Starlight™ CAPITAL
Focused Investing

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Fund	Q2 2026	YTD 2026	1 Year	3 Year	5 Year	Incept*
Starlight Global Real Estate Fund, Series F	9.4%	10.2%	15.4%	9.3%	3.7%	4.9%

*Inception date October 2018. Source: Starlight Capital, as of June 30, 2026.

Performance Summary

- Over the second quarter of 2026, the Starlight Global Real Estate Fund, Series F (the "Fund") returned 9.4%, bringing year-to-date performance to 10.2%.
- Industrial REITs, Retail REITs, and Health Care REITs were the top sector contributors to performance. There were no sector detractors during the quarter, as every sector held by the Fund generated a positive total return.
- Global listed real estate rallied through the second quarter as markets looked past the Middle East conflict to focus on resilient property fundamentals and discounted valuations.
- The Fund's five structural growth supercycles AI & Data Generation, Global Trade & E-Commerce, Aging Demographics & Healthcare, Urbanization & Experiential Retail, and Housing Shortage remained firmly in place through the quarter, and we believe the portfolio is well positioned to capture the disconnect between resilient asset-level fundamentals and discounted public market valuations.

Market Overview

Global listed real estate extended its 2026 recovery into the second quarter, with the Fund returning 9.4% as the broader global REIT sector continued to rebound from its first-quarter selloff. The FTSE Nareit All Equity REIT Index returned approximately 3.1% in June alone and was up roughly 13.7% year-to-date through the end of the quarter, while the average listed REIT's discount to net asset value narrowed slightly.

The conflict between the United States, Israel, and Iran, and the associated threats to shipping through the Strait of Hormuz, kept energy markets volatile throughout the quarter. A US-Iran memorandum of understanding signed in mid-June briefly eased tensions and pulled oil prices back toward pre-conflict levels, only for renewed strikes late in the quarter to reintroduce uncertainty around the durability of any reopening. Central banks differed in their responses: in the United States, Kevin Warsh's first meeting as Federal Reserve Chair in June left the target for the federal funds rate unchanged at 3.50%–3.75%, but the Fed's updated projections dropped its earlier bias toward a cut. In Europe, the European Central Bank went further, delivering a 0.25% rate hike in June as it revised its inflation forecast higher. The 10-year US Treasury yield ended the quarter at 4.44% while the UK 10-year gilt yield closed at 4.76%.

Against this backdrop, health care real estate continued to exhibit the strongest fundamentals in the asset class, underpinned by record senior housing occupancy and a multi-year construction shortfall, while industrial and retail REITs also generated strong returns on resilient tenant demand and, in retail's case, further consolidation among Canadian retail landlords. Multi-family residential and mortgage REITs lagged, as a cooling near-term Canadian rental outlook and persistently higher-for-longer rates weighed on the more rate-sensitive parts of the sector.

Portfolio Update

Sector	Top %Q/Q Changes	Portfolio Weight %
Health Care Facilities	4.0%	13.7%
Health Care REITs	3.2%	13.7%
Specialized REITs	-2.1%	2.5%
Retail REITs	-3.0%	6.4%
Mortgage REITs	-3.0%	0.0%

Source: Starlight Capital & Bloomberg Finance L.P. As of June 30, 2026. Excludes Cash and Cash Equivalents.

Industrial REITs, Health Care REITs, and Health Care Facilities remain the Fund's three largest sector allocations, at 17.3%, 13.7%, and 13.7% of net assets, respectively, together accounting for approximately 45% of the portfolio.

Health Care REITs and **Health Care Facilities** weights rose the most of any sectors over the quarter, driven by two new positions initiated in May, American Healthcare REIT, Inc. and Extendicare Inc., which diversify the Fund's already substantial senior housing and health care real estate exposure.

Mortgage REITs exposure fell to zero as the Fund's remaining positions were eliminated in May, given their greater sensitivity to interest rate volatility, funding costs, and spread compression relative to equity real estate.

Retail REITs exposure declined as First Capital Real Estate Investment Trust's position was fully realized during the quarter. The REIT will be privatized in a $9.4 billion transaction with KingSett Capital and Choice Properties REIT at a 17% premium to First Capital's 20-day volume-weighted average price. This transaction validated our thesis that First Capital was a high-quality operator trading at a meaningful discount to intrinsic value.

Contributors and Detractors

Q2 2026 Top Five Contributors		
Stock	Average Weighting	Contribution to return
PRIMARIS REIT	3.3%	0.9%
WELLTOWER INC	5.3%	0.8%
CHARTWELL RETIREMENT RESIDENCES	5.9%	0.7%
GRANITE REAL ESTATE INVESTMENT TRUST	4.1%	0.7%
DREAM INDUSTRIAL REAL ESTATE INVESTMENT TRUST	4.8%	0.7%

Q2 2026 Top Five Detractors		
Stock	Average Weighting	Contribution to return
DIGITAL REALTY TRUST INC	2.0%	-0.1%
N/A	-	-
N/A	-	-
N/A	-	-
N/A	-	-

Source: Starlight Capital & Bloomberg Finance L.P. As of June 30, 2026

Primaris Real Estate Investment Trust was the largest contributor during the quarter. Canada's largest owner of enclosed shopping centres, Primaris continued to consolidate the domestic mall sector, building on more than $1.5 billion of acquisitions completed since the start of 2025, including Southgate Centre, Lime Ridge Mall, and Promenades St-Bruno, while same-store sales productivity across the portfolio rose to approximately $801 per square foot. The REIT has also been an active repositioner of space vacated by Hudson's Bay's store closures, redeveloping and re-tenanting boxes at attractive returns.

Welltower Inc. and **Chartwell Retirement Residences** were also top contributors, reflecting the continued strength of senior housing fundamentals. U.S. senior housing occupancy reached 89.9% in the second quarter, its 20th consecutive quarterly increase, while fewer than 16,000 units remained under construction nationally and inventory grew just 0.4% year-over-year, a supply backdrop that continues to support pricing power for the Fund's operators and REITs alike.

Digital Realty Trust Inc. was the Fund's only detractor in the quarter, a modest drag of -0.1% despite the Fund adding to the position during the period. We view the pullback as technical rather than fundamental and continue to see the company as a direct beneficiary of hyperscaler demand for data centre capacity.

New Positions and Exits

We initiated two new positions in the Fund during the quarter. We added **American Healthcare REIT, Inc.**, a U.S.-based owner of a diversified healthcare real estate portfolio spanning senior housing, medical office buildings, and skilled nursing facilities, and our third U.S. healthcare real estate holding alongside Welltower and Ventas. We also added **Extendicare Inc.**, a Canadian operator of long-term care homes and provider of home health services, whose largely government-funded revenue base provides a stable and predictable earnings foundation, with a home care division positioned to benefit as provinces shift care delivery out of institutions and into the community.

We exited four positions during the quarter. We sold **AGNC Investment Corp.** and **Annaly Capital Management Inc.** in May, both of which invest in mortgages and mortgage-backed securities rather than physical properties and had become a less attractive risk-reward proposition in a higher-for-longer rate environment. We also sold **Goodman Group**, an Australian industrial and logistics property developer, in May, as the Reserve Bank of Australia appeared poised to raise rates in response to inflation driven by the Strait of Hormuz closure.

Earlier in the quarter, the Fund exited its remaining position in **Simon Property Group, Inc.**, the largest mall REIT in the United States, in April. Simon had been a strong contributor in prior periods, and the decision reflected active capital rotation after the position had appreciated meaningfully and its valuation gap to fair value had narrowed.

First Capital Real Estate Investment Trust's position was fully realized, and we also exited **VICI Properties Inc.** in June, reallocating the proceeds toward opportunities we view as more attractive on a forward risk-adjusted basis.

Fund Outlook

The Starlight Global Real Estate Fund enters the second half of 2026 with its five structural investment supercycles firmly intact, even as the asset class continues to navigate an unusually complex geopolitical and monetary backdrop.

The **AI & Data Generation** supercycle continues to accelerate as the International Energy Agency now projects global data centre electricity consumption will nearly double by 2030, with electricity use at AI-focused facilities growing even faster. Hyperscalers including Amazon, Google, and Microsoft continue to sign long-duration data centre leases at record pace, with vacancy below 2% in prime global markets. The Fund added to its data centre REIT positions during the quarter, complementing its existing tower exposure, as direct beneficiaries of this structural demand.

The **Global Trade & E-Commerce** supercycle continues to be reshaped by tariff-driven deglobalization. Global ecommerce sales are projected to reach $8 trillion by 2027, requiring more logistics space per unit sold than traditional retail, while nearshoring trends continue to drive manufacturing relocation into Central & Eastern Europe and the U.S. Sunbelt. Grade-A logistics vacancy has fallen below 5% across Europe and the UK, even as U.S. vacancy continues to normalize from its 2025 peak, supporting sustained rental growth and development returns across the Fund's industrial and logistics holdings.

The **Aging Demographics & Healthcare** supercycle remains underpinned by one of the most powerful demographic forces in modern history, as the U.S. Census Bureau projects the 80-and-older population will grow by roughly 48% between 2025 and 2030. U.S. senior housing occupancy reached a record 89.9% in the second quarter, its 20th consecutive quarterly increase, while construction remains near a standstill, with fewer than 16,000 units underway nationally. This structural undersupply continues to support the Fund's expanded roster of health care holdings.

The **Urbanization & Experiential Retail** supercycle reflects the structural irreplaceability of premium retail real estate in an increasingly digital world. Primaris Real Estate Investment Trust, the Fund's largest contributor this quarter, continues to consolidate Canada's enclosed mall sector and reposition space vacated by struggling department stores at compelling returns, with portfolio-wide sales productivity of approximately $801 per square foot underscoring the resilience of well-located retail real estate.

The **Housing Shortage** supercycle remains structurally underpinned by a severe residential supply deficit, even as near-term demand has cooled. Canada's Parliamentary Budget Officer estimates the country still needs roughly 1.2 million additional homes by 2030 to eliminate the shortfall accumulated since the pandemic, and housing starts fell in 2025 to their lowest level since 2009. At the same time, lower federal immigration targets have allowed rental vacancy to normalize in several major markets. Metro Vancouver's purpose-built rental vacancy rate, for example, rose to 3.7% in 2026 from below 1% two years earlier. This prompted us to trim the Fund's positions in Boardwalk Real Estate Investment Trust and Killam Apartment Real Estate Investment Trust modestly during the quarter. We remain constructive on the multi-year structural deficit but are monitoring the pace of demand normalization closely.

The near-term investment outlook remains closely tied to the evolution of the Iran war and its effect on energy prices, inflation, and the path of global monetary policy. A durable resolution could reduce inflation expectations and long bond yields, which would be favourable for real estate valuations. Absent a durable resolution, elevated volatility is likely to persist. Even so, listed global real estate re-rated higher through the second quarter, with the average global REIT's discount to net asset value narrowing slightly. We believe the Fund is well positioned to generate strong total returns in the second half of 2026 as the structural tailwinds underpinning each of its five supercycles remain fully intact.

The Starlight Global Real Estate Fund, Series F, currently yields 6.41% based on net asset value, with almost 70% of 2025 distributions treated as return of capital for tax purposes.

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For more information on our investment solutions, learn more at starlightcapital.com or speak to our Sales Team.

For more information, please visit StarlightCapital.com

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