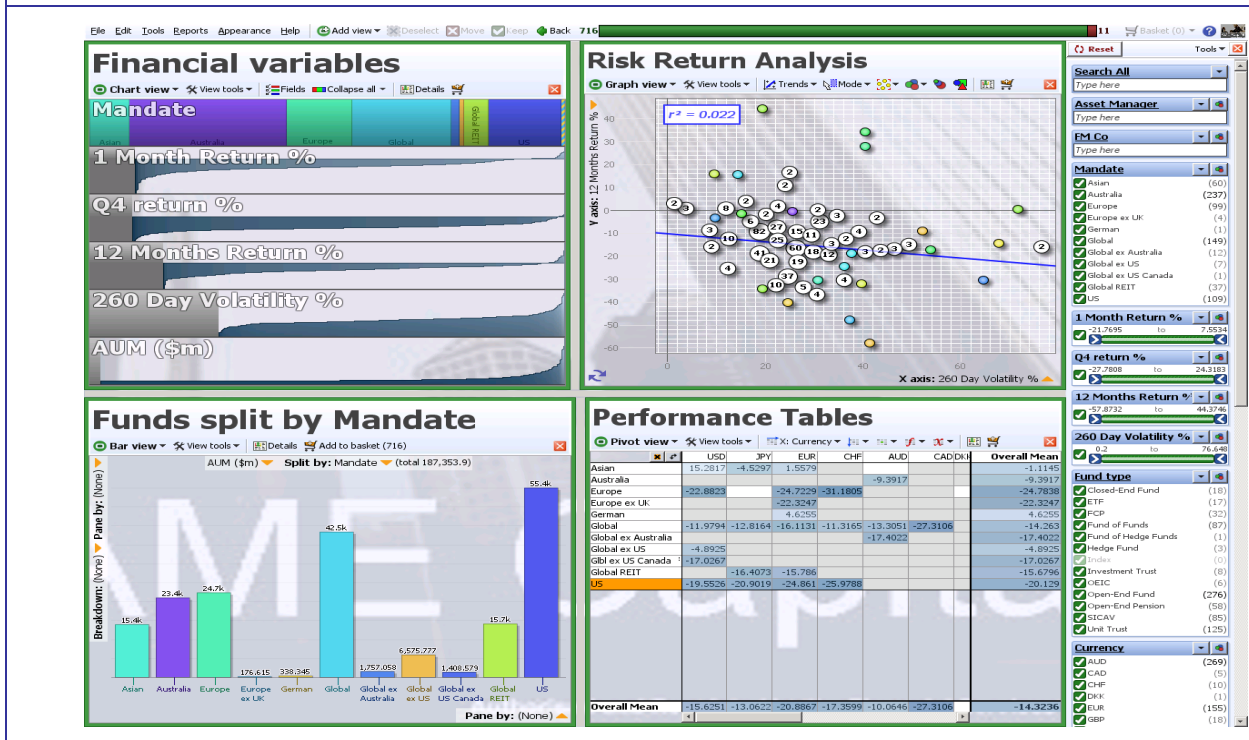
Sample Outputs

Table 9 : AME Capital Real Estate Securities Funds Database Jan 2008

Period ending		Jan 08		Source: AME Capital/Bloomberg			
AME Capital Ltd		Real Estate Securities Funds Database					
Bloomberg Ticker	FUND	ASSET MANAGER	MANDATE	1 month return %	3 month return	12 months return %	
RLF US Equity	COHEN & STEERS ADV INC REAL	Cohen & Steers Funds/Closed-en	US	28.33	4.73	-17.47	
RQI US Equity	COHEN & STEERS QUAL INC RLTY	Cohen & Steers Funds/Closed-en	US	21.07	-10.82	-21.27	
RPF US Equity	COHEN & STEERS PREMIUM INC	Cohen & Steers Funds/Closed-en	US	21.07	-0.65	-23.83	
ITB US Equity	ISHARES DJ US HOME CONSTRUCT	iShares/USA	US	18.66	0.69	-50.35	
XHB US Equity	SPDR S&P HOMEBUILDERS ETF	State Street ETF/USA	US	13.70	-0.36	-41.81	
IGR US Equity	ING CLARION GL R/E INCOME FD	ING Clarion Funds/Closed-End/U	Global	12.51	-9.47	-22.14	
IIA US Equity	ING CLARION REAL ESTATE INCM	ING Clarion Funds/Closed-End/U	US	12.35	-12.10	-25.94	
JRS US Equity	NUVEEN REAL ESTATE INCOME FD	Nuveen Funds/Closed-end/USA	US	11.96	-18.20	-34.96	
RWF US Equity	COHEN & STEERS WORLDW REAL IN	Cohen & Steers Funds/Closed-en	Global	10.74	-7.68	-23.90	
RIT US Equity	LMP REAL ESTATE INCOME FUND	Citi Fund Management Inc	US	10.69	-14.26	-23.54	
RFI US Equity	COHEN & STEERS TOT RET RLTY	Cohen & Steers Funds/Closed-en	US	8.90	-3.28	-19.33	
MARGRES SJ Equity	MARRIOTT GLOBAL REAL ESTATE	Marriott Unit Trust Management	Global	7.68	-1.61	-18.54	
REM US Equity	ISHARES FTSE NAREIT MORTGAGE	iShares/USA	US	7.60	9.41	n/a	
KIFAX US Equity	KENSINGTON SELECT INCOME-A	Kensington Funds/USA	US	7.04	-7.34	-19.93	
TRY LN Equity	TR PROPERTY INVESTMENT TRUST	Thames River Capital UK Ltd/Un	European	6.65	-3.53	-23.12	
STINPRA SJ Equity	STANLIB INTL PROPERTY FUND A	STANLIB Collective Investments	Global	6.42	-3.85	-15.89	
NRO US Equity	NEUBERGER BERMAN REAL ESTATE	Neuberger Berman Funds/Closed-en	US	5.01	-8.08	-24.34	
REZ US Equity	ISHARES FTSE NAREIT RESIDENT	iShares/USA	US	4.80	-12.45	n/a	
EURAX US Equity	COHEN & STEERS EURO REALTY-A	Cohen & Steers Fund Group/USA	European	4.02	-10.64	n/a	
NRJ US Equity	NEUBERGER BERMAN REALTY INC	Neuberger Berman Funds/USA	US	3.78	-8.61	-24.09	
TRY LN Equity	TR PRPTY INVESTMENT-SIGMA	Thames River Capital UK Ltd/Un	European	3.07	-8.94	n/a	
STMDX US Equity	STRATTON MONTHLY DIVIDEND	Stratton Funds/USA	US	2.30	-9.68	-18.10	
GUBGGIG2 SM Equity	BG GESTION INMOBILIARIA G 2	Guipuzcoano SGIIIC SA/Spain	Global	2.11	-2.21	-14.75	
IGRE LN Equity	ING GLOBAL REAL ESTATE SECS	ING Real Estate Investment Man	Global	2.11	-12.67	-23.62	
BGGINMG SM Equity	BG GESTION INMOBILIARIA G	Guipuzcoano SGIIIC SA/Spain	Global	1.93	-2.50	-15.10	
URTLX US Equity	JP MORGAN REALTY INCOME-IN	Undiscovered Managers Funds/US	US	1.86	-12.15	-18.75	
BALREEI FP Equity	BALZAC REAL EST EUROPE INDEX	State Street Global Advisors S	European	1.75	-12.38	-31.26	

Source: AME Capital / Bloomberg

Chart 3: AME Capital Fund Advisory Database



Source: AME Capital / Bloomberg

Disclaimer

- Caution should be exercised when making specific direct comparisons between Funds however, as there are a number of structural differences between the Funds we monitor which will affect their performance. In particular: Closed-end and open-ended status, Size, Return mandate, i.e. Income vs. total return, Level of gearing, Different geographic mandates, Level of benchmarking, Benchmark used, Currency, Investment Exposure i.e. certain Funds invest in direct property, debt instruments etc
- In March and December 2007 we produced papers on Global Property Securities Funds with Fraser Hughes of EPRA. Copies of this report are available at the EPRA website www.epra.com , the AME Capital Bloomberg page – AMEP (3) <Go>, and the AME Capital website www.amecapital.co.uk
- For details of our Property Securities Funds Performance service please contact:

Alex Moss - alex.moss@amecapital.co.uk

Notes regarding calculations in this document

- * *Note1: All Fund returns quoted in this document are total returns expressed in local currency.*
- * *Note2: Return numbers have been taken as at 31st January 2008*
- **Note3: Return numbers are sourced from Bloomberg*