

Quay Global Real Estate Fund

Monthly performance update

As at 30 September 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	26
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	1.1161
Buy/sell (%)	0.30/0.25
Entry/exit fees	Nil
Distributions	Bi-annual
Management fee ³	0.82%

General Market Commentary

Risk assets finally took a breather this month, as mounting risks around the upcoming US election, delays in second stimulus payments, and concerns of a 'second wave', all weighed on markets. In USD terms, global equities declined -2.9%, inclusive of a +2.5% currency gain from a weaker \$A.

Locally, the Australian market followed the global lead, declining by -3.7%.

Fund Commentary

Returns were again generally flat for the month at -0.4%, although on this occasion the currency gains (+2.4%) buffered the losses in underlying securities (-2.8%), reversing previous trends.

Across the investees, the self-storage sector continues to reward us via CubeSmart, Shurgard and Life Storage. Interestingly, some 'out of favour' sectors are now getting some market support, particularly Healthcare.

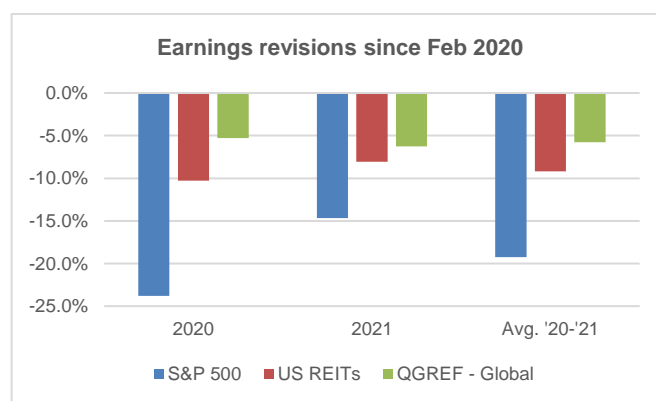
US Coastal Apartments again remain a drag on our overall performance. In our opinion this represents long term opportunity, and accordingly we have continued to increase our exposure to these investees at the expense of our COVID winners – industrial, single family and life science sectors.

The performance of the Global Real Estate Sector (and the Fund) may feel a little frustrating, especially compared to the stellar performance of global equities (particularly local and US

Tech) since the pandemic started. However, we encourage investors to look past the always exciting (but generally meaningless) short term price action and stick to the underlying fundamentals. If we simply look at earnings, some surprising results emerge.

Since market peak (Feb 20), the S&P 500 consensus 2020 EPS has declined -23%, while US REITs earnings are down -10%. However, the S&P500 price is back to Feb levels, while US REITs are still ~25% below. On an earnings basis that is almost a 40% de-rate relative to equities.

On a fundamental basis, earnings for real estate have remained true to label and proven to be quite resilient (despite sectors with obvious challenges). Similarly, the earnings from our global investees are proving to be just as or even more resilient.



Source: Bloomberg, Quay Global

In this month's [Investment Perspectives](#), we dig into the difference in performance between asset classes and provide and update on the state of global real estate in the current COVID environment.

For long term investors, we believe current listed real estate pricing is attractive and well positioned to comfortably meet our long-term investment objectives.

Performance

Timeframe	Fund return (net) ¹	Index**	Value add
1 month	-0.4%	0.0%	-0.3%
3 months	-0.8%	-1.9%	+1.1%
6 months	-3.6%	-4.0%	+0.5%
1 year	-16.7%	-23.1%	+6.5%
2 years (p.a.)	+0.7%	-3.5%	+4.2%
3 years (p.a.)	+5.6%	+1.6%	+4.0%
5 years (p.a.)	+5.1%	+1.6%	+3.5%
Since inception (p.a.)*	+10.0%	+5.5%	+4.5%

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.

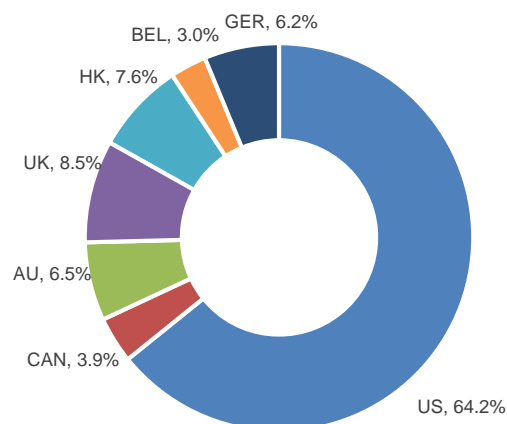


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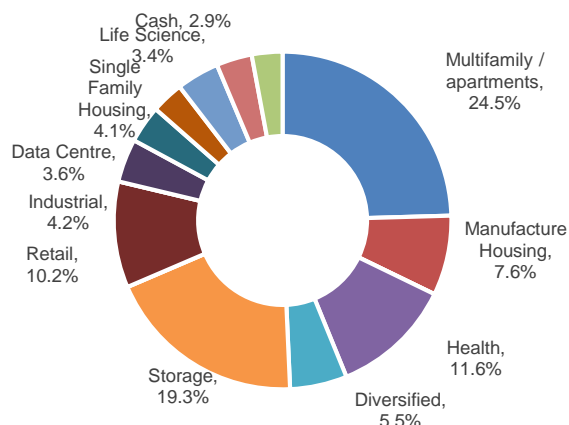
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Geographic Weightings



Sector Weightings



How to invest

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

Platforms	
Asgard (Infinity eWrap)	IOOF (Pursuit Select, Pursuit Select (PIS), Employer Super, eXplan, Grow Lifetrack, IPS, IDPS, Super, Pension)
	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 quayqi.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 Experience on 1800 895 388 (AU) or 0800 442 304 (NZ) or client.experience@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.

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