

Performance report | 30 April 2024

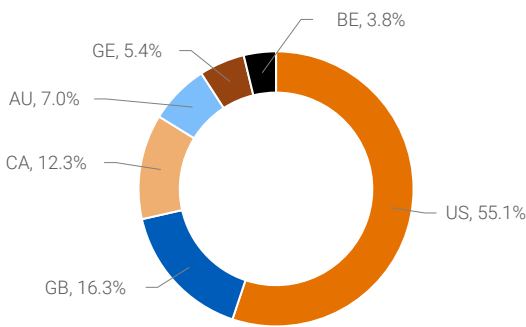
Quay Global Real Estate Fund (Unhedged)

Net returns

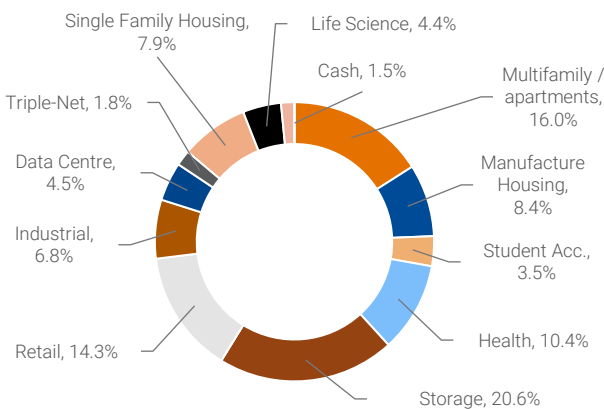
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception ² p.a.
Fund	-4.99%	-1.24%	+12.31%	+7.03%	-0.75%	+3.72%	+3.74%	+9.29%
Benchmark ¹	-5.53%	-1.57%	+9.57%	+0.88%	-4.12%	+0.52%	+0.43%	+5.43%
Value added	+0.54%	+0.33%	+2.74%	+6.15%	+3.38%	+3.19%	+3.31%	+3.86%

Performance figures include dividends and are after all fees and costs and gross of any earnings tax, but after withholding tax. 'Value added' calculation does not use rounded performance figures. Past performance is not indicative of future performance.

Geographic weighting



Sector weighting



Commentary

Global real estate did not have a good month in April. The index returned -5.3% at a local currency level. FX detracted a further -0.2%, resulting in a net -5.5% return on an AUD basis. The sector likely sold off as market expectations of US interest rate cuts this year continued to diminish after recent macroeconomic data releases. US CPI, PPI, retail sales, job creation (i.e. non-farm payrolls) and Core PCE all came out higher than expected this month. The unemployment rate in the US also declined unexpectedly to 3.8%.

It is a similar story in Australia, with market sentiment impacted by data releases showing the March unemployment rate unexpectedly decreasing to 3.8% and CPI accelerating to 1% for the March quarter.

On the other hand, Germany and Europe overall, continue to post data supportive of imminent rate cuts. In Germany, April YoY CPI came in lower than forecast at just 2.2%. In the broader Eurozone, April YoY Core CPI fell to 2.7%. In fact, the ECB Vice-President stated in an interview that 'barring any surprises, a June interest rate cut is fait accompli'.

Reporting season for first quarter results commenced this month. The biggest news to come out so far was US industrial REIT Prologis downgrading earnings guidance (which was first provided only a few months ago), citing weak customer demand. Net absorption and leasing activity came in below expectations and both occupancy and market rents in the portfolio declined. This comes as the sector is due to receive a wave of new supply. Prologis' stock price fell over 20% for the month.

Another big theme to come out of reporting season so far is the ramp-up in future AI capex investment planned by the largest data centre tenants – Microsoft, Google, Meta and Amazon. We discuss this and other important topics for

data centre investors in this month's [Investment Perspectives](#).

Some interesting real estate related news released during the month included:

- Blackstone acquires Air Communities (AIRC), in an all-cash deal for \$39.12/share (25% premium). This values the company at ~\$10bn, representing US\$425k/unit and a ~6% yield. AIRC is a US multifamily REIT concentrated primarily in the coastal markets of Miami, LA, Boston and Washington DC. This deal by Blackstone comes after it acquired another REIT, Tricon Residential (US Single family) in January this year.
- NextDC (Australian Data Centres) announced a ~A\$1.3bn equity entitlement offering to accelerate its development of data centres in Sydney, Melbourne and Malaysia.
- Shurgard (European Storage) announces its intention to acquire Lok'nStore (UK Storage) for ~GBP0.4bn in an all-cash deal of GBP11.10 per share. Lok'nStore has a portfolio of over 40 stores in the UK and a future development pipeline of 50,000sqm. Shurgard expects to generate a future stabilised NOI yield of ~8% from this deal.
- According to Colliers, Industrial construction completions in 1Q24 exceeded tenant demand in the US for the sixth quarter in a row. Vacancy rates increased 0.5% to 6.1% - the highest since 1Q15.
- Colliers estimates another 20 million square feet of US office space vacated in 1Q24. The San Francisco Bay Area had the most negative absorption at minus 4.3 million feet. National office vacancy rate increased 50 basis points to 17.5%.

Top contributors to returns for the month came from positions in European Storage and US Healthcare. The main detractors were positions in US Manufactured Housing and US Storage.

Fund details

Feature	Information
APIR Code	BFL0020AU
Investment objective	To generate a real total return of at least 5% above CPI per annum over a 5+ year investment horizon
Portfolio managers	Chris Bedingfield/Justin Blaess
Stock number	24
Fund size	A\$544m
Inception date	30 July 2014 ²
Recommended investment period	Long term (5+ years)
Minimum investment (AUD)	\$20,000
Additional investment (AUD)	\$5,000
NAV ³	1.3645
Buy/Sell spread	+/-0.20%
Entry/Exit fees	Nil
Distributions	Bi-annual
Management fees and costs ⁴	0.87%

How to invest

The Fund is open to investors directly via the PDS (available on our [website](#)) or the following platforms. Visit [How to invest](#) to find out more.

Platforms

AMP (My North, North, Summit, iAccess)	Mason Stevens
BT (Asgard)	MLC (Navigator, Wrap)
BT (Panorama)	Netwealth (Super Service, Wrap Service, IDPS)
CFS (FirstWrap)	Oasis (Wealthtrac)
Dash	Powerwrap (IDPS)
Hub24 (Super, IDPS)	Praemium (Non Super, Super)
Macquarie Wrap (IDPS, Super)	

Get in touch



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² The Quay Global Real Estate Fund (Unhedged) was launched on 30 July 2014 by another trustee, and the above performance data relates to this strategy. Bennelong assumed responsibility as replacement trustee on 31 January 2016. For performance history relating to this date, please contact Client Experience on 1800 895 388 (AU) or 0800 442 304 (NZ) or client.experience@bennelongfunds.com.

³ Adjusted for expected withholding taxes.

⁴ Management fees and costs consist of annual management fee rate and capped recoverable expenses. For a detailed split of the fees and costs, please refer to the fund(s) PDS.

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