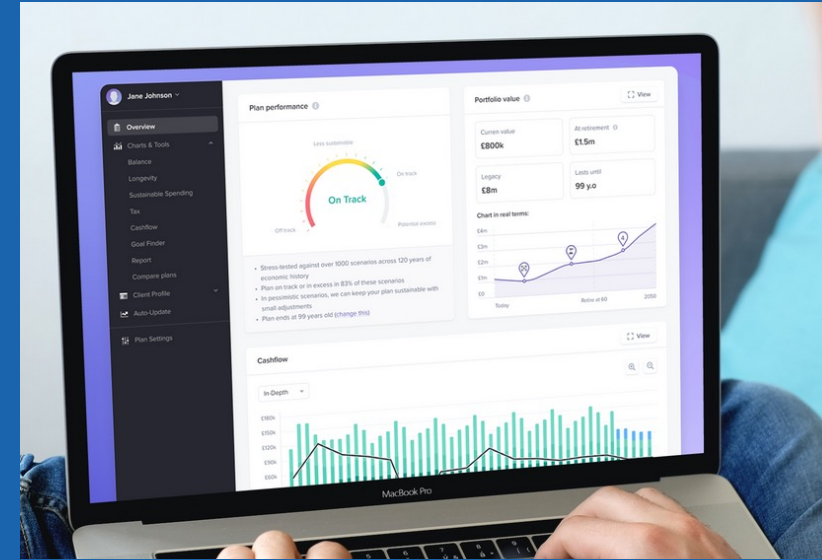




Portfolio Asset Allocation

August 2023

Laurentius van den Worm
Investment Strategist - Timeline



Why is asset allocation important in portfolio construction?

- Asset Allocation is the most significant driver of returns
- Efficient risk management tool



What is an Asset Class?

a group of financial instruments that have similar financial characteristics and behave similarly in the marketplace



Characteristics of an Asset Class?

Assets within an asset class should be relatively homogeneous

Asset classes should be mutually exclusive

Asset classes should be diversified

Different Asset Classes

Equities

Bonds

Property

Private Assets

Hedge Funds???

Do asset classes really diversify portfolio risks?

**Equity Market
Risk**

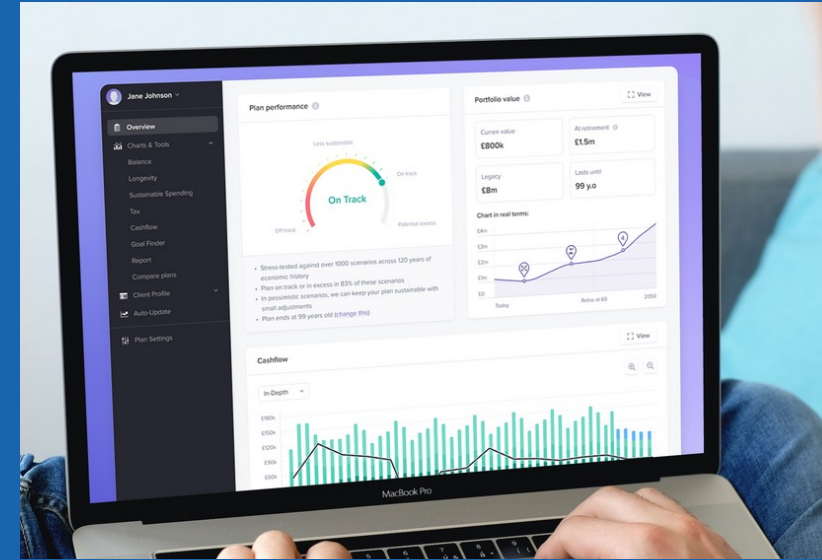
**Shortfall
Risk**

**Idiosyncratic
Risk**

**Liquidity
Risk**



Real Estate as an Asset Class



Why Real Estate is so Important?

- The largest asset class in the world (>USD 280 trillion)
- More than all worldwide stocks and securitised debt combined
- Largest store of wealth at three and a half times the total global GDP



Gaining exposure to Real Estate

Direct Holdings

Pros Greater control

Potential for higher returns

Cons High capital requirements

Concentrated Risks

Collective schemes Invested in Direct Property

Pros Diversification

Professional management

Cons Limited control

Liquidity constraints

Companies engaged in Real Estate Activities

Pros Professional expertise

Diversification

Cons Market and operational risks

Reliance on management

Real Estate Investment Trusts

Pros Diversification

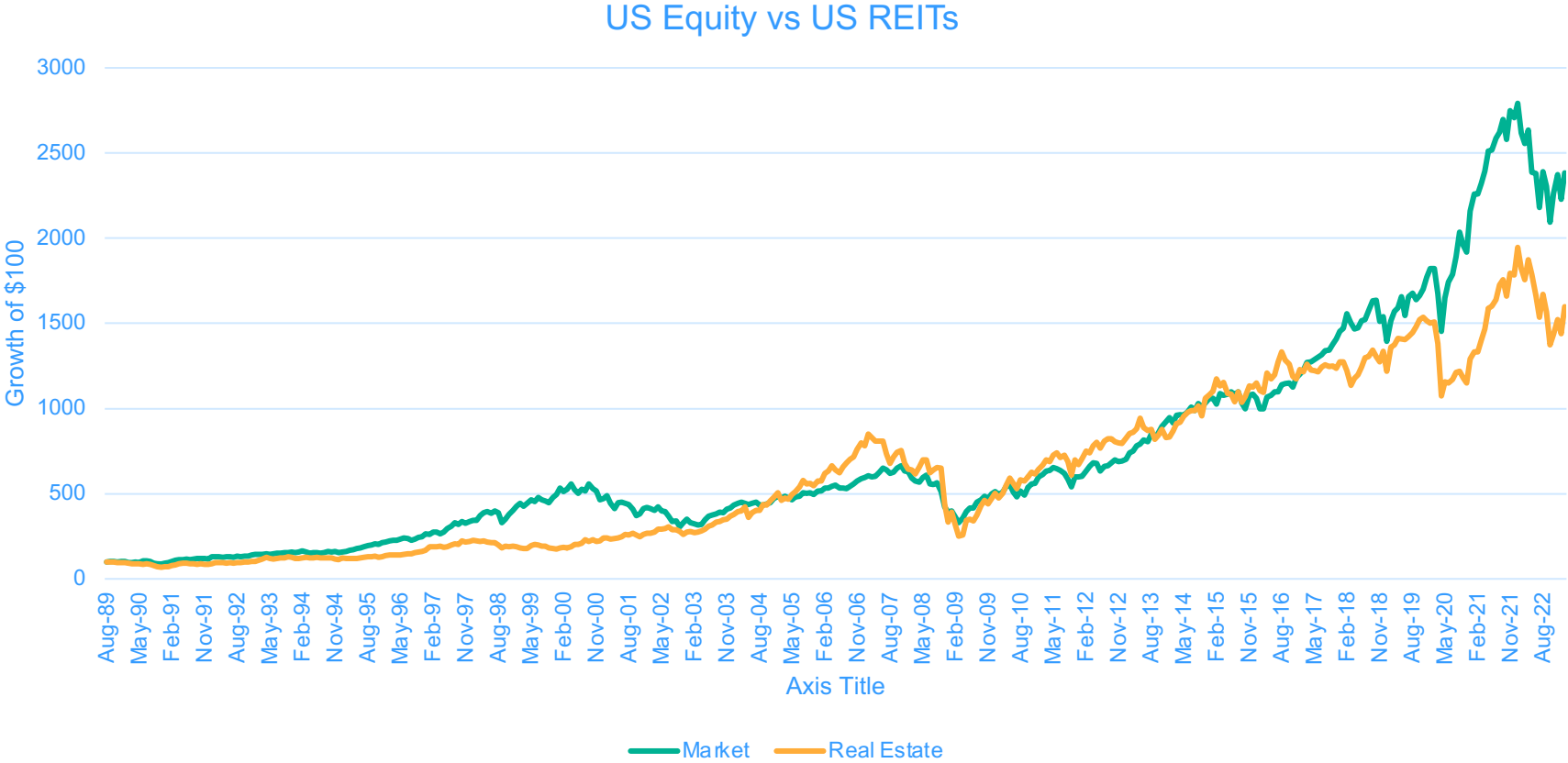
Regular income potential

Cons Lack of control

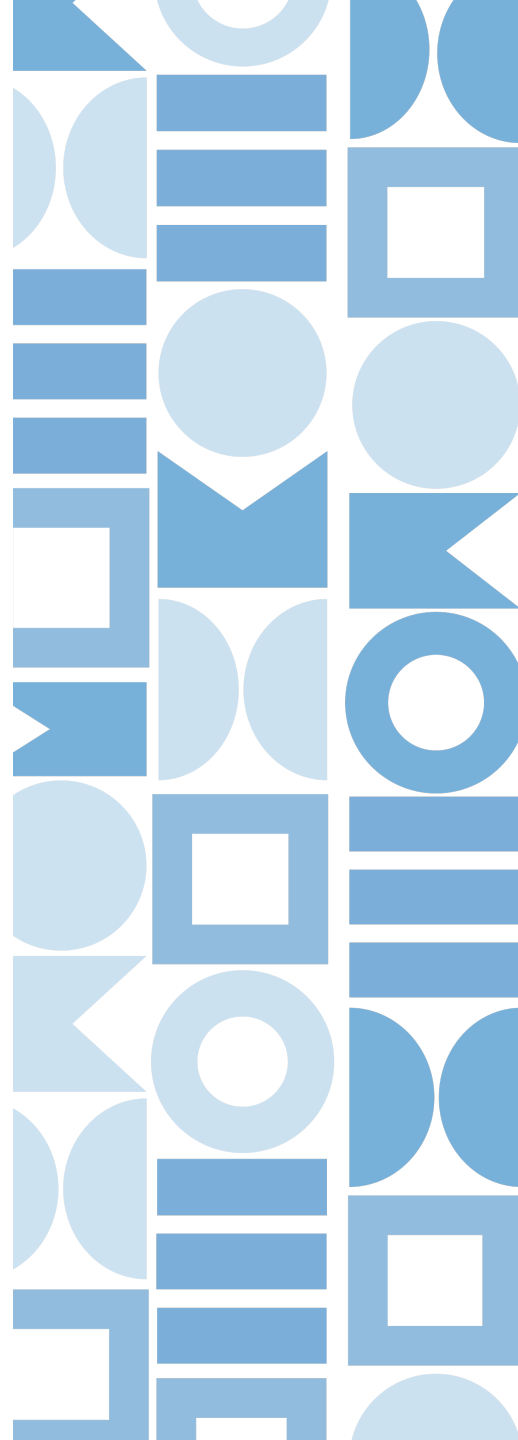
Market and interest rate risks



REITs vs Equities



Performance data shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The 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. Average annual total returns include reinvestment of dividends and capital gains. To obtain performance data current to the most recent month-end access our website at us.dimensional.com. See Standardized Performance Data and Disclosures. Performance for periods greater than one year are annualized unless specified otherwise. Selection of funds, indices and time periods presented chosen by advisor. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. This report and the information contained herein are subject to the terms of the End User License Agreement for Returns Program.



REITs vs Equities

Periodic Performance

Monthly: 8/1/1989 - 2/28/2023

Rates of Return (%)

	YTD	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Report Date Range	Since First Full Month	St.Dev Since First Full Month	First Full Month	Currency
Dow Jones U.S. Select REIT Index	5.51	-4.93	-0.01	-3.01	-13.43	3.25	6.02	5.87	8.44	11.10	18.62	1/1978	USD
S&P United States REIT Index (gross div.)	5.33	-4.77	-0.08	-2.60	-11.60	4.20	7.36	6.40	8.94	8.94	18.96	8/1989	USD
Russell 3000 Index	4.39	-2.34	-1.72	1.51	-8.07	11.79	9.42	11.87	9.80	11.65	15.61	1/1979	USD
Russell 1000 Index	4.17	-2.38	-1.89	1.37	-8.21	11.92	9.68	12.09	9.90	11.72	15.46	1/1979	USD
Russell 2000 Index	7.89	-1.69	0.89	3.63	-6.02	10.08	6.01	9.06	8.91	10.98	19.78	1/1979	USD
Dimensional US Small Cap Value Index	7.53	-1.79	0.92	9.36	2.21	22.33	10.05	11.47	13.12	13.28	28.24	6/1927	USD



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REITs vs Equities

Fama/French five-factor regressions of monthly US REITs index returns on factor returns

Independent variable	Dow Jones U.S. Select REIT Index	S&P United States REIT Index
Intercept (alpha)	-0.11	-0.09
t-stat	-0.53	-0.43
RM – RF (Market Premium)	0.77	0.79
SMB (Size)	0.43	0.39
HML (Value)	0.44	0.39
RMW (Profitability)	0.27	0.29
CMA (Investment)	0.01	0.04
R ² (adj.)	47.9%	48.5%



REITs vs Equities

Style Exposure



Global REITs	Value	Blend	Growth	Global Equities	Value	Blend	Growth
Large	LargeValue 9.3%	LargeBlend 9.7%	LargeGrowth 14.5%	Large	LargeValue 20.9%	LargeBlend 31.4%	LargeGrowth 32.4%
Medium	MidValue 13.1%	MidBlend 34.9%	MidGrowth 3.8%	Medium	MidValue 5.1%	MidBlend 7.0%	MidGrowth 3.0%
Small	SmallValue 4.5%	SmallBlend 8.0%	SmallGrowth 2.2%	Small	SmallValue 0.1%	SmallBlend 0.0%	SmallGrowth 0.0%

Equities Style matched	Value	Blend	Growth
Large	LargeValue 9.5%	LargeBlend 12.4%	LargeGrowth 12.3%
Medium	MidValue 16.7%	MidBlend 27.2%	MidGrowth 12.8%
Small	SmallValue 4.3%	SmallBlend 4.0%	SmallGrowth 0.7%

REITs vs Equities

Sector Correlations



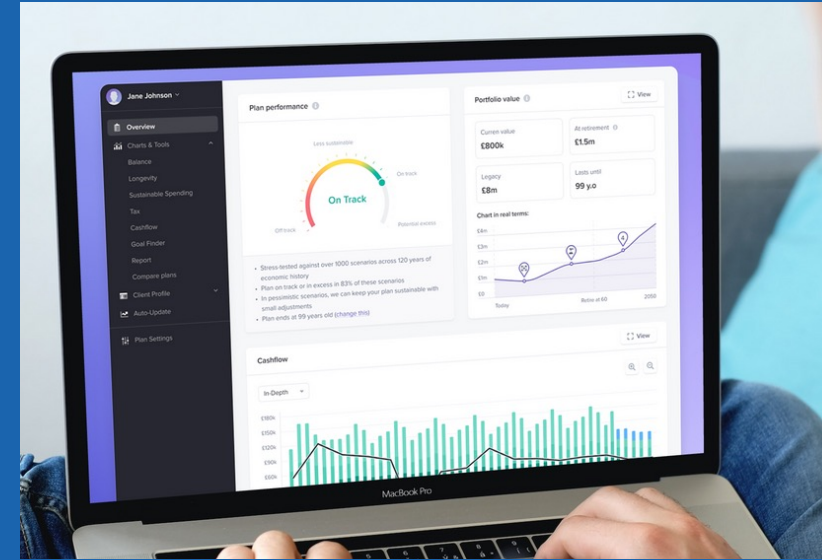
	Global Equities	Materials	Industrials	Real Estate Investment Trusts	Utilities	Consumer Services	Energy	Financials	Health Care	IT and Communication Services
Global Equities	1	0.81	0.95	0.73	0.59	0.73	0.64	0.83	0.72	0.89
Materials	0.81	1	0.8	0.51	0.42	0.49	0.65	0.71	0.49	0.65
Industrials	0.95	0.8	1	0.65	0.51	0.69	0.63	0.83	0.65	0.83
Real Estate Investment Trusts	0.73	0.51	0.65	1	0.78	0.52	0.37	0.54	0.63	0.59
Utilities	0.59	0.42	0.51	0.78	1	0.35	0.3	0.37	0.54	0.44
Consumer Services	0.73	0.49	0.69	0.52	0.35	1	0.28	0.49	0.54	0.73
Energy	0.64	0.65	0.63	0.37	0.3	0.28	1	0.72	0.29	0.4
Financials	0.83	0.71	0.83	0.54	0.37	0.49	0.72	1	0.44	0.6
Health Care	0.72	0.49	0.65	0.63	0.54	0.54	0.29	0.44	1	0.6
IT and Communication Services	0.89	0.65	0.83	0.59	0.44	0.73	0.4	0.6	0.6	1



Thank You!

August 2023

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