Performance report | 31 December 2024

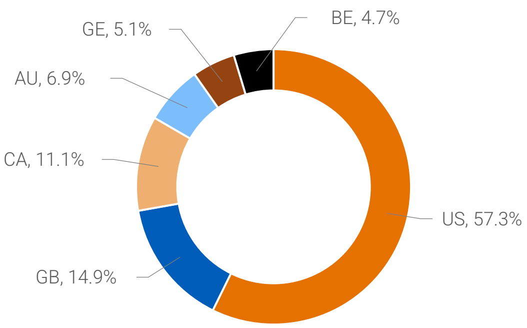
Quay Global Real Estate Fund (AUD Hedged)

Net returns

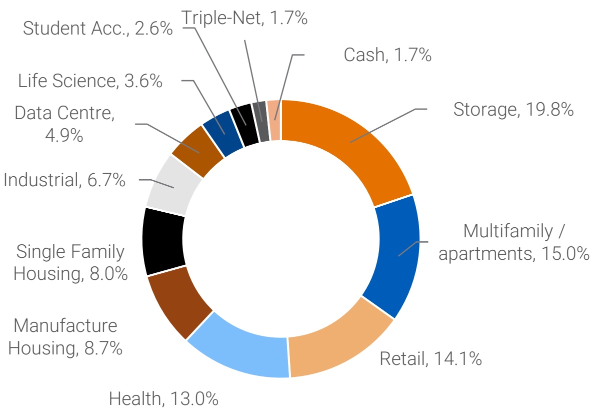
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	Since inception[2] p.a.
Fund	-7.24%	-9.76%	+1.25%	-1.01%	+6.09%	-	-4.08%
Benchmark[1]	-6.37%	-7.50%	+5.01%	+2.78%	+5.30%	-	-3.76%
Value added	-0.87%	-2.26%	-3.76%	-3.79%	+0.79%	-	-0.32%

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

It was a challenging month and quarter for global real estate and the Fund. For the period ended December, the Fund returned -7.2% for the month, and -9.8% for the quarter.

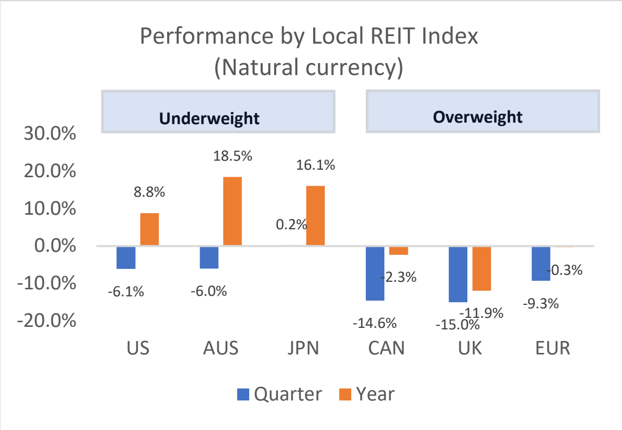
There was an array of factors that drove Fund returns which we summarise below.

- Post the US September rate cut, US economic data points continued to surprise to the upside, slowly repricing long end US treasuries.
- This was exacerbated in December, when Fed Chair Jerome Powell provided a "hawkish cut". That is, a signal to investors future interest rate cuts were less certain and dependent on future data. Global bond yields in most jurisdictions reacted negatively.
- A change in immigration policy in Canada (a 2-year hiatus on net immigration) hit the REITs hard – particularly housing (in which the Fund has 6% exposure). In addition, President elect Trump's threat of tariffs created additional uncertainty.
- Political uncertainly in Europe where in France, prime minister Barnier resigned after opposition lawmakers voted to topple his government, and in Germany following the collapse of Chancellor Scholz's three party coalition in November. Both events negatively impacted sentiment on the continent.

Aside from the short-term change in Canadian immigration policy, most factors affecting returns continue to be macroeconomic and sentiment in nature – factors we believe will reverse over time.

In relative terms, the continued bull run in US equities helped US REITs compared to other geographies, however the sour sentiment in Europe dragged most of our positions significantly negative in the month and quarter. Along with the US, Japan and Australia also held up relatively well – markets where the fund has a relatively low weight.

The stark market performance difference by geography is highlighted below.



Source: Bloomberg, Quay Global

As a reminder, we do not invest based on geographic weighting, but based on bottom-up analysis. Because of our stock picking approach, the portfolio currently has an outsized weighting to Europe, UK and Canada – three regions that performed exceptionally poorly in the past month, quarter and year.

There was not much company news since late November apart from a Q4 trading update from Safestore (European storage) which we (and other market participants) viewed as marginally positive as the company confirmed they were on track to meet earnings expectations. That news did not prevent the stock declining -7.7% for the month and -25% for the quarter. Safestore was our largest detractor in the month.

2024 summary

Safestore (Storage), Alexandria Real Estate (Life Science) and InterRent (Apartments) were the largest detractors for the year while returns from the big themes of healthcare and data centres were captured by our outsized exposure to Ventas, Chartwell and Digital Realty.

2025 outlook

We have made very few changes to the portfolio over the past month and quarter and see no reason to do so now. Despite the vicious change in sentiment since September last year (especially in UK / Europe), we believe our investees are well position to capture solid earnings growth driven by improving pricing power, and in many cases, backed by the strong thematic of ageing population, global housing shortages, and the secular growth of European self-storage.

Longer term, we continue to see evidence of a demand and supply mismatch in most real estate markets as the economics of building new supply remain challenging. This remains especially so in sectors such as senior housing, residential, and retail – sectors where the Fund retains a sizeable exposure.

Fund details

Feature	Information
APIR Code	BFL3333AU
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	2 February 2022[2]
Recommended investment period	Long term (5+ years)
Minimum investment (AUD)	$20,000
Additional investment (AUD)	$5,000
NAV[3]	0.8472
Buy/Sell spread	+/-0.20%
Entry/Exit fees	Nil
Distributions	Bi-annual
Management fees and costs[4]	0.92%

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 North
BT (Asgard, Panorama)
CFS (Edge, FirstWrap)
Dash
Hub24 (Super, IDPS)
Macquarie Wrap
Mason Stevens
Netwealth (Super Service, Wrap Service)
Praemium

Get in touch

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[2] Inception date is 2 February 2022.

[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.