Performance report | 31 March 2024

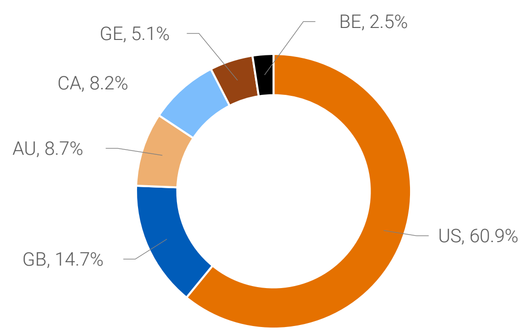
Quay Global Real Estate Fund (AUD Hedged)

Net returns

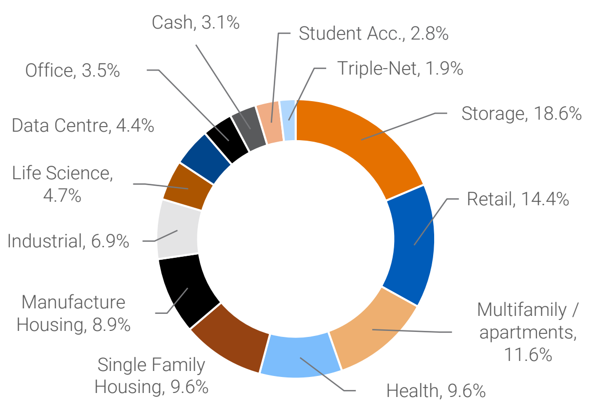
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	Since inception[2] p.a.
Fund	+3.63%	-1.24%	+15.48%	+12.73%	-6.42%	-	-5.56%
Benchmark[1]	+3.64%	-0.10%	+12.60%	+7.69%	-7.93%	-	-6.27%
Value added	-0.01%	-1.14%	+2.89%	+5.05%	+1.52%	-	+0.71%

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

After a relatively slow start to the year, Global real estate had a good month in March, with the AUD hedged index returning +3.6%. The sector was likely buoyed by dovish US Fed commentary at its March meeting and that the Fed dot plot still projects three rate cuts in 2024. This is despite US CPI and PPI released in the lead up to the meeting coming in higher than expected. The US economy remains strong, with the final estimate of annualised December quarter GDP revised upwards to +3.4% from +3.2%.

It is a different story in Europe, which is experiencing subdued economic growth and falling inflation. During the month, the UK reported negative 4Q GDP growth and retail sales fell -2.7% in Germany. Additionally, CPI data came in lower than expected in the UK and major European economies such Germany and France. The Swiss National bank surprised the market by cutting its policy rate, becoming the first major central bank to do so. As the likelihood of an imminent rate cut became more apparent, UK and European REITs, which typically have higher leverage than their global peers, performed relatively well this month.

In Australia, market expectations of interest rates cuts continue to push out. The unexpected fall in unemployment rate from 4.1% to 3.7% largely offset monthly CPI and retail sales data coming in slightly below forecasts. The implied probability of an interest cut at the next RBA meeting in May fell from 26% at the start of March to 10% by end of the month. Despite this uncertainty of timing, we discuss in this month's Investment Perspectives, our view that there is a structural argument for Australian interest rates to eventually head back to zero.

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

- Data from the National Association of Realtors revealed that existing home sales in the US for February rose by 9.5% month on month to an annualised figure of 4.38 million units. The market had expected a slight decline in sales.
- Homebuilding activity in the US was stronger than expected in February according to data released by the US Census Bureau. Housing starts rose 10.7% month on month to an annualised 1.52 million units.
- Based on Corelogic Index data, Australian home prices rose by +0.6% in March. This is the 14th consecutive month that values have increased.
- According to NAREIT & Costar, the retail sector was the only sector of the four traditional sectors (retail, apartments, industrial, office) where demand exceeded supply in 4Q23. US retail occupancy rates increased to all-time highs during the quarter.
- Leg Immobilien commented in its FY23 results that declines in German apartment valuations are coming to an end and that the market is stabilising. The transaction market is also beginning to thaw. The company re-instated its dividend.

Top contributors to returns for the month came from positions in German Residential, Australian Retail and German Industrial. The other end of the spectrum detractors were in the US Manufactured Housing and US Data Centre sectors.

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	24
Fund size	A$224m
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]	0.8542
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 (Panorama)

CFS (FirstWrap)

Dash

Hub24 (Super, IDPS)

Macquarie Wrap

Mason Stevens

Netwealth (Super Service, Wrap Service)

Praemium

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 Hedged 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] 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.