QUARTERLY LETTER – Q1.2025

Dear LDR Real Estate Value-Opportunity Investor:

Executive Summary

- *Exposure to technology and necessity-based shopping center sub-sectors hindered Q1.2025 Fund returns*
- *We believe recent market volatility provides an excellent investment opportunity for shareholders*
- *We believe the Fund's strategic focus in technology, healthcare, rental housing and necessity-based shopping center sectors should drive outsized growth in dividend income and total returns*
- *Early Q2 volatility provides good opportunities to invest in quality real estate at discounted valuation*

Market Review

REIT equities showed a mixed but improving performance in Q1.2025 amidst a changing economic and political landscape. The group started the year with a 1.03% gain in January and a solid 4.16% gain in February, only to fall by -2.36% along with the broader market in March, thereby bringing year-to-date returns to 2.75%.

Key drivers to performance for the REIT equities overall in Q1 was a combination of falling interest rates and stable fundamental earnings. That said, significant performance dispersion occurred within REIT property sectors during the quarter, which we will discuss in more detail in the next section.

Performance Review

The LDR Value-Opportunity Fund (Class I) was down -4.48% in Q1.2025, and up 8.58% over the last 12 months (LTM). In comparison, the FTSE NAREIT All Equity REITs Total Return Index was up 2.75% in Q1 and up 9.23% LTM, and the Morningstar Real Estate Sector Index was up 3.37% in Q1 and up 9.34% LTM.

Performance March 31, 2025	Total Return Q1.25	Total Return 1-Year	Annualized 3-Year Return	Annualized 5-Year Return	Annualized 10-Year Return
LDR Capital Management Real Estate Value-Opportunity Fund Class I	-4.48%	8.58%	-1.76%	14.23%	3.79%
LDR Capital Management Real Estate Value-Opportunity Fund Class P	-4.62%	8.02%	-2.06%	13.91%	3.51%
FTSE NAREIT All Equity REITS Total Return Index	2.75%	9.23%	-1.66%	9.55%	5.70%
Morningstar Real Estate Sector Total Return Index	3.37%	9.34%	-1.24%	9.73%	5.02%

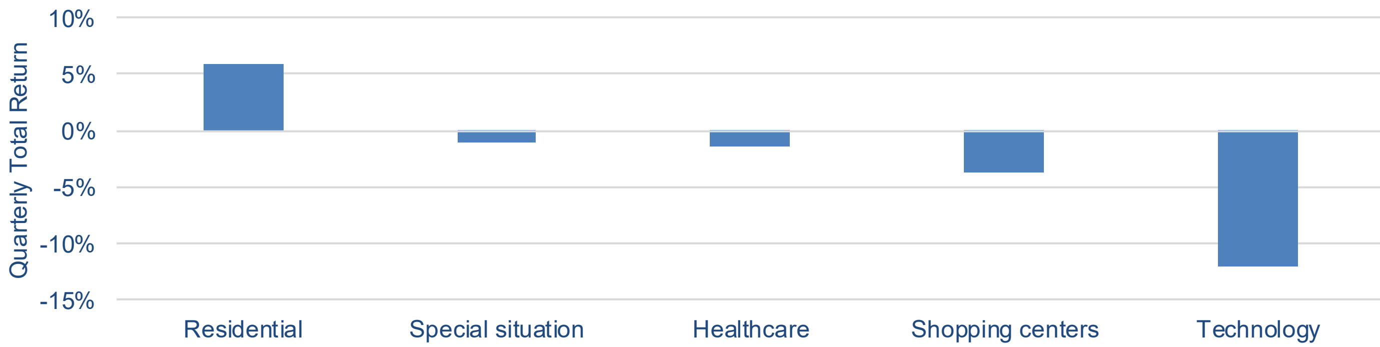
Source: Bloomberg, LDR Capital Management as of 3/31/2025

*LDR Capital Management fund results are **net of expenses and fees** and reflect the reinvestment of dividends and capital gains. Index returns are reported **before expenses and fees** and also reflect the reinvestment of dividends and capital gains. **The performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance, please call 800-527-9525.** See Page 6 for additional information and footnotes.*

First quarter performance in the Fund lagged REIT indexes due to a strategic allocation to both the tech and shopping center real estate sectors. For the Fund, residential property REITs were up +5.9% on average, while special situation, healthcare, shopping center, and technology property sectors were down -1.0%, -1.4%, -3.7% and -12.1%, respectively.

While a tremendous growth area over the intermediate and longer term, technology-related shares were hit in Q1 after the introduction of DeepSeek to the marketplace and its uncertain implications on future demand for chips and data center usage. Necessity-based shopping center shares have lagged, in our view, for non-fundamental reasons. The community center sector has seen little new construction, leasing trends are tight, and landlords faced with store closures are seeing multiple new tenancy options. In either event, adverse price performance in these two areas hurt Q1 Fund performance.

Fund Quarterly Returns by Sector



Source: LDR Capital Management as of 3/31/2025

Fund Attribution Analysis

Top Five Positions	Q1.2025 Return	Bottom Five Positions	Q1.2025 Return
American Tower Corp	+19%	Kite Realty Group	-10%
Elme Communities	+15%	Kennedy-Wilson Holdings	-12%
Starwood Property Trust	+7%	Equinix Inc	-13%
Rithm Capital Corp Series C Pfd	+4%	Digital Realty Trust	-19%
Veris Residential	+2%	Vertiv Holdings	-35%

Market Expectations

Tariffs and their implications on REITs. A rapid increase in global tariffs has potential far-reaching impact across all U.S. industries, including commercial real estate. While REIT earnings are typically relatively stable due to longer-term leases, a slowing economy could still lead to downward earnings revisions. That said, we expect any deceleration in earnings to be less severe than that of the broader equity market. Property sectors more resilient to a slowdown in global trade in our view include residential housing, data centers, medical offices and healthcare, self-storage, and necessity-based retail. Sectors more exposed to tariff issues in our view include discretionary retail, office and industrial.

Earnings growth in 2025 and 2026. J.P. Morgan expectations now call for REIT sector same-property cash flows to increase by 3.2% in 2025, slightly lower than the 3.5% same-property growth generated in 2024. Further, J.P. Morgan expects every major property sector to experience positive same-property growth in 2025. 2025 earnings, however, are expected to get hit by a slow transactions environment and higher interest expenses, as many companies refinanced their debt stack in 2024 ($48.1 billion of new debt issuance in 2024) at higher rates. Once the offset to higher interest rates plays through income statements, expectations call for higher levels of earnings growth in 2026. Specifically, earnings per share growth is expected to come in about flat year-over-year for 2025, but accelerate to +5% in 2026.

Capital access and transactions activity for REITs. REITs raised $84.4 billion of capital in 2024 and now carry solid balance sheets, on average. As of year end, we calculate that average industry-wide leverage levels stood at just 32% of average enterprise values. Looking ahead, we believe that most REITs have access to the capital markets, including new equity, preferred and debt capital. REITs appear poised to grow through private asset acquisitions with both access to capital and a cost of capital providing accretive returns on capital. As such, we expect greater volumes of transactions in second half 2025 and into 2026 for REITs, thereby adding a layer to growth in the industry over the next two years.

Continued drop in new commercial real estate supply. One positive byproduct of the higher interest rate, inflationary conditions – and generally uncertain political climate – is a slowdown in commercial real estate supply. Developers have experienced higher costs of capital and higher costs of raw materials. As such, forward commercial real estate starts are declining and should be down for the foreseeable future. Specifically, according to AIA Consensus Construction Forecast, construction spending is expected to be grow 2-3% in 2025/26, down from prior years. This level of overall new supply should provide a foundation for stable operating fundamentals for public REITs.

What about the office sector? Dare we say it? Could the dreaded office market begin to see a pivot to the positive? In certain cases, we believe it has already happened – but not for the entirety of the asset class. According to data from JLL, occupancy across U.S. offices declined by 8.1 million square feet in the first quarter to 78% (in part driven by federal lease terminations). But despite this, leasing activity remained high at 50.4 million square feet. A healthy pace of leasing is creating tightness in select metropolitan submarkets in New York, Miami, Los Angeles, Boston and Chicago. However, more commodity-driven markets are still exhibiting weakness, and are situated on the wrong side of a supply vs. demand equation. As such, we see a continued dispersion of performance in the office market, with Class A and dense office markets performing well while aged assets in diffuse markets experiencing continued challenges. Overall, the office market represents 4% of REIT industry market capitalization, but garners close to 100% of headlines. At a minimum, the above trend should gradually reduce the negative psychological and quantitative drag on the overall REIT market, in our view.

Portfolio Positioning

The LDR Real Estate Value-Opportunity Fund is strategically positioned to take advantage of selected powerful property trends. Further, this Fund continues to be positioned well outside the parameters of the REIT Indexes and ETFs.

From a product perspective, the Fund holds 87.8% of net asset value (NAV) in concentrated real estate equity positions, 8.8% in select high yielding real estate preferred issues, and the remaining 3.4% in cash. This Fund is not currently leveraged. We describe each allocation of capital below. The portfolio positioning is concentrated with 17 equity positions and 5 REIT preferred issues. The equity component of the Fund was down -4.3% for the quarter and was up 12.0% over the last 12 months. The preferred component was up 1.2% for the quarter and was up 20.0% over the last 12 months.

Equity Positioning. The Fund's common equity investments are concentrated in four major thematic property segments: technology, residential, shopping centers, and health care. The Fund also hold a series of special situations positions.

- *Technology* (20.0% of NAV): The demand to train AI models and store digital data is and should continue to increase at a rapid pace. Service users and cloud providers have said that the supply of physical data center space is only adequate to meet current demand. We thus see growth in demand for both existing technology-driven real estate space and well as growth in demand for future development. Accordingly, the Fund has allocated 20.0% of NAV to this property sector.
- *Residential* (16.9% of NAV): The United States is under-housed and in need of affordable housing. As well, it has been reported that it is cheaper to rent an apartment than to buy a house in as many as 90% of metropolitan markets across the country. All this suggests a tremendous opportunity for this Fund to take advantage of powerful trends and capital formation in the all-important U.S. housing market. Accordingly, the Fund has allocated 16.9% of NAV to this property sector.
- *Shopping centers* (15.8% of NAV): Necessity-based community centers have exhibited one of the most stable set of fundamentals over the past few years within commercial real estate. Operators report record leasing, and tenants report a lack of new supply. In turn, the shopping center market has been producing 92+% occupancy rates and stable 3-4% operating income growth. Private equity has taken notice and has begun to allocate capital this way via increased property transactions and a public company privatization. We expect more to come and, as such, have allocated 15.8% of Fund NAV to this property sector.
- *Healthcare (10.4% of NAV):* The aging of the U.S. population is an ongoing powerful demographic trend. Along with a "recovery" trend from COVID-19 related issues, the healthcare property segment is poised for a multiyear cyclical recovery as well as a longer-term secular growth opportunity. For those reasons the Fund allocated 10.4% of NAV to this property sector.
- *Special situations (15.8% of NAV):* We are always on the lookout for interesting discrete equity securities that have the potential to produce attractive risk-adjusted returns. At present, 5 equity securities fit that bill, representing *15.8%* of Fund NAV.

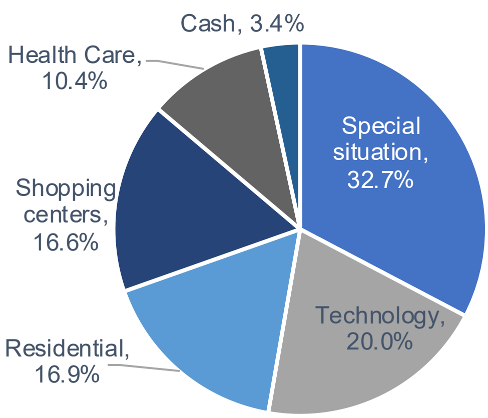
The Fund's preferred positions represent 8.8% of NAV. These issues now generate an average yield on invested capital (as defined by current dividend distribution divided by the closing price of each underlying security) of 9.4%, and provide the Fund an opportunity to increase portfolio cash flow with the potential for continued repricing upside.

Given the depressed valuations now present in both the public and private real estate markets, the Fund's cash position (now at 3.4% of NAV) will remain low.

Top Holdings as of March 31, 2025 [1]

LDR Real Estate Value-Opportunity Fund		FTSE NAREIT All Equity REITS Total Return Index	
Equinix	6.4%	Prologis	7.6%
Community Healthcare Trust	6.0%	American Tower Corporation	7.5%
Digital Realty Trust	5.5%	Welltower	6.9%
Starwood Property Trust	5.5%	Equinix	5.8%
CTO Realty Growth	5.5%	Simon Property Group	4.0%
Portfolio Top 5	28.8%	Index Top 5	31.7%
Portfolio REIT Preferreds	8.8%	Index REIT Preferreds	0.0%
Portfolio Cash	3.4%	Index Cash	0.0%

Portfolio Breakdown by Sector



Expense Ratios	
Share Class	**Gross Fee**
Class I: HLRRX	2.40%
Class P: HLPPX	2.77%
Class Z: HLZZX	2.32%

As always, thank you for your continued interest and support.

Sincerely,

Larry Raiman
Managing Principal

[1] *It should not be assumed that investment decisions identified will be profitable. References provided nay not be representative of investments that will be made in the future.*

Footnotes and Other Important Disclosures

This newsletter is a publication of LDR Capital Management. The letter contains certain forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties which may cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by these forward-looking statements or projections. The letter should not be regarded as a complete analysis of the subjects discussed. All expressions of opinion reflect the judgment of the authors as of the date of publication and are subject to change.

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Index Definitions:

FTSE NAREIT All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs.

Morningstar Real Estate Sector Index measures the performance of mortgage companies, property management companies, and REITs in the United States.

It is not possible to invest directly in an index. Any indices and other financial benchmarks shown are provided for illustrative purposes only and are unmanaged. Investors cannot invest directly in an index.

Risks:

Mutual Funds and ETFs investing involves risk. Principal loss is possible.

REIT Risk. REITs are pooled investment vehicles which include equity REITs and mortgage REITs. The fund is subject to risks similar to those associated with the direct ownership of real estate, including changing economic conditions, declining real estate values, liquidity, and interest rate risk.

Leverage Risk. The Fund may use leverage in executing its investment strategy. Leverage will increase the volatility of the Fund's performance and its risk. There can be no assurance that leveraging strategy will be successful.

Short Sales Risk. The Fund may engage in short sales of securities and index funds in executing its investment strategy. Such practices can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. Short sales may involve substantial risk and leverage.

Investors should consider the investment objectives, risks, charges, and expenses carefully before investing. Investments must be proceeded or accompanied by a prospectus. For a prospectus with this and other information about the fund, please call 800-527-9525 or visit the Fund's website at www.ldrfunds.com. Please read the prospectus carefully before investing.

Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Dividends are not guaranteed and may fluctuate.

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