"Why do you rob banks? Because that's where the money is." ~ John Dillinger

Follow the Money

As the old saying goes: Follow the money. The underlying pillars of our High Income Total Return (HITR) portfolio use three methods to follow the money into dividend paying opportunities across common stocks, REITs, Preferred securities and Global Infrastructure opportunities.

Given the evolution of the U.S. political landscape, our current macro thesis has continued to evolve into a binary framework of sorts. First, in a political environment where the new mantra is move fast and break things, there will likely be some policy confusion leading to increased volatility and perhaps more abundant opportunities. Second, as the political world order is reshuffled, following the money will also lead to a broad set of potentially new opportunities.

This new macro notwithstanding, we also note, as we said a year ago in this report: It's with a long-arc mindset that this report is written. Putting aside the daily machinations of the market, real trends emerge over longer periods, often a decade or more. The investor that recognizes these trends and positions accordingly will be rewarded because investment performance and alpha opportunities will be driven by the broad characteristics of the market environment and being on the correct side of those factors creates alpha opportunities.

Equity Risk Premia

"Beware the Ides of March" – *Shakespeare Julius Cesar*

Since the recent peak in the S&P 500 on February 18, US stocks are trading lower with the 'Magnificent 7' Mega-cap Tech stocks, in particular, dragging down the index. This as investors continue to reconsider the durability of the AI trade, rethink market concentration and valuation, while sensing broader economic risks. The willingness to tolerate the growing market concentration in the S&P 500 may have reached its limit for the time being.

To date, mega cap tech stocks were able to justify their high valuation multiples by delivering superior earnings growth for decades. These stocks have evolved from the PC revolution of the early 1980s and then morphed through the internet bubble of the late 1990s. These companies then grew larger and more diverse with the growth of the mobile phone platforms and finally have arrived in the age of Cloud computing and data centers, which has created tech ecosystems of monopolistic companies that are bigger than many nation states. Now, spurred by a wave of decentralized data storage and compute power, the Cloud era has morphed into the AI age which has created a voracious need for compute power, ever larger data centers, more powerful semiconductor chips, and the requirement for an endless source of electricity to power it all.

But just prior to the market peak, an AI revelation from DeepSeek in late January suggested that it may be able to develop AI models with less compute power than some thought possible. This threw a major wrench into the gears of the dominant AI trade as the DeepSeek revelation raises serious questions about the durability of the long-term earnings growth superiority of the US mega-cap tech ecosystem in a world where the compute power infrastructure build-out may have reached its peak growth rate.

The recent underperformance of the mega-cap tech names suggests that investors may not be eager to remain invested while waiting to see an actual slowdown in AI spending should one materialize. Similarly, investors are not content to wait for an actual slowdown in the US economy should one materialize. Economists have begun to lower their 2025 GDP growth forecasts amidst uncertain policy initiatives from the new administration. At the same time, consumer and business sentiment readings indicate a growing concern among consumers and executives. But even the most recent economic data that came in does not definitively point to a struggling economy. Import prices rose 0.4% in February, and the airfares component that feeds into core PCE rose 2% — not good signs for inflation. But, outside of trade, the news was better as housing starts increased well above expectations, and industrial production was strong in February 2025.

Current Portfolio Positioning:

Since the end of Q3 2024, model weights have been stable among and between the portfolio segments with Dividend Paying Common Stocks moving down one position from 22.5% to 20% and Other Income, which primarily focuses on preferred and convertible preferred stocks, expanding from 25% to 27.5%. *As shown by the "HITR Allocation Summary Table" on the next page.*

HITR Allocation Summary Table

As of 12/31/2024 Sector & Benchmark	Current Weight*	Model Weight
Common Stocks *S&P 500*	20.1%	20.0%
Global Infrastructure *Dow Jones Brookfield Global Infrastructure***	28.7%	25.0%
REITs *Primary Benchmark*[1]	25.7%	27.5%
Other Income *Barclays Pfd & Cvt Sub Index*	25.5%	27.5%

*May not add to 100% due to rounding

** The Alerian MLP Index used previously has been changed to the Dow Jones Global Infrastructure Index for the Global Infrastructure Asset Class.

4Q24 HITR Flash Report Portfolio Segment Data:

HITR Portfolio Performance	QTD	YTD	1Yr	3 Yr	5 Yr	7 Yr	10 Yr
Gross HITR	-0.13%	17.28%	17.28%	5.43%	8.36%	7.40%	6.25%
Net HITR	-0.68%	14.76%	14.76%	3.14%	6.01%	5.11%	4.05%

Common Stock

With the S&P 500 rallying for a fifth consecutive quarter amidst animal spirits following the U.S. election, our Common Stock allocation, at 20.1% of the portfolio, underperformed the S&P 500 in Q4 2024 by 55 bps (and 111 bps as net performance).

	QTD	YTD	Yield
Gross HITR Common Stock	1.86%	27.35%	2.54%
Net HITR Common Stock	1.30%	24.63%	
S&P 500	2.41%	25.05%	1.27%

The above extracted performance does not reflect an allocation of cash. Total portfolio performance is shown above.

[1] Primary Benchmark Index: Prior to 12/31/2023, the benchmark index was the FTSE NAREIT All Equity REITs Index; thereafter, a custom benchmark that uses the 150 largest market capitalization companies. In creating a custom benchmark Uniplan applies a screening tool utilizing a KPI REIT universe. From there, Uniplan uses the 150 largest market capitalization companies. Basic exclusions from this universe include Commercial Real estate services & brokerage, real estate investment & services, and all Mortgage REITs. Uniplan reserves the right to remove a company from the custom benchmark for any or no reason at all. The Primary Benchmark is rebalanced quarterly and includes the reinvestment of dividends. It is not possible to invest directly in an index. The index figures do not reflect any deduction for fees, expenses or taxes.

Thematically within the common stock segment of the portfolio we continue to lean into selected broad-based technology and biopharmaceutical healthcare themes that would benefit from continued inflation. We are also increasingly mindful of surging valuations in many companies and have made an effort to de-risk positions that may struggle to report results that keep up with the implied expectations and forward valuations.

Our top performing Common Stock, InterDigital (IDCC) was up +37.2% in Q4 2024 as they reported much better-than-expected earnings on the top and bottom lines, along with large increases to their Fiscal Year guidance with increasing momentum in their consumer electronics and IoT licensing program. Our second-best performer, Equitable Holdings (EQH) was up +12.8%. They participated in strong price performance from the entire Financials sector following the election with deregulation in focus for the new administration.

The biggest laggard this quarter, Amgen (AMGN), was down -18.5% amidst general healthcare sector volatility following RFK Jr's appointment to lead the Department of Health and Human Services, and after its weight-loss shot "MariTide" came under scrutiny. Our second-worst performer, AbbVie (ABBV) fell -9.3% as it was also caught up in related selling pressure in health care and drugmaker companies.

Changes to the Common Equity allocation during the quarter included the purchases of Air Lease Corporation (AL), an aircraft leasing company with a large fleet of modern jets with encouraging travel trends; Kinetik (KNTK), a provider of oil and gas production and distribution services; and Royalty Pharma (RPRX), a pharmaceutical royalty company with a developing pipeline and growing dividend yield. Two positions were sold during the quarter, Spectrum Brands (SPB) following an expensive acquisition and decelerating earnings, and Verizon (VZ) with concerns about the success of their Frontier acquisition and flattening earnings trajectory.

Global Infrastructure

At 25.7% of the portfolio, the Global Infrastructure allocation outperformed the DJ Brookfield Global Infrastructure Index by 277 bps (and 222 bps as net performance) as our focus on energy infrastructure and natural gas exposure performed well.

	QTD	YTD	Yield
Gross HITR Global Infrastructure	0.62%	24.44%	8.92%
Net HITR Global Infrastructure	0.07%	21.78%	
Dow Jones Brookfield Global Infrastructure	-2.15%	11.25%	4.02%

The above extracted performance does not reflect an allocation of cash. Total portfolio performance is shown above.

Thematically, the Global Infrastructure segment is focused on a blend of new and traditional energy infrastructure companies.

Kinder Morgan (KMI) was our top performer, up +25.5% as they benefitted from strength amongst energy infrastructure companies, particularly in natural gas as the price of this energy source rose during the quarter. Williams (WMB), our next-best performer, was up +19.6% as their natural gas business similarly benefited. CMB.Tech (CMBT), formerly known as Euronav, was the worst performer, down -40.3% during the quarter, as they suffer through shipping decreases and their focus on decarbonization is viewed less favorably by investors following the U.S. election. Our second worst performer, Devon Energy (DVN) was down -15.8% after the company made an acquisition in late Q3 that involved the use of DVN shares to fund a large portion of the deal.

Changes to the Global Infrastructure allocation during the quarter included the purchase of two new positions, Grupo Aeroportuario del Centro Norte (OMAB) and Grupo Aeroportuario del Pacifico (PAC). These Mexico airport owners may benefit from reshoring, a strong U.S. dollar, and trends in tourist and cruise volumes.

Other Income

Accounting for 25.5% of the portfolio, the Other Income allocation with a focus on preferred and convertible preferred securities outperformed in Q4 by 233 bps (and 177 bps as net performance).

	QTD	YTD	Yield
Gross HITR Other Income	1.85%	9.51%	6.05%
Net HITR Other Income	1.29%	7.14%	
Barclays Pfd & Cvt	-0.48%	8.93%	4.11%

The above extracted performance includes and reflects the portfolio allocation of cash. Total portfolio performance is shown above.

Thematically our positioning in the Other Income segment has been focused on special situations with a bias toward out of the money convertibles which we feel offer decent current yields and the possibility to capture some upside appreciation as the underlying company moves toward the conversion price.

Ares Capital (ARCC) was our top performer this quarter in the Other Income segment, up +6.9%. Ares lends to small and middle-market companies and is executing on new investment activity and healthy credit performance, evidenced by a credit rating upgrade by S&P during the fourth quarter. Our second-best performer, Global X S&P 500 Covered Call ETF (XYLD) was up +5.7%. This domestic covered call strategy on the S&P 500 cannot be replicated outside of the ETF in an equity-only portfolio and it enjoyed a positive quarter as many equities had muted moves to the upside during a volatile fourth quarter. EPR Properties preferred (EPR-PC) and Public Storage preferred (PSA-PH) were our worst performers, down -5.6% and -5.3% respectively, as both struggled in the face of rising bond yields.

We executed a number of changes to the Other Income allocation during the quarter, including the initiation of a handful of new preferred securities. These preferred stock allocations offer an attractive dividend yield while in some cases also participating in common stock-like returns when they carry convertible covenants. These new allocations helped replace our preferred weighting from Equity Commonwealth (EQC-PD) which were retired as the company issued liquidating dividends.

REITs

REITs, representing 28.7% of the portfolio, outperformed Uniplan's Custom REIT benchmark by 451 bps (and 398 bps as net performance) as our strong security selection helped offset a negative environment for REITs given rising interest rates.

	QTD	YTD	Yield
Gross HITR REITs	-3.63%	12.66%	4.45%
Net HITR REITs	-4.16%	10.23%	
Primary Benchmark[1]	-8.14%	4.85%	3.92%

The above extracted performance does not reflect an allocation of cash. Total portfolio performance is shown above.

Farmland Partners (FPI) led our REIT holdings, returning +24.8% in Q4. FPI, which manages high-quality North American farmland, has demonstrated FFO growth and an ability to sell farmland at attractive prices in recent months. Vail Resorts (MTN) was our next-best performer up +10.2%. The lodging REIT operates mountain resorts and ski lodges and benefited from a better-than-expected snow season. Our worst performer was VICI Properties (VICI), which was down -11.0%, and our second-worst performer, Terreno (TRNO), was down -10.8%. VICI offers a strong dividend yield while Terreno commands a high valuation given its premium growth profile, and both stocks suffered from the rise in interest rates in Q4.

We exited positions in American Tower (AMT), Crown Castle (CCI), and Iron Mountain (IRM) during the quarter, in an effort to underweight cell towers given the slowdown in expected earnings during 2025 and realize alpha from our Iron Mountain position which had enjoyed outsized returns relative to the rest of the REIT sector. The proceeds from these adjustments were rotated into a basket of REITs across a variety of subsectors as we diversify our REIT allocation.

Conclusion

The Glass Remains Half Full

The alternative narrative to the end of the AI infrastructure investment trade may be the beginning of an affordable applications phase for AI that accelerates adoption and improves productivity across many companies and industries and throughout the economy as a whole. History suggests this will be the case, but much like other new and novel technologies, adoption will take time and there will certainly be fits and starts as well as winners and losers.

Looking at the issue in a global sense, the emergence of credible global competitors along with US-based AI leaders raises the potential for global adoption and productivity through two channels. (1) The potential automation and productivity gains from generative AI are similar across major economies, and foreign adoption, particularly in major emerging markets. Additionally, the EU, would benefit from the emergence of lower cost platforms and applications. (2) Increased global competition could prompt governments to coordinate investments or lower regulatory barriers in efforts to spur adoption. The net result may be more than US productivity gains, but rather global productivity expansion that leads to stronger world growth and lower inflation in general and that would be highly supportive of financial assets in general.

We remain cautiously optimistic and continue to position the portfolio with the above framework in mind.

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Richard Imperiale
Portfolio Manager

Mitchell Beine
Senior Research Analyst

March 2025

All data are for the period ended December 31, 2024, unless otherwise noted.

The views in this letter were as of March 19, 2025 and may not necessarily reflect the same views on the date this letter is first published or any time thereafter. These views are intended to help shareholders in understanding the fund's investment methodology and do not constitute investment advice.

The Uniplan High Income Total Return (HITR) portfolio is focused on providing current income and long-term growth by owning dividend paying equity securities. Within the portfolio these investments are grouped into the categories of Dividend Paying Common Stocks, Global Infrastructure/MLP, Real Estate Investment Trusts (REITs) and Other Income Equities (primarily preferred and convertible stocks, ETF's, and ETN's); This note revisits some of the thematic qualities of the portfolio within each of the categories and the performance by sector across the overall portfolio.

Important Information: 1. Uniplan Investment Counsel ("Uniplan") is a boutique investment firm, with roots dating back to 1984, that manages a variety of portfolios primarily for US clients. 2. The composite was created January 1, 2001. Performance is calculated in US dollars utilizing a time-weighted total rate of return. Total return for the composite is represented by the asset-weighted returns of the portfolios within the composite. Trade-date valuation is used. 3. Gross Performance is net of all transaction costs and Net Performance is net of transaction costs, investment management fees, and any custodial fees. 4. Primary Benchmark Index (HITR) - The Index was the Russell 1000 until 12/31/2023. Thereafter, the Index is the Standard & Poor's 500 Index (S&P 500). The S&P 500 is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. The Russell 1000 Index that measures the performance of the 1,000 largest companies in the Russell 3000 Index. The Russell 3000 Index represents approximately 98% of the investable US equity market. 5. Within the Uniplan High Income Total Return (HITR) portfolio investments are grouped into the categories of Dividend Paying Common Stocks, Global Infrastructure, Real Estate Investment Trusts (REITs), and Other Income Equities (primarily preferred and convertible stocks, ETFs and ETNs). These groups are represented by the following indices respectively. Dow Jones Brookfield Global Infrastructure (DJB Global) - The DJB Global Index is designed to measure the performance of pure-play infrastructure companies domiciled globally. The index covers all sectors of the infrastructure market. Primary Benchmark (REIT) – The Index was the FTSE NAREIT All Equity REITs Index until 12/31/2023. Thereafter, a custom benchmark that uses the 150 largest market capitalization companies. In creating a custom benchmark Uniplan applies a screening tool utilizing a KPI REIT universe. From there, Uniplan uses the 150 largest market capitalization companies. Basic exclusions from this universe include Commercial Real estate services & brokerage, real estate investment & services, and all Mortgage REITs. Uniplan reserves the right to remove a company from the custom benchmark for any or no reason at all. Barclays Pfd & Cvt - Barclays Capital Aggregate Bond Index is a market capitalization index made up of US Treasury Securities (non TIPS), government agency bonds, Mortgage-Backed bonds, and corporate bonds, and a small amount of foreign bonds traded in the US. The Primary Benchmark is rebalanced quarterly and includes the reinvestment of dividends. 6. The indices are adjusted to reflect reinvestment of dividends. The index figures do not reflect any deductions for fees, expenses or taxes. It is not possible to invest directly in an index. 7. There are no guarantees that dividend-paying stocks will continue to pay dividends. Dividends are paid only when declared by an issuer's board of directors, and the amount of any dividend may vary over time. Dividend yield is one component of performance and should not be the only consideration for investment. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend-paying stocks. Diversification does not assure a profit nor protect against loss. Additionally, International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. The portfolio may own ADRs on occasion, as such international investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. 8. The dispersion of annual returns is measured by the standard deviation of asset-weighted portfolio returns represented within the composite for the full year. The standard deviation of the gross annual returns for the period January 1, 2001 through December 31, 2024 is 15.33% for the composite and 17.86% for the Primary Benchmark Index. 9. The composite does not have a minimum size criterion for composite membership. All fee-paying discretionary accounts with similar investment objectives are included. Leverage is not used in this composite as a means to generate higher returns. There may be non-fee paying portfolios in the composite. Individual account holdings may vary depending on numerous factors including the size of an account, cash flows, and account restrictions. 10. There have been no changes in the personnel responsible for the management of this composite. 11. The composite contains both traditional and wrap fee portfolios. Uniplan has a flexible and negotiable fee schedule reflecting the differences in size, composition and servicing needs of clients' accounts. 12. Uniplan is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Uniplan including our investment strategies, fees and objectives can be found in our ADV Part 2 which is available upon request. 13. Uniplan does not claim GIPS compliance. The performance has been verified by an independent source as of 1/01/2011 – 12/31/2023. A complete description of investment advisory fees is contained in Uniplan's Form ADV and is available upon request. Individual account performance may vary from the results shown because of differences in inception date, restrictions and other factors. 14. This information is not an offer to buy or sell a security nor does it constitute investment advice or an offer to provide investment advisory or other services. All information is subject to correction or change. **Past performance is no guarantee of future results. Investment involves a risk of loss.**

All investments carry a certain degree of risk, including possible loss of principal. REITs are subject to illiquidity, credit and interest rate risks, as well as risks associated with small and mid-cap investments. It is important to review your investment objectives; risk tolerance and liquidity needs before choosing an investment style. Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio management team considers the true business value or because the portfolio management team has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other style investing during given periods.

Uniplan Investment Counsel, Inc. ("Uniplan") is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Uniplan including our investment strategies, fees and objectives can be found in our ADV Part 2 and/or Form CRS, which is available upon request. The views expressed contain certain forward-looking statements which can be speculative in nature. Uniplan believes these forward-looking statements to be reasonable, although they are forecasts and actual results may be meaningfully different. This material represents an assessment of the market at a particular time and is not a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular security and is subject to change without notice. Prices, quotes and other statistics have been obtained from sources we believe to be reliable, but Uniplan cannot guarantee their accuracy or completeness. All expressions of opinion are subject to change without notice. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of this security. A list of securities purchased and sold in the portfolio during the past year, including the purchase or sale price and the current market price, is available upon request by calling 262-534-3000.