

Performance report | 31 May 2024

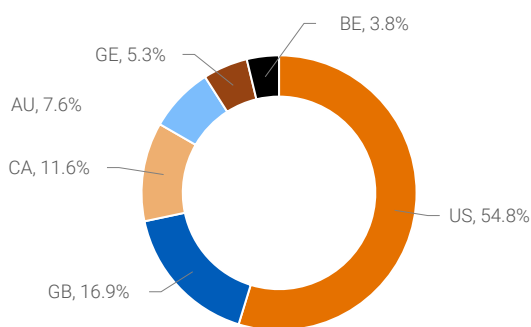
Quay Global Real Estate Fund (Unhedged)

Net returns

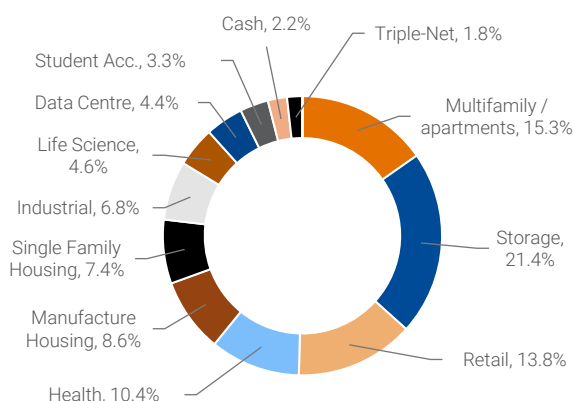
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception ² p.a.
Fund	+2.86%	+1.21%	+7.87%	+13.36%	+3.10%	+3.77%	+3.98%	+9.52%
Benchmark ¹	+0.97%	-1.52%	+4.73%	+4.42%	-1.04%	+0.32%	+0.37%	+5.49%
Value added	+1.90%	+2.73%	+3.14%	+8.94%	+4.14%	+3.45%	+3.61%	+4.04%

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 had a solid month, with the index returning +2.9% on a local currency basis. Currency detracted -1.9%, resulting in an overall +1.0% on an AUD basis. The fund returned net +2.9% in May, outperforming the index by +1.9%.

A series of data points out of the US, including the release of weaker than expected wages and jobs (non-farm payrolls), and a higher unemployment rate, likely buoyed returns. 'Bad' economic data continues to be 'good' for stock returns. Core PCE (the Fed's preferred measure of inflation) was also below estimates on a month-on-month basis.

However cautious public statements from some US Federal Reserve members, likely capped the size of the rally. The most significant of which was from Governor Waller, who still needs to see 'several more months' of good inflation data in order to be comfortable cutting rates.

In Australia, debate continues whether the next rate move is up. Whilst Australia's unemployment rate rose unexpectedly back to 4.1%, monthly CPI of +3.6% YoY was higher than estimates of +3.4%.

In Europe, German and Eurozone inflation data released this month were largely in line. The debate has now shifted away from the almost-certain June rate cut, to the pace and quantum of easing this year.

Reporting season concluded this month. According to Citi, 63% of US REITs beat expectations this quarter. US Senior Housing in particular was a standout – with the sector reporting continued growth in occupancy, rate and earnings.

Canadian apartment REITs also reported significant growth in rents and underlying earnings. Canada's housing situation, in terms of undersupply and resulting high rent growth, is very similar to Australia's. We explore the

opportunity in investing in Canadian housing in this month's investments perspectives.

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

- Participants at the International Council of Shopping Centres convention in the US are seeing increased appetite for retail acquisitions, particularly value-add opportunities. In terms of development, costs are still high, and rents must rise significantly for most projects to pencil.
- The latest release of the S&P CoreLogic Case-Shiller US National Home Price Index shows that US home prices reached another all-time as of March 2024.
- In 1Q24 data centre take-up exceeded new supply in the primary European markets of Frankfurt, London, Amsterdam, Paris and Dublin. Vacancy in these markets is forecast to be 8% by the end of 2024 (vs 16% at end of 2021), which will be the first time ever the vacancy rate in these markets has ended the year sub-10%.
- Digital Realty raised US\$1.65bn via equity issuance (~3% of market cap) to funds its development pipeline. The company reported 1Q24 earnings during the month. NOI yields on current US developments increased to over 12% and the company signed a record \$252m of new leases.
- According to reports by Bloomberg News, banks Citigroup, HSBC and Barclays are asking their employees to return to the office full-time (five days a week)
- Leg Immobilien surprised the market to the upside, reporting EUR135million of newly signed disposals above book values during 1Q24. In total 4,600 units of its target 5,000 are now sold.

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

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\$585m
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	1.4037
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



quaygi.com



client.experience@bennelongfunds.com



1800 895 388 (AU) or 0800 442 304 (NZ)

- ¹ Benchmark is the FTSE/ EPRA NAREIT Developed Index Net TR AUD. Source: FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. "NAREIT®" is a trade mark of the National Association of Real Estate Investment Trusts and "EPRA®" is a trade mark of European Public Real Estate Association and all are used by FTSE under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.
- 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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