



# Solactive Latin America Real Estate Index

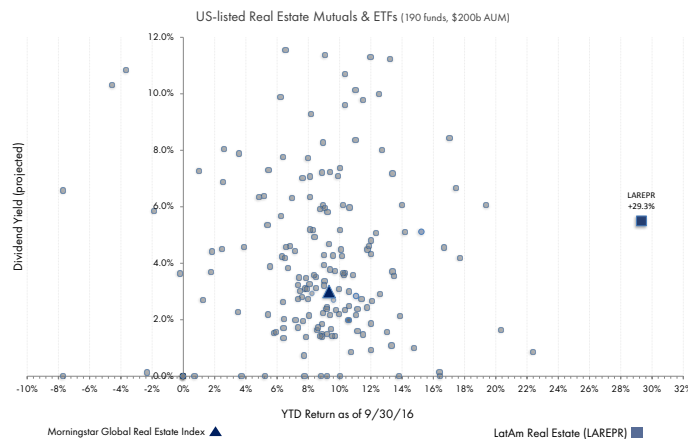
## ABOUT THE INDEX

The **Solactive Latin America Real Estate Index (LAREPR)**, is the first diversified real estate index to track a comprehensive and investable basket of locally listed real estate investment trusts ("REITs") and real estate operating companies ("REOCs") in the Latin America region.

**With a year-to-date return of more than 29%, LAREPR outperformed all 190+ US-listed real estate funds** which have over \$200 billion assets under management (AUM) as of 9/30/16 and is the only index to track the expanding real estate asset class in Latin America. LAREPR is currently licensed to the first listed exchange-traded fund (ETF) with exclusive access to this growing asset class.

Performance as of 9/30/16	LAREPR	MSCI EMI	S&P500
Year to Date	29.20%	19.34%	7.42%
Since Inception (9/3/15)	19.18%	16.52%	12.31%
Annualized Volatility	21.60%	22.41%	14.04%
Projected Dividend Yield	5.5%	2.1%	2.0%

LAREPR's low volatility and low correlation suggest it may be an attractive source of alpha for a broad Emerging Markets strategy and a risk mitigator for a Latin America allocation. For example, *LAREPR's realized volatility is less than half versus the MSCI Brazil Index and 20% lower volatility against the MSCI Mexico Index.* The index methodology weights dividend yield, liquidity and market capitalization. The underlying components have a total market capitalization of \$200 billion and average daily liquidity

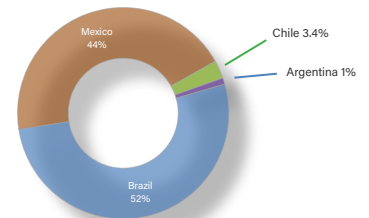
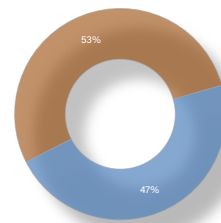


## INDEX COMPOSITION

Index Details	Data as of 9/30/2016
Index Ticker	LAREPR/LARETR
Number of Components	61
Inception Date	9/30/2015
Rebalance Schedule	Quarterly
Index Provider	SOLACTIVE
Weighted Avg Market Cap	\$1.5 BILLION

LAREPR offers *geographic diversification and balance between high yielding REITs and growth-oriented REOCs*, including commercial developers, service providers, and owner operators and homebuilders.

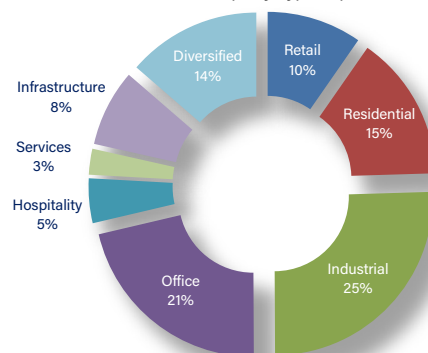
Real Estate Investment Trusts (REITs)



Real Estate Operating Companies (REOCs)

Beyond geographic diversification, income & growth potential, LAREPR offers diversification by property type, including exposure to industrial, office, commercial retail, hospitality and residential. Property type diversification, in our experience, is a key factor for successful long term investing in the region as many real estate operators tend to focus on one property type which can add risk to a portfolio. *Diversifying across property types and managers is an optimal way to mitigate risk in our view.*

LAREPR Property Type Exposure





# Solactive Latin America Real Estate Index

## RISK PROFILE

LAREPR is a compelling overlay to an existing real estate, emerging market or Latin America strategy. Many experts believe real estate exhibits lower relative volatility due to the fact that REITs have recurring revenue. However, US REIT prices are at historic highs, leading us to believe that further appreciation may be limited and dividend growth capped.

Latin America real estate, on the other hand, may be an ideal diversifier, given its unique risk profile and attractive valuations. As an example, the Morningstar Global Real Estate Index outperformed the S&P500 Index by less than 200bps YTD versus its long term average outperformance of +600bps. We view this convergence in returns as a natural evolution of low interest rates, historically high valuations and an extremely cautious Federal Reserve.

LAREPR generated a 0.49 beta (*a measurement of volatility versus the S&P500*) for the YTD period as of 9/30/16 (see *lower right chart*). In contrast, most US-listed real estate funds displayed a beta between 0.90 and 1.10.

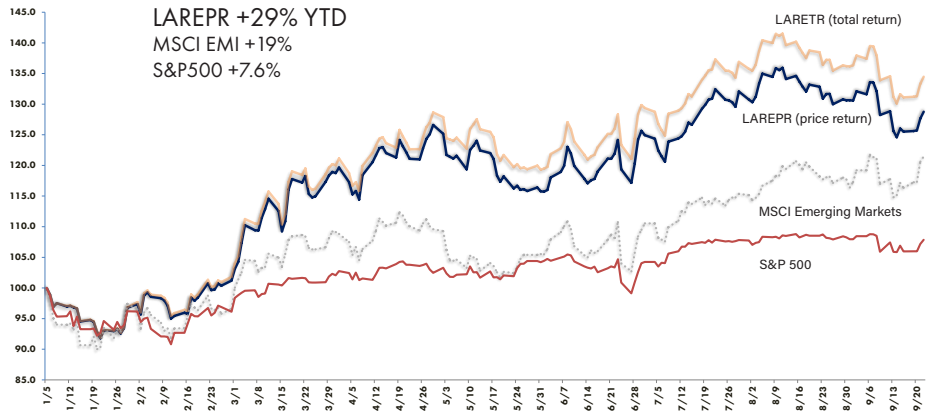
Our interpretation of this is historically high US REIT prices reduce the ability of long only active managers to generate alpha through individual stock selection. In other words, returns for US REITs are converging with the broader market as investors continue to chase yield.

### Correlations (year to date as of 9/30/16)

	LAREPR	MSCI EMI	S&P500
S&P500	0.62	0.85	1.00
MSCI EMI	0.79	1.00	

## YEAR TO DATE PERFORMANCE

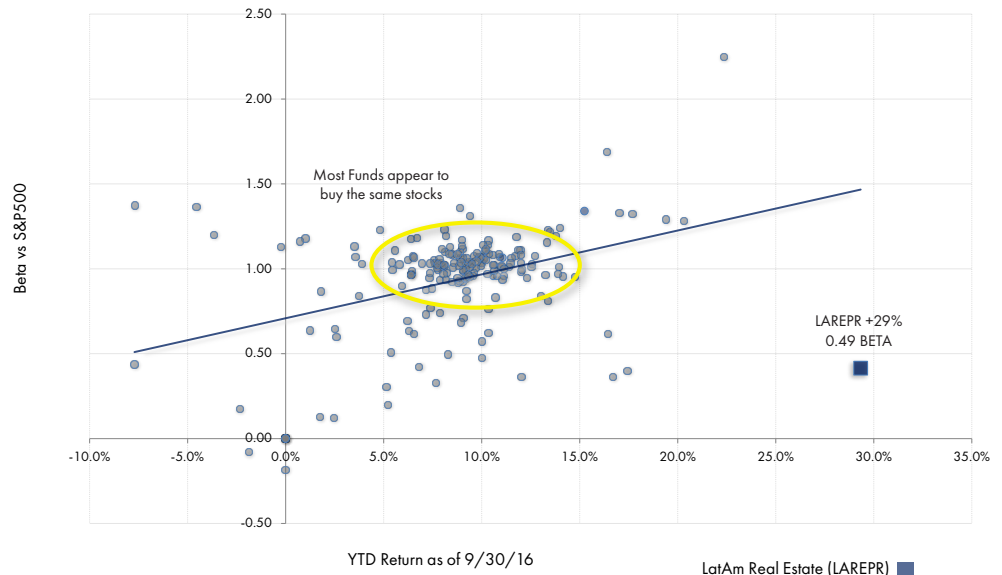
as of 9/30/2016



LAREPR's regional exposure balances geographic diversification with sector and strategy focus. Year to date, the Index benefited from a broad rally in Brazil assets but exhibited less than half of the volatility versus the Brazil benchmark. Mexico underperformed throughout the period, largely driven by currency depreciation, but LAREPR's 29% return YTD more than offset this. LAREPR handily outperformed the broad MSCI Emerging Markets Index by almost 10% and with lower volatility.

Looking forward, we expect the Mexican peso to appreciate at least 10% during 2017 which will boost asset prices and the Brazil central bank to begin interest rate cuts by December 2016. Given low relative valuations across the board for real estate, 2017 should see a continuation of 2016 performance.

US Listed Real Estate Mutuals & ETFs (Beta vs S&P500)



All information contained herein is for informational purposes only. This is not a solicitation to offer investment advice or services in any state where to do so would be unlawful. Analysis and research are provided for informational purposes only, not for trading or investing purposes. All opinions expressed are as of the date of publication and subject to change. Tierra Partners and Tierra Funds® and its affiliates are not liable for the accuracy, usefulness or availability of any such information or liable for any trading or investing based on such information. The investment return and principal value of an investment will fluctuate and an investor's equity, when liquidated, may be worth more or less than the original cost.

**Performance data quoted represents past performance and does not guarantee future results. 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. Current performance of the Funds may be lower or higher than the performance quoted. All performance is historical and includes reinvestment of dividends and capital gains.**

*The following indices: MSCI Brazil Index, MSCI Mexico Index, MSCI Emerging Markets Index, MSCI US REIT Index are property of MSCI, Inc. and are designed to track large and mid cap segments of the Brazil, Mexico, Emerging Market and US REIT segments. The S&P500 Index and the S&P500 Latin America 40 Index are property of Standard & Poor's, Inc. One cannot invest directly into an index.*

Tierra Funds® and Tierra XP® are trademarks owned by Tierra Capital Partners LLC. Solactive Latin America Real Estate Index (the "Index") is property of Solactive AG and has been exclusively licensed to Tierra Capital Partners LLC and Tierra Funds LLC. The Index uses a multi-factor approach that tracks a basket of listed equities with real estate operations in Latin America, weighted by various fundamental data points and is rebalanced quarterly. The Index is listed under the symbols LAREPR (price return) and LARETR (total return). The Index is not investable. The Index listed in September 2015 and should not be used as the sole determining factor for investment decisions. There is no guarantee the Index will produce the same results in the future. When investing, there are multiple factors to consider.