

Performance report | 31 July 2025

Quay Global Real Estate Strategy (Unhedged)

For Institutional Investors Only

Overview

The Quay Global Real Estate Strategy ('the Strategy') invests in global listed real estate with a focus on rent-based total return opportunities, avoiding developers and emerging markets and seeking robust balance sheets and reliable long-term cash flows. Utilizing fundamental analysis in stock selection and concentrated, low-turnover portfolio construction, the management team aims to generate annualized real total returns in excess of CPI +5% over the long term.

The Strategy is managed by Quay Global Investors, a Bennelong boutique. Bennelong is part of the BFM Group, an investment company that partners with boutiques across the globe to deliver actively managed equity funds.

Gross returns (\$AUD)

	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 ¹ p.a.
Strategy	-2.37%	-0.19%	+2.42%	+2.14%	+8.36%	+5.12%	+9.50%	+8.03%	+10.76%
Benchmark ²	+0.60%	+1.58%	-0.18%	+5.10%	+7.63%	+3.24%	+6.55%	+4.06%	+6.14%
Value added	-2.97%	-1.77%	+2.60%	-2.96%	+0.73%	+1.87%	+2.95%	+3.98%	+4.62%

Performance figures include dividends and are gross of any earnings tax, but after withholding tax.

¹'Value added' calculation does not use rounded performance figures. Past performance is not indicative of future performance.

Strategy managers



Justin Blaess

Co-founder, Principal & Portfolio Manager



Chris Bedingfield

Co-founder, Principal & Portfolio Manager

Before establishing and co-managing the Quay Global Real Estate Strategy, Justin spent five years at ING Investment Management in Sydney, where he was portfolio manager for all the listed real estate investment strategies with over \$2bn under management. He has also worked in corporate finance at major investment banks, where as part of their real estate investment banking teams he had experience on local and cross border M&A, debt and equity transactions. Justin started his finance career as a research analyst, first at HSBC and then Deutsche Bank, where with Chris he established and managed a REIT research team.

Chris has nearly 30 years of experience working as a real estate specialist with a background in investment banking, real estate equities research and investment management. Prior to co-founding Quay, Chris was a senior member in the Real Estate Investment Banking group at Credit Suisse in Sydney and previously the Head of Real Estate Investment Banking Asia at Deutsche Bank. Chris started his career in real estate equity research, eventually becoming the head of research.

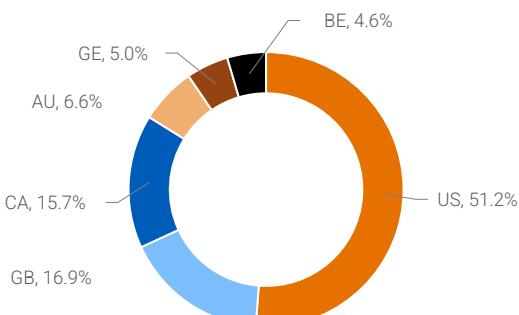


A Bennelong boutique

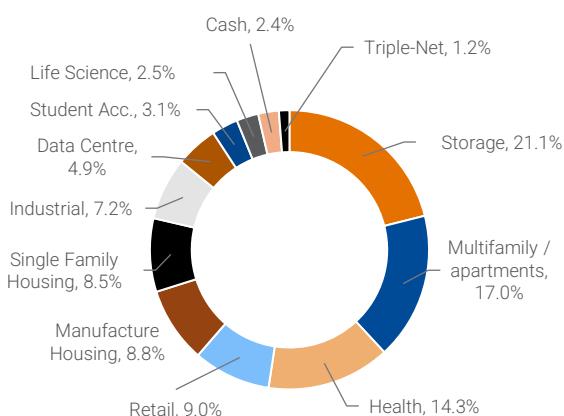
Strategy details

Feature	Information
Strategy	Global listed real estate
Index	FTSE/NAREIT Developed TR AUD Index
Investment vehicles	Separately Managed Accounts; AUD Unit Trust

Geographic weighting



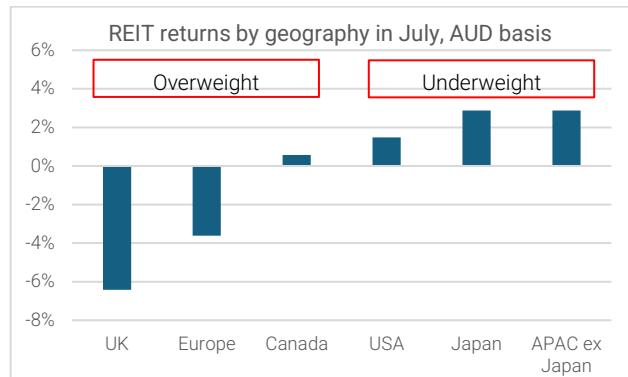
Sector weighting



Commentary

The global listed real estate index returned -0.94% in June, with local stock price returns of c.+40bps more than offset by -132bps of currency detraction on an AUD basis. The Strategy returned -0.19% for the month, outperforming the index by 75bps.

The global real listed estate index (AUD) returned +0.60% in July, consisting of -23bps of negative stock return in local currency terms, and a currency benefit of +83bps on an AUD basis. The Strategy returned -2.37% for the month, underperforming the index by -297bps.



The chart above shows that there was significant divergence in returns between geographies this month. The Strategy's positioning across these geographies impacted our returns on both in absolute terms and relative to the index. To be clear, the Strategy's geographical weightings are an outcome of Quay's bottom-up stock selection process and are not targeted allocations. Nevertheless, it is our view that there is no strong fundamental reason driving this short-term divergence. Similarly, in our view there is no compelling reason to think there won't be a reversion of this performance gap over time as market dynamics normalise.

Below we provide some commentary on certain regions at both ends of the performance spectrum.

UK & Europe

UK and Europe performed particularly poorly this month, and our Strategy's overweight exposure to these regions impacted performance. In the UK, bond yields rose significantly as the month progressed, triggered initially by scenes of the finance minister crying in parliament, which raised concerns about the fiscal outlook. Later, stronger-than-expected inflation and wage growth led to further rises in bond yields. UK REITs likely sold off on the back of this.

Bond yields rose in Europe too, with the European Central Bank deciding to hold interest rates in July (largely expected) and the bank's president Christine Lagarde more hawkish than expected in her subsequent commentary.

Though there has been pressure on share prices, our UK and European investees are in fact performing well at the operational level. Our holdings in the region are predominately in the storage sector, which continue to report growing revenues as well as improvements in customer demand. Our investees are trading at attractive valuations, including at a discount to their US peers and will benefit from a better structural growth story. Our other holdings in the Europe region are in German industrial and Residential, both areas where new supply is hard to build, and demand continues to outpace supply.

Asia Pacific, including Japan

Our portfolio is underweight the Asia Pacific region, including to Japan, which were the top performing regions in July, and this impacted our relative returns. Together, this region represents 23% of the global index.

The Strategy has nil holdings in Japan, Singapore and Hong Kong. Despite the recent strength of these markets, we remain concerned about a variety of factors that will ultimately impact longer term returns, including poor demographic trajectory and/or the valuation and composition of the REIT markets in Asia.

In Australia, REITs also performed well, led largely by a recovery in the share price of Goodman Group. We own one stock in the region, a best-in-class retail owner, who operationally is going from strength to strength.

Outlook

We are positive on the outlook for the real estate sector and for our Strategy in particular. Our investees, many of which have experienced significant de-rates in valuation multiples, are poised to outperform. The outlook for earnings growth is strong, due to in many instances, a shortage of supply being built and/or robust demand. We analyse US construction spend as well other key themes in this month's [investments perspectives](#) – 10 charts we are thinking about right now.

At Quay, we continue to invest in a concentrated portfolio of good businesses at attractive valuations, in-line with our investment philosophy and process. We believe these companies will reward patient investors in the medium to longer term – irrespective of fluctuations of bond yields or short-term macro headlines. This month marks the 11th year anniversary of our unhedged fund and we believe our track record over these years are a testament to the strength of our investment philosophy and process.

Get in touch



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¹ The above data for the Strategy relates to the performance data for the Quay Global Real Estate Fund (Unhedged) ("the Fund"). The Fund was launched on 30 July 2014 by another trustee. Bennelong assumed responsibility as replacement trustee on 31 January 2016. Please contact the Bennelong Institutional team for performance history relating to this date.

² 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. The index is designed to track the performance of listed real estate companies and REITS worldwide.

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