Clearance
Camino Fund

Monthly investor update - December 2024

The Clearance Camino Fund invests in real estate investment trusts (“REITs”) and other publicly traded real estate companies in Europe. The investment portfolio is diversified and the Fund adheres to a conservative investment strategy, with a strict investment and risk management process. The Fund targets real estate companies with high quality assets, an appropriate and sustainable capital structure and good management. The Fund invests with a medium to long-term objective in real estate companies of all sizes, but adheres to strict liquidity requirements to ensure the investment portfolio remains liquid at all times. There is no leverage at the Fund level. The Investment Manager is Clearance Capital Limited.

December 2024 (1)	**-5.2%**
Year to date (1)	**-3.1%**
Last twelve months (1)	**-3.1%**
Two years annualised (1)	**+8.1%**
Five years annualised (1)	**-2.3%**
Since inception (2)	**+7.3%**

See back of the report for returns of the EUR, GBP and USD shares in all fee classes.

(1) Euro Class B share.
(2) Euro Class A share until 31 January 2018 and the Euro Class B share thereafter.

Visit the fund on The International Stock Exchange web site:

http://www.tisegroup.com/market/companies/3342

Manager comment

December was marked by significant rate decisions from central banks, as well as anticipation and speculation regarding policies to be enacted by the incoming Trump administration, amidst political turmoil in France and Germany. Both the Federal Reserve and the European Central Bank reduced rates by 25bp, while the Bank of England held steady. Despite these rate cuts, bond yields moved in the opposite direction, with U.S. 10-year Treasury yields rising by 40bp, UK gilts by 32bp, and German bunds by 27bp. Forward inflation expectations continued to rise, notably in the UK, following an inflationary budget, and in the U.S., where forthcoming policies are expected to drive inflation. As a result, listed real estate, which remains closely correlated with bond yields, ended the year on a weak note.

European REITs, as measured by EPRA[1], declined by 4.8% in December, resulting in a year-to-date return of -3.6%. The Euro Class B share net asset value declined by 5.2%, bringing the year-to-date return to -3.1%. Over the last five years, the annualised return of the fund is -2.3%, compared to -5.8% for EPRA. Since inception in 2013 the annualised return is +7.3% compared to +3.5% for EPRA.

(1) EPRA refers to the FTSE/EPRA NAREIT Developed Europe Net Total Return Index, an index of the 107 largest and most liquid real estate companies in Europe. The index is sponsored by the European Public Real Estate Association (EPRA) and calculated by FTSE. EPRA is the official benchmark of the fund.

Market performance	Month	Year to date
EPRA (1)	-4.8%	-3.6%
Eurostoxx 50 (1)	+1.9%	+11.0%

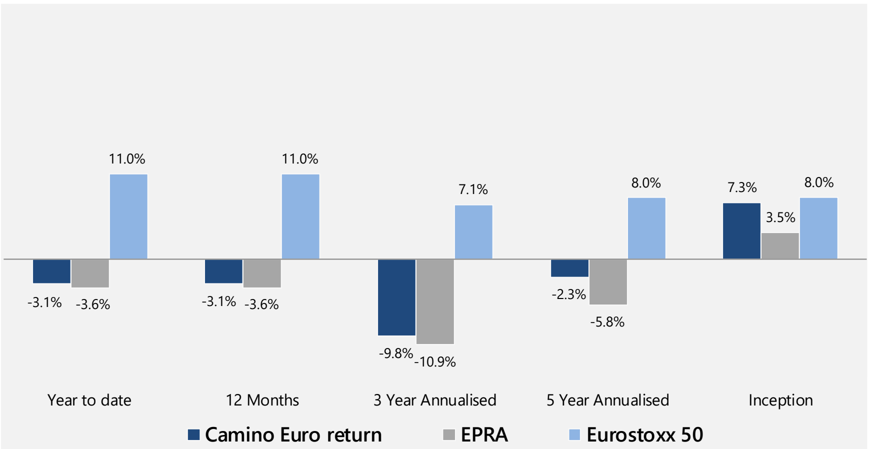
Portfolio statistics	
Level of investment	100%
Number of holdings (2)	46
Average holding size	2.2%
Top 10 holdings	49.9%
Liquidity (3)	100%
Weighted average lease expiry (years) (4)	7.2
Weighted average loan-to-value (4)	40.2%
Weighted average loan maturity (years) (4)	5.1
Weighted average cost of debt (4)	2.5%
Fund AUM (in US$ million)	52.8
Firm AUM (in US$ million)	922.0

Risk statistics	
Annualised volatility (5)	23.5%
Sharpe ratio (5)	-0.10
Correlation with EPRA (5)	99%
Beta (5)	0.97
Upside capture (6)	106%
Downside capture (6)	102%

Currency exposure	
Euro	40%
Sterling	34%
Other (7)	26%

(1) Source: Bloomberg, net total return index
(2) Positions bigger than 0.5% of net asset value
(3) % of portfolio which can be sold in ten trading days assuming 25% of average trading volumes
(4) Of the underlying holdings of the fund
(5) Over the last five years
(6) Average fund performance vs average EPRA performance during up/down months for EPRA. Since inception.
(7) Swiss Francs, Swedish Krona, Norwegian Krone

Return summary



EPRA and Eurostoxx 50 returns stated in Euro, on a net total return basis. Fund returns based on Euro Class A returns until 31 January 2018 and Euro Class B returns thereafter. Performance data for the GBP and USD share classes are shown at the back of this report. Refer to the disclaimer on the last page of this report regarding the disclosure of performance displayed in the chart.

Source: Northern Trust, Bloomberg, December 2024

Monthly investor update - December 2024

Geography

	Month	Year to date
Switzerland	1.4%	9.7%
Netherlands	-4.6%	9.2%
Germany	-6.7%	6.3%
France	-4.8%	4.5%
Sweden	-4.6%	-4.8%
UK	-5.9%	-7.4%

Sub-sector

	Month	Year to date
Hospitality	6.3%	32.3%
UK property trusts	-0.6%	22.0%
Continental retail	-4.1%	14.1%
German residential	-6.5%	4.6%
Continental offices	-3.2%	2.2%
Nordics	-4.2%	-3.7%
UK general	-3.1%	-7.6%
Healthcare	-2.3%	-9.0%
UK specialists	-8.0%	-11.2%
Student residential	-7.3%	-13.6%
Industrial/ logistics	-6.6%	-13.8%
Self storage	-9.0%	-16.8%

Fixed income

	Month	Year to date
10 yr US treasury yield	4.57%	
10 yr UK gilt yield	4.56%	
10 yr German bund yield	2.36%	
10 yr US treasury (bp move)	40	69
10 yr UK gilt (bp move)	32	103
10 yr German bund (bp move)	27	34
Euro REIT credit total return	-0.2%	5.9%

Source: Bloomberg, Clearance Capital, December 2024

Market overview

December saw a flurry of rate decisions from central banks with several having their last meetings for the year, but it was French political turmoil that took centre stage early in the month. In the first few days of December, as widely anticipated, Michel Barnier triggered Article 49.3 in an attempt to pass the 2025 budget without a parliamentary vote. This triggered a no-confidence vote in the government, which Le Pen's RN party backed despite concessions offered by Barnier in the days leading up to it in an attempt to avoid exactly that. The no-confidence vote succeeded, bringing Barnier's premiership to an end, though it seemed much had already been priced in, with the OAT/Bund spread actually tightening somewhat in the days following the vote. It has since traded in a range around 80bp, which is likely to represent something of a floor in the near-term, reflecting the fact that Barnier's replacement, Francois Bayrou, will for now face the same political deadlock and that the budget in any form similar to that proposed by Barnier will do little to improve France's deteriorating fiscal position.

The Bank of England held rates steady in their December meeting, with cuts for 2025 now being priced further out amidst renewed concerns around inflation or, more worryingly, stagflation. The European Central Bank delivered another 25bp cut alongside a dovish press conference, with 4-5 cuts now priced for 2025. The Bank of Canada and Swiss National Bank both cut by 50bp, an expected move in the BoC's case against a backdrop of deteriorating growth and a softening labour market, but coming as a bit of surprise in the case of the SNB, with their decision likely driven in large part by ongoing strength in the Swiss Franc.

The Federal Reserve delivered a hawkish 25bp cut to close out the year, in line with market expectations going into the meeting. What came as a surprise however, were the upward revisions to forward inflation expectations by FOMC members in their updated Summary of Economic Projections. The implications of these revisions on the Fed's likely rate path going forward resulted in a broad market sell-off across equity and credit in the days following, compounded somewhat by declining liquidity as the festive season kicked off. The ensuing sell-off in US treasuries added to the relentless widening on the US curve seen in recent months. Since the Fed started their cutting cycle in September, the US 10Y yield has increased by close to 100bp, an unprecedented response to 100bp of rate cuts. Several potential factors could be driving this move and it is likely we will see a resurgence in rate volatility as we go into 2025.

As bond yields rose and political uncertainty grew, EPRA declined by 4.8%, taking its return for the year to -3.6%. In a down REIT market, Swiss real estate stood out in December, rising 2% following the Swiss National Bank’s 50bp rate cut, its largest in a decade. Meanwhile, UK Specialists struggled, declining 8%, with Helical and Workspace both down 13%. Across 2024, Hospitality emerged as the strongest performer, gaining 32%, buoyed by robust consumer spending and sporting events such as the European Football Championship and the Olympics. On the other hand, Industrial and Logistics declined by 14% over the year, as geopolitical concerns weighed on tenant demand, raising doubts about speculative development pipelines, while self storage declined by 17% due to weak economic activity.

December saw significant deal-making activity as investors aimed to close transactions before year-end. In the logistics space, CTP, the Eastern European leader, acquired a 900k sqm Düsseldorf site for €155m, marking its largest-ever land purchase. The ambitious project requires €750m of investment over the next 8 years, generating a 9% yield-on-cost, while almost doubling the company’s footprint in Germany. Its location near Düsseldorf and its airport makes it well-suited for last-mile logistics and high-quality manufacturing. However, the scale of brownfield redevelopment represents a new challenge for CTP. On the upside, the site has its own power plant, offering potential for CTP to establish its first sizeable data centre.

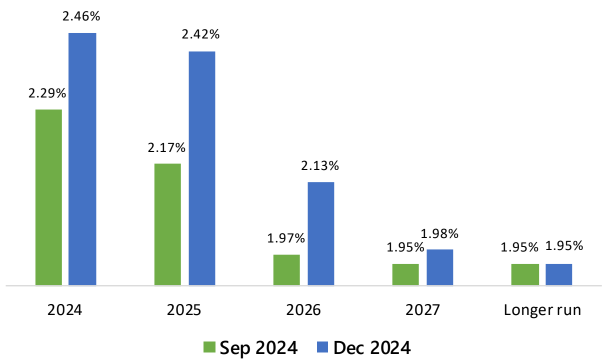
Warehouses De Pauw (WDP) strengthened its French footprint by acquiring two logistics platforms for €315m at a 5.2% net initial yield. While valuations are tight by market standards, this deal provides strategic rationale by adding critical scale to WDP’s French platform and expanding their presence in the "French Backbone," a key logistics corridor connecting Benelux ports to the Mediterranean.

Gecina, the Parisian office landlord, divested its student housing portfolio for €567m at a 20% premium to book value. The portfolio was sold to a joint venture between Nuveen and Global Student Accommodation. The transaction occurred at a 4.1% net initial yield. With no sizeable assets available on the market, and Gecina's 36% loan-to-value (LTV) already making it an industry leader, proceeds will likely be used to fund its high-quality development pipeline, which generates a 5.6% net initial yield.

Landsec, the diversified UK landlord, continued its strategy of deploying capital into only the top 1% of assets by acquiring a 92% stake in the Liverpool ONE shopping centre. The transaction closed at £490m, including a £35m deferred payment to the vendors in two years, which will lower the initial yield from 7.5% to 7%. The asset is currently 4% under-rented and reflects wider retail strength. Klepierre announced a 7% increase in footfall during Black Friday sales, with particular strength in Spain, Italy, the Netherlands, and France. CPP Investments, which recently acquired a €241m position in Unibail-Rodamco-Westfield through a German contribution in kind, leaned into this strength by holding a secondary placement of their shares. The placement was executed at €74, reflecting a 3.4% discount to the prior closing price and a 32% discount to the most recent Net Tangible Asset Per Share.

Finally, Cibus, the Nordic-focused discount and grocery landlord, announced its first move into Continental Europe with the €508m acquisition of Forum Estates, a Benelux daily-goods portfolio, at a gross yield of 6.1%. The deal is strategically aligned to be 3-5% earnings accretive from day one, with potential synergies of up to €1m annually. Separately, Cibus acquired 31 grocery stores in Denmark for €118m from ATP Ejendomme, reflecting the company's desire to achieve scale and diversify geographically.

FOMC Inflation forecast



Source: Federal Reserve

Chart of the month

With much debate throughout 2024 of when the right time for the Fed to commence its cutting cycle would be, and if they could navigate a return to their 2% inflation target whilst avoiding a hard landing, the first move came in the form of a double cut in September, prompted by apparent growing concerns at the Fed around a deterioration in the jobs market. Following a 25bp cut in October, December's 25bp cut took the target rate to 4.5% at the end of the year.

The December decision itself was widely expected by market participants, as indeed was the hawkish tone that Powell struck in the press conference that followed, despite it being one of his less convincing performances. What did appear to take markets by surprise however, prompting one of the worst reactions in the S&P 500 to a Fed decision since the early 2000s, were the revisions made to forward inflation expectations in the Fed's Summary of Economic Projections. FOMC members' inflation expectations for 2025 and 2026 were revised broadly upwards versus those from the September meeting. As the chart shows, the implied expectation from members is now that the Fed will not get inflation back to its 2% target in 2025 or 2026, quite at odds with Powell's messaging in recent months, raising some questions around the decisions to date and the size of those to come, with only 2 cuts now predicted by markets in 2025.

The revisions to inflation expectations were no doubt in large part a reaction to the incoming Trump administration's anticipated policies, and in particular the raft of proposed tariffs, although Chair Powell steered clear of attributing the changes to the incoming administration.

Whilst much of Trump's talk of tariffs may simply be a negotiating tactic, if they are delivered even in part they will likely act as a significant inflationary impulse. In any case, one might question the logic of cutting rates whilst at the same time revising up forward inflation expectations, particularly given the apparent ongoing resilience of US consumers and corporates.

As inflation continued to moderate encouragingly, July's jobs report clearly prompted a shift in focus by the Fed to the other half of their dual mandate - the jobs market. With multiple cuts now delivered, and a new administration with inflationary policies arriving in the coming weeks, it looks as though the focus has now shifted back in the other direction. However, worth noting is that the unemployment rate is expected to increase for the third consecutive month in December's jobs report (to be announced in early January). A move in line with consensus would take it back to the level that prompted concern at the Fed and (at least in part) led to significant market volatility back in August. The recent revisions to inflation expectations, an above consensus unemployment rate for December and/or continuing deterioration in the jobs market in the coming months, could prove to be a very difficult situation for the Fed to manage in early 2025. It is likely we will see increased rates volatility in the months to come as the market digests the incoming data and Fed commentary.

Liverpool ONE, Liverpool

Property of the month

Liverpool ONE is a shopping and leisure complex in Liverpool, North West England. First opened in 2008 and spanning 1.65m sqft in the City Centre, the property is ranked as the largest open-air shopping centre and the 10th largest shopping centre in the UK. The scheme, consisting of six distinct districts, hosts over 170 stores, bars, restaurants and leisure experiences, including a 14-screen cinema, a five-acre park, as well as the largest Gravity MAX, providing 12 immersive and experiential activities. Each store was created by a different architect, leading to stark differences between some buildings, one way in which Liverpool ONE differentiates itself from other shopping destinations.

Attracting over 22 million visitors a year, the centre is a destination in itself and dominant in its catchment, home to retail firsts, creative pop-ups, international flagship stores, as well as independent and local brands. Despite cost of living pressures the property has continued to trade robustly; retail sales have grown by 5% over the past twelve months, with new leases signed 10% above appraised levels, re-lettings and renewals signed 5% above previous passing rent, and overall occupancy standing at 96%, all materially above the national average.

Despite Liverpool ONE’s operational resilience, its valuation has not been as strong. Originally constructed at a cost of £500m with a completion valuation of approximately £920m in 2008, a 92% ownership stake was sold to UK REIT LandSec in December 2024 for £490m (with £35m deferred for two years at no additional cost), reflecting a 7.0% net initial yield and implying a £530m valuation for the entire property. However, reflecting confidence in the asset as valuations for top UK shopping centres are now rising, with an expectation that interest rates might decline further, the buyers agreed to an overage clause: should the valuation yield on the asset compress to 5%, LandSec will be obliged to pay vendors Adia (69%) and Grosvenor (23%) an additional 10%, or approximately £50m.

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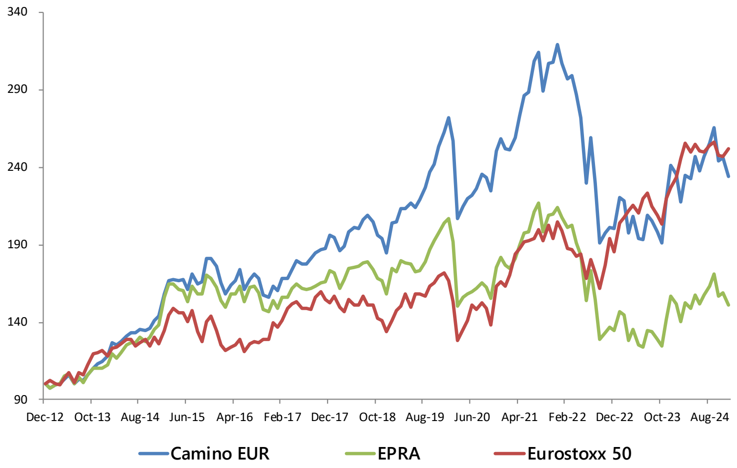
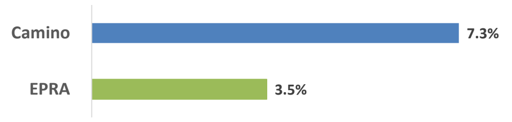
Historic performance

Net performance versus EPRA and Eurostoxx 50 (1)

Indexed to 100
EPRA and Eurostoxx 50 shown on a net total return basis

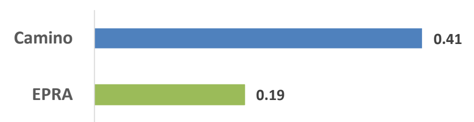


Annualised return since inception (1)



Annualised volatility since inception

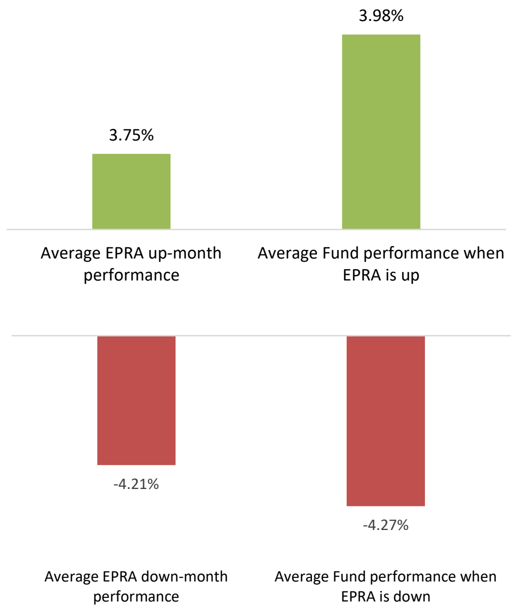
Sharpe ratio



(1) Fund returns based on Euro Class A returns until 30 September 2017 and Euro Class B returns thereafter. Performance data for the other share classes are shown elsewhere in this report. EPRA and Eurostoxx 50 returns stated in Euro, on a net total return basis.

Source: Fund records, Bloomberg, December 2024

Upside / downside capture



Comparison to the benchmark

	Camino	EPRA
Number of holdings/constituents	46	107
Top ten holdings/constituents	49.9%	43.0%
Beta	0.97	1.00
Dividend yield	4.0%	4.2%
Weighted average loan to value	40.2%	47.3%
Weighted average cost of debt	2.5%	2.4%
Weighted average lease expiry	7.2	7.1
Weighted average loan maturity	5.1	5.3

Overweights	Camino	EPRA	Relative
Unibail-Rodamco-Westfield	9.3%	4.1%	+5.2%
British Land	5.0%	2.2%	+2.8%
TAG Immobilien	3.9%	1.2%	+2.7%
Montea	3.0%	0.6%	+2.4%
Dios	2.2%	0.3%	+1.9%

Underweights	Camino	EPRA	Relative
Klepierre	0.0%	3.2%	-3.2%
Landsec	0.6%	2.9%	-2.3%
LEG Immobilien	1.8%	3.3%	-1.5%
Warehouses de Pauw	0.4%	1.8%	-1.4%
Vonovia	9.9%	11.3%	-1.4%

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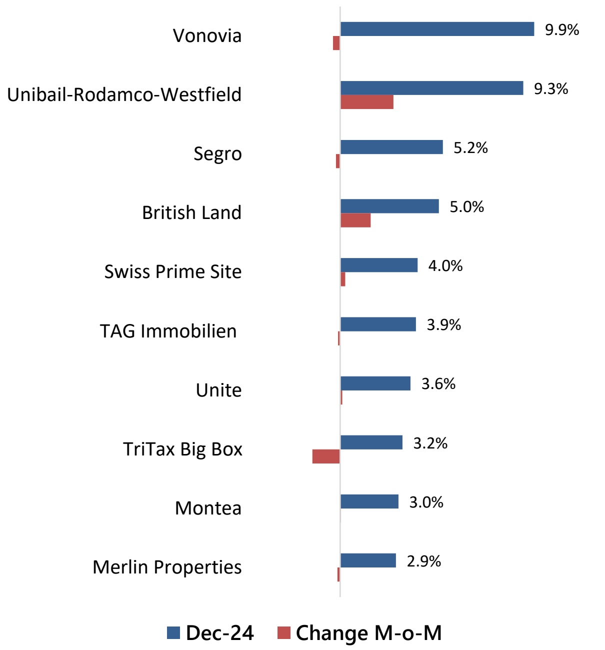
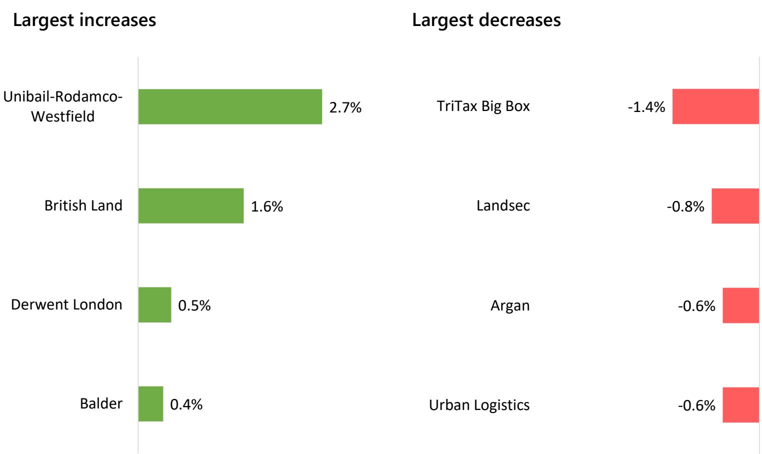
Largest holdings

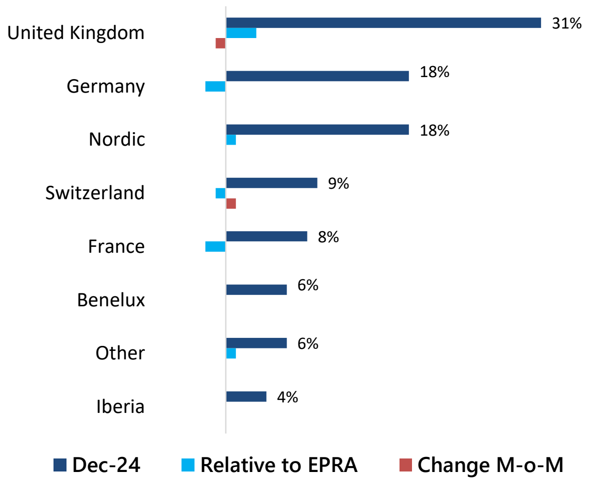


Largest portfolio changes



Changes in position sizing reflect transactions and the effect of market value fluctuations.

Geographic exposure

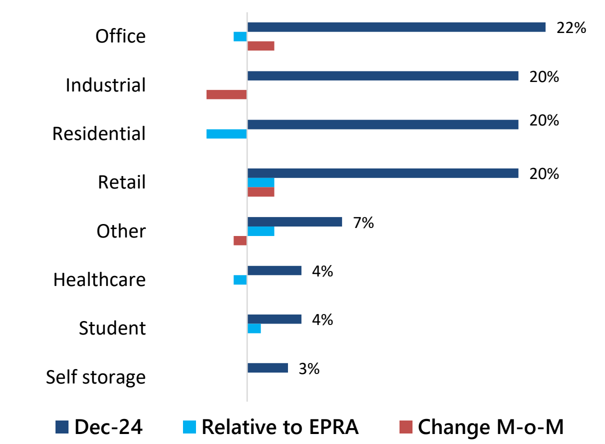


Top and bottom performers [1] for the month

Top performers:	Intershop	+3.1%
	Allreal Holding	+2.3%
	Heba Fastighets	+2.2%
	Swedish Logistics Properties	+1.8%
	Swiss Prime Site	+1.5%
EPRA (net total return)		*-4.8%*
Bottom performers:	Segro	-10.1%
	Big Yellow	-10.4%
	Helical	-12.6%
	Workspace	-12.8%
	Safestore	-13.5%

(1) - Performance in Euro

Sub-sector exposure



The UK remains the largest geographical exposure in the fund, at 31% (32% previously), and is also the largest geographical overweight relative to an EPRA weighting of 28%. German exposure is at 18% (18%), underweight the index weighting of 20%. Nordics exposure is at 18% (18%). Swiss and French exposures are at 9% and 8% respectively, while Benelux exposure is at 6%. By property sub-sector, Office and Industrial make up 22% and 20% of the underlying property exposure respectively, with Residential and Retail exposures at 20% each.

Please refer to the Market Overview section of the report for further commentary on individual holdings and sub-sector performance.

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Historical performance - € classes

	ISIN Number	Net asset value per share	Month	Year to date	Last twelve months	Best year	Worst year	Maximum draw-down	Three years annual-ised	Five years annual-ised	Annual-ised since inception (2,3)
EUR Class A	GG00B4YR6B71	2.4039	-5.2%	-3.6%	-3.6%	42.0%	-37.6%	-40.6%	-10.3%	-2.6%	7.2%
EUR Class B (4)	GG00BDGS4Y05	1.2101	-5.2%	-3.1%	-3.1%				-9.8%	-2.3%	
EUR Class C (5)	GG00BDGS5146	1.3050	-5.1%	-2.9%	-2.9%				-9.6%	-1.8%	
EPRA Net Total Return (Euro) (1)			-4.8%	-3.6%	-3.6%	28.5%	-37.0%	-43.0%	-10.9%	-5.8%	3.5%
Eurostoxx 50 Total Return (Euro)			1.9%	11.0%	11.0%	35.7%	-12.0%	-25.3%	7.1%	8.0%	8.0%

Historical performance - £ classes

	ISIN Number	Net asset value per share	Month	Year to date	Last twelve months	Best year	Worst year	Maximum draw-down	Three years annualised	Five years annualised	Annual-ised since inception (2,3)
GBP Class A	GG00B55CC870	2.2859	-5.7%	-8.0%	-8.0%	33.5%	-34.0%	-38.9%	-10.8%	-3.1%	7.3%
GBP Class B (6)	GG00BDGS4X97	1.1373	-5.6%	-7.6%	-7.6%				-10.3%	-2.8%	
EPRA Net Total Return (GBP) (1)			-5.1%	-8.0%	-8.0%	20.9%	-33.7%	-42.9%	-11.4%	-6.2%	3.7%
Eurostoxx 50 Total Return (GBP)			1.5%	6.0%	6.0%	26.8%	-10.9%	-21.6%	6.5%	7.5%	8.2%

Historical performance - $ classes

	ISIN Number	Net asset value per share	Month	Year to date	Last twelve months	Best year	Worst year	Maximum draw-down	Three years annualised	Five years annualised	Annual-ised since inception (2,3)
USD Class A (7)	GG00BDGS4W80	1.0801	-7.1%	-9.7%	-9.7%	39.0%	-41.2%	-49.7%	-12.9%	-4.2%	1.1%
USD Class B (8)	GG00BDGS4Z12	1.0413	-7.0%	-9.2%	-9.2%				-12.5%	-3.9%	
USD Class C (9)	GG00BDGS5252	0.8372	-7.0%	-8.9%	-8.9%						
EPRA Net Total Return (USD) (1)			-6.8%	-9.6%	-9.6%	28.3%	-40.7%	-50.7%	-13.7%	-7.3%	-2.8%
Eurostoxx 50 Total Return (USD)			-0.2%	4.1%	4.1%	31.2%	-16.0%	-32.6%	3.8%	6.2%	4.9%

Annualised returns is the weighted average compound growth rate over the performance period measured

The “Month” and “Year to date” returns are not annualised as the measurement period is shorter than twelve months. All other returns are annualised

(1) FTSE EPRA/NAREIT Developed Europe Net Total Return Index (EPRA) is the fund benchmark.

(2) Since inception figures based on 1 January 2013 inception, when current investment strategy was implemented.

(3) Before 29 September 2017 the performance fee was 10% of the excess return over the European Harmonised Index of Consumer Prices plus 4% per annum. Historic returns are shown based on the old performance fee basis until 29 September 2017 and on the current basis thereafter.

(4) EUR Class B shares first issued in January 2018

(5) EUR Class C shares first issued in October 2017

(6) GBP Class B shares first issued in January 2018

(7) USD Class A shares first issued in October 2017

(8) USD Class B shares first issued in March 2018

(9) USD Class C shares first issued in November 2022

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Fund terms

Fund objective	The Fund aims to deliver attractive long-term total returns by trading and investing in European listed real estate companies. The Fund adheres to a conservative investment style with long-only exposures, no leverage, concentration limits of 10% and a robust investment process
Compliance with objectives	The Fund has consistently adhered to its investment objectives since launch
Benchmark	FTSE EPRA/NAREIT Developed Europe Net Total Return Index (1)
Target Markets	The fund targets real estate companies globally, but with a focus on Western Europe, including the United Kingdom
Launch date	1 January 2013 (2)
Currency share classes	Euro, Sterling, US Dollar
Shares in issue	Euro 16,687,749 shares Sterling 11,884,522 shares US Dollar 8,463,541 shares
Dealing	Weekly
Domicile and legal status	Guernsey, Class B Collective Investment Scheme regulated by the Guernsey Financial Services Commission
Listing	The International Stock Exchange http://www.tisegroup.com/market/companies/3342
Dividends	Non-distributing

Initial charge	Zero
Management fee	Class A: 1.5% per annum Class B: 1.0% per annum Class C: 0.7% per annum
Incentive fee	15% above the benchmark, subject to positive absolute performance and high watermark (1)
Investment Manager	Clearance Capital Limited www.realestatealternatives.com
Custodian	Northern Trust (Guernsey) Ltd
Administrator	Northern Trust International Fund Administration Services (Guernsey) Ltd
Auditor	KPMG
South African Representative Office	Sanlam Collective Investments (RF) (Pty) Limited
Total expense ratio (3)	Class A: 2.55% (2.55%) Class B: 2.05% (2.05%) Class C: 1.75% (1.75%)
Annualised total returns	Annualised return is the weighted average compound growth rate over the period measured.

(1) On 29 September 2017 the benchmark and performance fee changed. Before 29 September 2017 the performance fee was 10% of the excess return over the European Harmonised Index of Consumer Prices plus 4% per annum.

(2) The fund was incorporated in 2010 but the current investment strategy was implemented on 1 January 2013

(3) Including incentive fees. Excluding incentive fees in brackets.

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