

Performance report | 30 September 2024

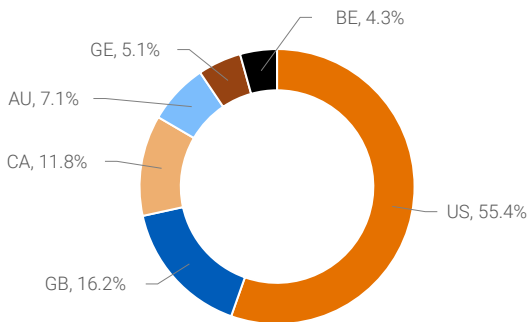
Quay Global Real Estate Fund (Unhedged)

Net returns

	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	10 years p.a.	Since inception ² p.a.
Fund	+0.74%	+11.63%	+8.27%	+26.35%	+15.25%	+4.17%	+4.59%	+10.43%	+10.30%
Benchmark ¹	+0.75%	+11.73%	+6.49%	+19.88%	+10.16%	+1.75%	+0.82%	+6.50%	+6.45%
Value added	-0.01%	-0.11%	+1.78%	+6.47%	+5.08%	+2.42%	+3.77%	+3.93%	+3.85%

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



Commentary

Global real estate had a positive month, with the index returning +2.5% on a local currency basis and +0.7% on an AUD basis. The Fund returned net +0.7% in September, roughly in-line with the index.

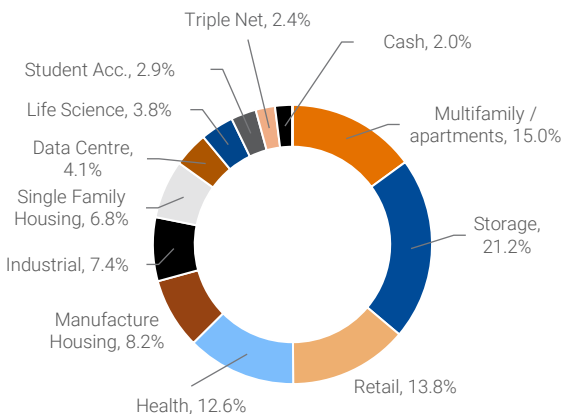
The highly anticipated rate cut cycle began in the US this month, with the Fed cutting its target rate by 50bps. This likely drove the further positive performance of the sector, which on a 1-year basis has returned +19.9%. The Fund has returned net +26.4% over this period, outperforming the index by +6.5%.

Recent US economic data points have dampened market fears of a recession. A series of initial jobless claims data came in under expectations, and US wage growth and retail sales both were higher than expected.

Elsewhere, the European Central Bank continued its rate easing cycle, lowering its target rate by a further 25bps and later hinted of another cut in October. The Bank of Canada cut for the third consecutive time, lowering its target rate by another 25bps. In Australia however, the RBA continues to be relatively hawkish, with Governor Bullock pushing back against market expectations of a rate cut this year. This combined with news of Chinese fiscal stimulus to support its ailing economy, led to a strong rise in the Australian dollar this month.

Our team recently travelled across the US, meeting with companies from the US and Canada. Overall feedback is that in many sub-sectors, fundamentals and outlooks are positive and new supply muted. This is particularly true for the healthcare real estate sector. On the other hand, US industrial landlord Prologis was relatively downbeat, citing weak leasing demand and elevated supply. In our view this weakness is likely to continue. We explore this and other charts that caught our eye recently in this month's [Investment Perspectives](#).

Sector weighting



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

- San Francisco office vacancy hits a record high of over 37% according to preliminary 3Q data from CBRE. This follows the departure of X (Twitter) from its headquarters in the city, with employees re-locating to offices in San Jose and Palo Alto
- Blackstone and CPPIB acquires Asia-Pacific data centre operator AirTrunk for \$24billion. Deal metrics were not disclosed; however, the deal was rumoured to be struck at a run-rate EBITDA multiple of over 21x
- Amazon announced that it will require its employees to work in the office five days per week beginning January 2025, making it the first major technology company to do so.
- According to data from Cushman & Wakefield, US senior housing occupancy trended upward for the twelfth consecutive quarter, now surpassing 87%. Rent growth averaged 4.5% for the first half of 2024.

Top contributors to returns for the month came from positions in Australian Retail and German Apartments. The top detractors for the month were from positions in US Single Family Housing and US Industrial.

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	25
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	1.5044
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, Panorama)	MLC (Navigator, Wrap)
CFS (FirstChoice, FirstWrap)	Netwealth (Super Service, Wrap Service, IDPS)
Dash	Oasis (Wealthtrac)
Hub24 (Super, IDPS)	Powerwrap (IDPS)
Macquarie Wrap (IDPS, Super)	Praemium (Non Super, 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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