

Quay Global Real Estate Fund

Monthly performance update

As at 31 July 2020

At a Glance

| Feature | Fund facts |
|-------------------------------|--|
| 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 | 27 |
| Inception date | 30 July 2014 ¹ |
| Recommended investment period | Long term (5+ years) |
| Minimum investment | A\$20,000 |
| Additional investment | A\$5,000 |
| NAV ² | 1.1189 |
| Buy/sell (%) | 0.30/0.25 |
| Entry/exit fees | Nil |
| Distributions | Bi-annual |
| Management fee ³ | 0.82% |

General Market Commentary

Continued strength in the Australian dollar (and USD weakness) weighed on international returns during the month of July. Global Equities delivered a local currency return of +3.3%, mostly offset by a -2.7% currency drag to deliver a +0.5% total return.

Locally, the Australian market delivered a similar return of +0.5%.

Year to date, Global and Australian Equities have returned -3.2% and -10.1% respectively. It is worth reminding that the outperformance of Global Equities is skewed by mega-tech, something lacking from the local bourse (and global real estate).

To put this in perspective, the 5 largest listed companies in the world are all US tech companies and tech is now the largest sub-sector in global equities. The YTD return for Global Equities in USD terms is -2% and it includes a +21% return from a sector that has a 22% weighting. Ex-tech the total return for Global Equities hasn't been so great, estimated at around -8%.

Fund Performance and Review

The Fund returned -0.5% for the month and, like in June, a solid underlying performance at the stock level (+2.3%) was masked by a negative currency impact (-2.8%).

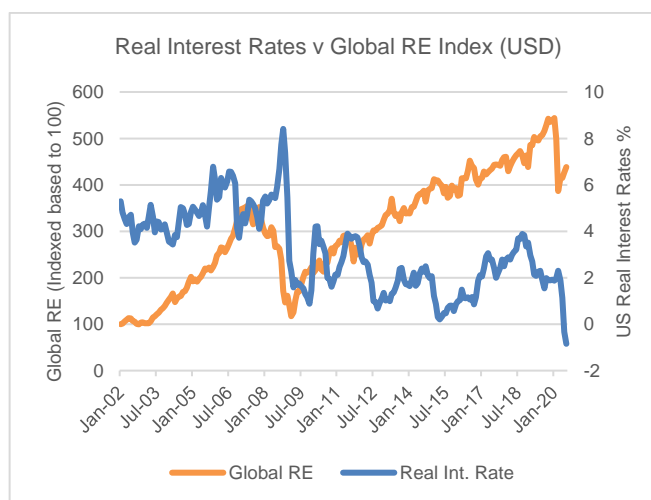
For the month, the greatest positive contributions to returns were from Safestore (UK Storage), Leg Immobilien (German Residential) and Stag Industrial (US Industrial). Detracting in order from the most, were Wharf REIC (HK Retail), Hysan (HK Diversified) and Brixmor (US Retail). Thematically, the market

continues to support those stocks that are perceived to have the most defensive revenue profiles –Industrial, Data Centres and European Residential and Health as examples. In many instances at almost any price. At the other end of the spectrum sectors like Retail, Hong Kong, Urban Residential and Seniors Housing have lagged. However, post month end and part way through 2Q20 reporting season we are seeing some strength return to some of these laggards as they deliver results slightly better or ahead of what were dismal expectations.

Much commentary of late has focused on out performance of defensive assets, namely Gold. This flight to safety can also be evidenced in the collapse of bond yields. In the US the 10-year treasury yields continue to grind lower, currently just 0.6% and near all-time lows.

Interestingly, at the same time inflation expectations continue to rise from their March lows of +0.8%, to currently +1.7%. One of the reasons driving this rise in inflation expectations is the belief that the Fed will do whatever it takes to bolster economic growth. During the month, Chairman Powell reinforced this view saying he was “not even thinking about raising rates” with an expectation that accommodative monetary policy will be with us for a long time. Consequently, the real bond yield has collapsed, now negative 1.1%.

Historically, such an environment of low real interest rates has been positive for risk assets and global real estate returns. This can be observed in the chart below, the exception being the risk off period during the GFC, however afterwards returns rebounded strongly.



So why has Global RE underperformed? It is an asset class backed by tangible and real assets and unlike before the GFC balance sheets are generally in robust conditions, credit markets are open and outside retail and office assets classes, which are a much smaller part of the universe now, rent collections and revenue expectations have generally been in line with historical levels highlighting the defensive nature of the cash flows.

Part way through 2Q20 reporting season in the US and 1H20 in other jurisdictions there is a building confidence in the outlook and certainly relative to the dark depths of March.

Quay Global Real Estate Fund

Monthly performance update

As at 31 July 2020

Performance

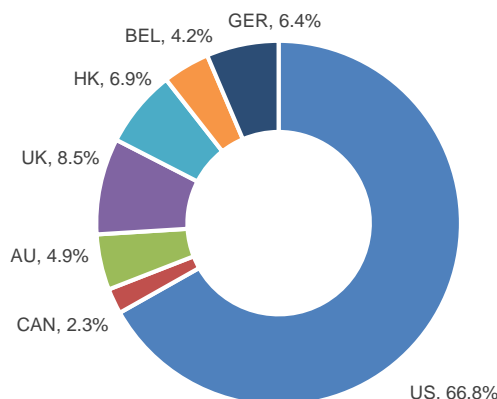
| Timeframe | Fund return (net) ¹ | Index** | Value add |
|-------------------------|--------------------------------|---------|-----------|
| 1 month | -0.5% | -1.3% | +0.8% |
| 3 months | -2.1% | -3.5% | +1.4% |
| 6 months | -19.5% | -25.2% | +5.7% |
| 1 year | -11.7% | -17.6% | +5.8% |
| 2 years (p.a.) | +2.0% | -2.4% | +4.3% |
| 3 years (p.a.) | +6.5% | +2.3% | +4.2% |
| 5 years (p.a.) | +5.5% | +1.6% | +3.9% |
| Since inception (p.a.)* | +10.4% | +5.8% | +4.6% |

Performance figures include dividends and are after all fees and costs and gross of any earnings tax, but after withholding tax

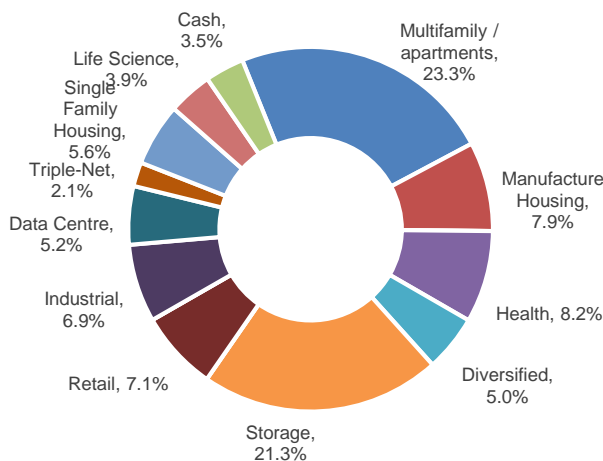
* Inception date is 30 July 2014¹

** FTSE/ EPRA NAREIT Developed Index Net TR AUD⁴.

Geographic Weightings



Sector Weightings



The Fund is managed by Quay Global Investors, a Bennelong Funds Management boutique.

Disclaimer: 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. The information provided is general information only. It 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). 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 report. Quay Global Investors (ABN 98 163 911 859) is a Corporate Authorised Representative of Bennelong Funds Management Limited (BFML), ABN 39 111 214 085, Australian Financial Services Licence No. 296806.

Quay Global Real Estate Fund

Monthly performance update

As at 31 July 2020

How to invest

The Fund is open to investors directly via the PDS (available at quaygi.com), or the following platforms.

| Platforms | |
|------------------------------|---|
| Asgard (Infinity eWrap) | IOOF (IPS, Lifetrack, Portfolio Services, Pursuit Select, Employer Super. Super, Pension) |
| ANZ (Grow) | Mason Stevens |
| AON | MLC (Navigator, Wrap) |
| BT (Wrap, Panorama) | Netwealth (Super Service, Wrap Service, IDPS) |
| CFS (FirstWrap) | Spitfire (Wealthtrac) |
| Hub24 (Super, IDPS) | Powerwrap (IDPS) |
| Macquarie Wrap (IDPS, Super) | |

Contact details

For more information, please call 1800 895 388 (AU) or 0800 442 304 (NZ) or visit quaygi.com

¹ The Quay Global Real Estate Fund 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 Services on 1800 895 388 (AU) or 0800 442 304 (NZ) or client.services@bennelongfunds.com.

² Adjusted for expected withholding taxes.

³ The management fee does not include fund expenses, which are capped at 0.10% per annum on net asset value, or the performance fee. Any performance fee payable is 15.375% of the excess return over the greater of CPI and the FTSE/EPRA NAREIT Developed Index (net) Total Return (AUD). All fees quoted include GST net of reduced input tax credits. For more information, refer to the Product Disclosure Statement (PDS) dated 1 February 2017 (ARSN 610 224 381).

⁴ 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.

The Fund is managed by Quay Global Investors, a Bennelong Funds Management boutique.

Disclaimer: 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. The information provided is general information only. It 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). 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 report. Quay Global Investors (ABN 98 163 911 859) is a Corporate Authorised Representative of Bennelong Funds Management Limited (BFML), ABN 39 111 214 085, Australian Financial Services Licence No. 296806.