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Equity Outlook/Review

The U.S. equity markets continued to rally into the second quarter as companies reported better than expected earnings. S&P 500 companies reported first quarter earnings growth of 1.6% versus expectations for negative earnings growth.ⁱ In late April, it was announced that U.S. and China trade talks had stalled and President Trump was implementing a 25% tariff on \$250 billion of imported goods.ⁱⁱ President Trump also banned U.S. companies from supplying communication equipment to the Chinese company, Huawei.ⁱⁱⁱ As a result, U.S. equity markets declined 6% in May.^{iv} Meanwhile, the 10 Year Treasury Bond rallied with its yield dropping by 0.50% to 2.0%.^v With slowing global economic growth the Federal Reserve has indicated that it may cut interest rates by year end.^{vi} With an expected interest rate cut, the U.S. equity markets have rallied back in June, ending the quarter about where they started.^{vii} While forecasters are expecting slower growth in the U.S. and globally, the economic conditions remain fairly stable with employment continuing to be strong and consumer confidence remaining high.^{viii}

Managed Accounts Model Performance^{ix}

Past performance is not indicative of future results. Inherent in any investment is the possibility of loss.

Strategy Performance	2Q19	YTD	10 Year Annualized
Anchor REIT Value (Pure Gross)	2.06%	17.64%	14.14%
Anchor REIT Value (Net)	1.29%	15.89%	10.76%
FTSE NAREIT ALL REITs	1.77%	18.77%	15.59%

Top/Bottom Portfolio Contributors^x

Security Contribution	Average Weight	Total Return	Contribution to Return
<i>5 Highest</i>			
OUTFRONT Media Inc.	5.89%	11.78%	0.65%
CoreCivic, Inc.	4.93%	9.00%	0.42%
Mid-America Apartment Communities, Inc.	3.87%	8.65%	0.32%
Prologis, Inc.	2.68%	12.08%	0.31%
Sun Communities, Inc.	3.44%	8.80%	0.28%
<i>5 Lowest</i>			
Highwoods Properties, Inc.	3.39%	-10.76%	-0.38%
Iron Mountain, Inc.	2.50%	-10.03%	-0.28%
Realty Income Corporation	1.88%	-6.17%	-0.19%
Brandywine Realty Trust	2.09%	-8.63%	-0.18%
Weingarten Realty Investors	2.55%	-5.34%	-0.14%

Strategy Review & Positioning

Anchor's REIT strategy outperformed the FTSE NAREIT ALL REITs Index in the second quarter. OUTFRONT Media Inc. (OUT) was the largest contributor to performance, followed by CoreCivic (CXW), Mid-America Apartment Communities, Inc. (MAA), Prologis, Inc. (PLD), and Sun Communities, Inc. (SUI). The largest detractors from performance were Highwoods Properties, Inc. (HIW), Iron Mountain, Inc. (IRM), Realty Income Corporation (O), Brandywine Realty Trust (BDN), and Weingarten Realty Investors (WRI).

Anchor's REIT strategy generated returns of 2.06% (Gross of Fees) in the second quarter of 2019. This was modestly ahead of the 1.77% return generated by the FTSE NAREIT ALL REITs benchmark in the second quarter. YTD through June 30, Anchor's REIT strategy generated returns of 17.64% (Gross of Fees), slightly behind the 18.77% returns generated by the FTSE NAREIT All REITs benchmark. Anchor concludes that REIT YTD performance has benefitted from the combination of positive real estate fundamentals, occupancy and rent growth, and lower interest rates.

During the quarter, Anchor raised portfolio exposures to self-storage, hospitality, industrial and timber REITs. Positions in self-storage REITs, National Storage Affiliates (NSA), and Life Storage (LSI) were increased as also were allocations to Ryman Hospitality (RHP), Stag Industrial (STAG) and timber REIT, Weyerhaeuser (WY).

In the second quarter, investments in Realty Income (O) and Alexandria Real Estate Equities (ARE) were exited. In addition to the sale of Realty Income, exposure to traditional bricks and mortar retail was reduced further as allocation to STORE Capital Corp (STOR) was lowered. The sale of Alexander Real Estate Equities (ARE), premier developer of medical office and research space, after several years of very positive returns, was based on Anchor's assessment that Alexandria's fundamentals were at risk to a decline in medical research dollars and that its valuation was at a significant premium to the Net Asset Value of its real estate. The partial sale of Sun Communities (SUI), was based on Anchor's assessment that although Sun's fundamentals remain very attractive on a relative basis, its valuation is full.

No new investments were added during the quarter but Anchor continues to focus its research on REITs whose growth is driven more by the business conducted in its facilities than the level of interest rates. Examples would include, out-of-home advertising, private prisons, hospitals, assisted living, hospitals, communications' infrastructure and data storage.

Anchor observes that, consistent with a slowing economy and the introduction of competing new supply, there are types of real estate experiencing a deceleration of rent and occupancy growth. In addition, the impact of interest rates on the private market valuation of real estate could result in greater REIT share price volatility as the outlook for the economy and or interest rates change. We attempt to mitigate these risks by investing in REITs selling at discounts to private market values and those whose growth is less sensitive to the macro economy. Despite potential concerns, Our analysis continues to project growth for overall REIT profitability and dividends. REIT's yield 4.1% as of June 30 and continue to provide almost 200 basis points higher income than the S&P 500 Index. In addition, investor demand for REITs should continue to benefit from the establishment of real estate as its own industry sector in most major broad equity Indexes and ETFs.

As, a value based, research driven investment firm, in addition to analysis of market fundamentals, we are increasingly focused on the quality of an individual REIT's management and its history of 1) operational excellence and 2) generating above industry returns on each of its investments.

ⁱ https://www.trpropresearch.com/pdf/SP500_Earnings_Scorecard.pdf/

ⁱⁱ <https://www.china-briefing.com/news/the-us-china-trade-war-a-timeline/>

ⁱⁱⁱ Ibid.

^{iv} FactSet financial data and analytics; Charting

^v Ibid.

^{vi} <https://www.nytimes.com/2019/06/21/business/economy/fed-trump-interest-rates.html>

^{vii} FactSet financial data and analytics; Charting

^{viii} <https://www.schwab.com/resource-center/insights/content/sector-views>

^{ix} StyleAdvisor. Gross of fee returns are presented Pure Gross and are calculated before management fees, custodial fees and transaction costs.

^x FactSet financial data and analytics; Attribution

REIT Model Disclosures

MODEL DESCRIPTION: The anchor managed accounts REIT model was created on 09/30/2016. The model returns do not reflect actual trading. Anchor Capital's managed accounts division created this model for purposes of presenting performance results which approximate those of the managed account REIT sponsor program portfolios in aggregate. The investment objective for the model is to achieve a high rate of return through the purchase of real estate investment trusts.

MODEL DISCLOSURES: The results prior to 12/31/2016 presented herein represent those of the Anchor Capital Institutional and Private Client Investment Management Division. The results from 9/30/2001 through 9/30/2016 for the Institutional and Private Client Investment Management REITs strategy were published in the product presentation. The model transaction history does not reflect all portfolio transaction activity for accounts in the sponsor programs. Model transactions correspond with trading activity generated in the course of investment for substantially all accounts in the sponsor REIT program. Model transactions and holdings do not reflect individual portfolio activity for new account investments, or account activity and holdings in various individual portfolios subject to tax considerations or individual client discretion. Model performance may differ materially from individual client portfolio results.

CALCULATION OF RATES OF RETURN: All securities in the model are valued at last sale price, as provided by independent pricing services. The portfolio valuation is reflected on a trade date basis. Model investment returns include the reinvestment of dividends and other earnings. Effective 1/1/2010, dividends (excluding income on money market securities) are credited on an accrual basis. Time-weighted portfolio returns are calculated for each monthly period in the prior quarter. Monthly results are linked to determine annual returns. Individual client portfolio results may vary from the results presented for

the model because of different investment objectives, tax status and other considerations. Returns of individual client accounts will be reduced by advisor fees and other expenses which might be incurred to provide investment management, custody, administrative, actuarial, accounting or other services to the client. The Russell Indices exclude fees. The Managed Accounts REIT model returns are calculated on a pure gross of fee basis, before the deduction of Anchor Capital management and sponsor wrap fees. For all periods presented, the net of fee returns are calculated by compounding the monthly net returns to calculate the quarterly, YTD and annual returns. The numbers may be slightly different from net returns published in other Anchor Capital materials created outside of Style Advisor prior to 6/30/2017, which were calculated by simply subtracting 3% from the annual gross return. Additional information regarding policies for calculating and reporting model returns is available upon request.

BENCHMARK DESCRIPTION: Information about indices is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of indices may be materially different from the performance of the Adviser. In addition, the Adviser's recommendations may differ significantly from the securities that comprise the indices. The FTSE NAREIT US Real Estate Index Series is designed to present investors with a comprehensive family of REIT performance indexes that spans the commercial real estate space across the US economy. The index series provides investors with exposure to all investment and property sectors. In addition, the more narrowly focused property sector and sub-sector indexes provide the facility to concentrate commercial real estate exposure in more selected markets. The FTSE NAREIT All REITs Index is a market capitalization-weighted index that includes all tax-qualified real estate investment trusts (REITs) that are listed on the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market List. The FTSE NAREIT All REITs Index is not free float adjusted, and constituents are not required to meet minimum size and liquidity criteria. All benchmark returns include the reinvestment of income.

The performance results presented herein represent those of the Anchor Capital Institutional and Private Client Investment Management Division REIT Strategy. The Managed Accounts strategy will be managed in tandem with the Institutional and Private Client Investment Management Division strategy.

For a complete listing of all strategies contact Anchor Capital Advisors LLC (617) 338-3800.

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