

Performance report | 31 January 2025

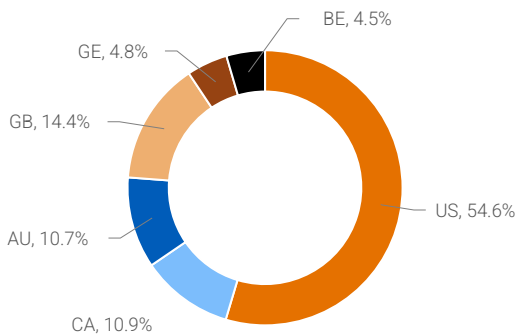
Quay Global Real Estate Fund (AUD Hedged)

Net returns

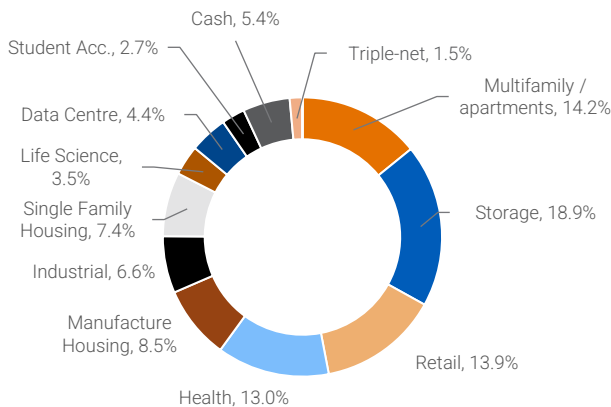
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	Since inception ² p.a.
Fund	-0.40 %	-6.44%	-3.69%	+2.58%	+0.89%	-	-4.10%
Benchmark ¹	+1.61%	-2.36%	+1.11%	+8.13%	+2.13%	-	-3.14%
Value added	-2.01%	-4.08%	-4.80%	-5.55%	-1.24%	-	-0.96%

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

In January, the Global Real Estate AUD hedged index returned +1.6% and the Fund returned -0.4%.

It has been an eventful start to the new year. The US market was shaken by news that Chinese AI chatbot DeepSeek outperforms its US competitors despite being developed at a much lower cost. Investors began to question the assumption that the US will be the global leader of AI and whether the super-cycle of US AI capex spend will be as large as most had forecasted.

This is perhaps the first real crack in the AI-trade which has powered the US equity market in the past couple of years. Nvidia fell -17% on the subsequent trading day. Other semiconductor companies, along with other AI beneficiaries, such as power-related companies and data centre owners were also hit.

Global real estate (outside of data centres) were largely immune to the market sell-off. It is still too early to call what the long-term impact will be on data centre prospects, however most pundits are of the view that lowered AI training costs will lead to more uptake/demand for AI, and hence data centres. However, the type of data centre demand may change, with more compute devoted to inference rather than training. While the long-term impact is still unclear, in our opinion this is unlikely to be positive for speculative developers who have only recently entered the data centre space.

Another key issue weighing on markets this month was Trump's continued threats of tariffs on Canada, Mexico and China (which eventuated at the start of February). This added further uncertainty to global markets as investors tried to forecast the potential impacts.

January was also a busy month on the central bank front. In-line with market predictions, the US Federal Reserve held rates steady and both the European Central Bank and the

Bank of Canada cut their rates by a further 25bps. Most central banks are taking a cautious (wait-and-see) approach with their rate decisions due to the upcoming trade wars, as well as the impact of changes to US tax and immigration policies.

Reporting season began during the month. The biggest news to date was from US Industrial REIT Prologis. It rallied this month, with investors jumping on the prospect of green shoots in US Industrial market conditions. This is despite Prologis reporting lower than expected absorption for 4Q24, and indicating rents and occupancy has further to fall before recovering. Meanwhile elevated supply will continue to be delivered.

Markets continue to throw at us new challenges in the short term. At Quay we remain focussed on investing for the long term in quality companies that align with our investment philosophy and process. In this month's [investment perspectives](#), we highlight one such idea, Safehold, currently the only listed pure-play ground lease company in the world.

Top contributors to returns for the month came from positions in Australian Retail and Canadian Healthcare. The top detractors for the month were our positions in US Data Centre and US Retail.

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	0.8438
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	Mason Stevens
BT (Asgard, Panorama)	Netwealth (Super Service, Wrap Service)
CFS (Edge, FirstWrap)	Praemium
Dash	
Hub24 (Super, IDPS)	
Macquarie Wrap	

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.

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