

Performance report | 28 February 2025

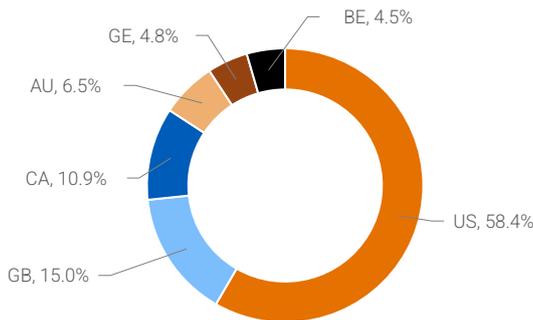
Quay Global Real Estate Fund (Unhedged)

Net returns

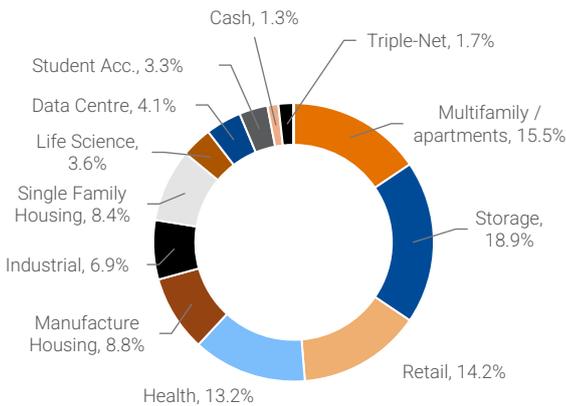
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	10 years p.a.	Since inception ² p.a.
Fund	+3.43%	-1.80%	-0.49%	+10.76%	+9.80%	+3.50%	+4.39%	+7.45%	+9.75%
Benchmark ¹	+2.53%	+1.24%	+5.57%	+15.21%	+9.46%	+3.06%	+2.08%	+4.58%	+6.66%
Value added	+0.90%	-3.04%	-6.05%	-4.46%	+0.34%	+0.43%	+2.31%	+2.87%	+3.10%

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

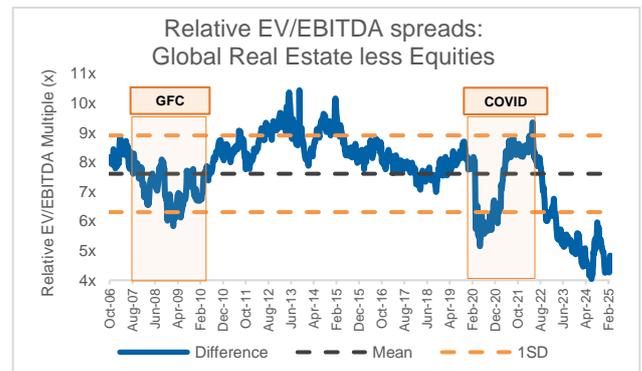


Commentary

The global real estate sector continued its positive start to the calendar year, returning +2.5% in February. The Fund returned +3.4% for the month, outperforming the index by 90bps.

The real estate sector likely benefited from the rotation of capital out of global equities, as investors have become jittery about the long-term prospects of the US AI-trade (which has powered the returns of US equities), post the Deepseek announcement. Case in point, Nvidia fell -8.5% in the trading session after delivering a revenue beat for 4Q24 and guidance ahead of market expectations.

In our view, this rotation (if sustained) is only beginning. The chart below shows that global real estate is still significantly 'cheap' relative to equities – the current gap in valuation between the two asset classes are wider than historic norms, and wider than the GFC and Covid periods. This is despite most real estate sub-sectors experiencing solid earnings growth, low supply, and western central banks are more likely to cut rates rather than hike from hereon.



Source: Quay Global Investors, Bloomberg

Another factor that has driven the strength in real estate sector returns this calendar year has been the fall in US treasury yields – which has dropped from a high of 4.9% in mid-January, to 4.6% at the start of February, and further to 4.2% by the end of month. Geopolitical fears around the new US administration’s attitude to the war in Ukraine and the global trade wars has led to this fall in yields. We have written previously that our analysis shows that in recent years, there has been a negative correlation between US treasury yields and US REIT prices of ~90% in the short term i.e. when treasury yields fall, REIT prices rises.

Reporting season closed out this month. Stand outs include Ventas (US Healthcare) and Essex Properties (US West Coast Apartments) who were upbeat about future prospects. Both companies are operating in sub-sectors with low current and future supply (starts). In the case of Essex, west coast apartment supply as a % of total stock is a fraction of sunbelt areas.

Despite heightened market volatility in the first months of the new Trump administration, at Quay we remain focussed on our bottom-up approach to finding the best ideas in global real estate. In this month’s [investment perspectives](#), we discuss our approach to stock based compensation in our valuation process and how companies can and do use this to significantly adjust their reported earnings.

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

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	1.4745
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 (Infinity eWrap)	MLC (Navigator, Wrap)
BT (Panorama)	Netwealth (Super Service, Wrap Service, IDPS)
CFS (FirstChoice, 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.

This information is issued by Bennelong Funds Management Ltd (ABN 39 111 214 085, AFSL 296806) (BFML) in relation to the Quay Global Real Estate Fund (Unhedged). The Fund is managed by Quay Global Investors, a Bennelong boutique. This is general information only, and does not constitute financial, tax or legal advice or an offer or solicitation to subscribe for units in any fund of which BFML is the Trustee or Responsible Entity (Bennelong Fund). This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, you should consider the appropriateness of the information based on your own objectives, financial situation or needs or consult a professional adviser. You should also consider the relevant Information Memorandum (IM) and or Product Disclosure Statement (PDS) which is available on the BFML website, bennelongfunds.com, or by phoning 1800 895 388 (AU) or 0800 442 304 (NZ). Information about the Target Market Determinations (TMDs) for the Bennelong Funds is available on the BFML website. BFML may receive management and or performance fees from the Bennelong Funds, details of which are also set out in the current IM and or PDS. BFML and the Bennelong Funds, their affiliates and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that any Bennelong Fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in any Bennelong Fund. Past fund performance is not indicative of future performance. Information is current as at the date of this document. Quay Global Investors Pty Ltd (ABN 98 163 911 859) is a Corporate Authorised Representative of BFML.