Performance report | 31 July 2025

Quay Global Real Estate Strategy (Unhedged)

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 ($USD)[1]

	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[3] p.a.
Strategy[1]	-4.09%	+0.44%	+5.72%	+0.71%	+5.92%	+2.34%	+7.17%	+6.62%	+7.09%
Benchmark[2]	-1.17%	+2.22%	+3.04%	+3.63%	+5.21%	+0.51%	+4.28%	+2.70%	+2.63%
Value added	-2.92%	-1.78%	+2.68%	-2.92%	+0.71%	+1.82%	+2.89%	+3.92%	+4.47%

Past performance does not guarantee future results - investing involves risks, including the possible loss of principal. Performance represents the gross performance of the Strategy, which is currently only offered to non-US persons, and the performance of the index. Gross performance excludes fees and expenses. Performance has been converted from Australian dollars (the base currency of the Strategy) to US dollars. Investment returns may vary depending on currency exchange rates, expenses and other fees. See "Important Legal Information" at the end of this document.

Strategy managers

Justin Blaess

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 Bedingfield

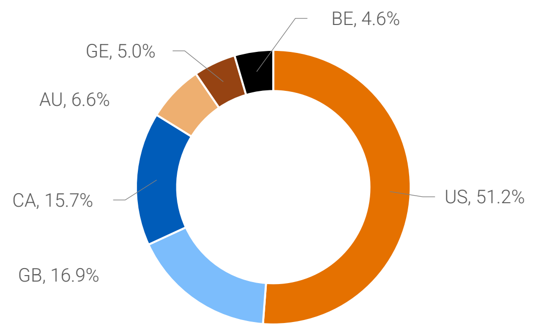
Co-founder, Principal & Portfolio Manager

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.

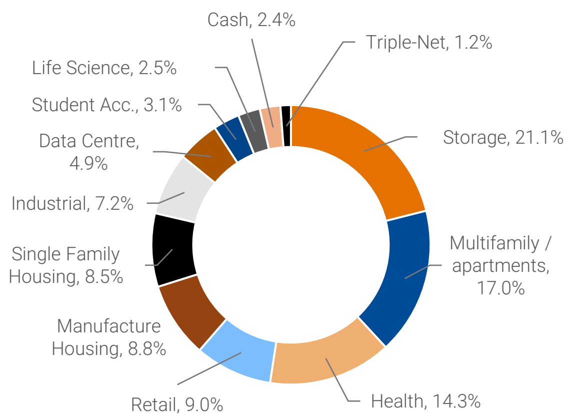
Strategy details

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

Geographic weighting

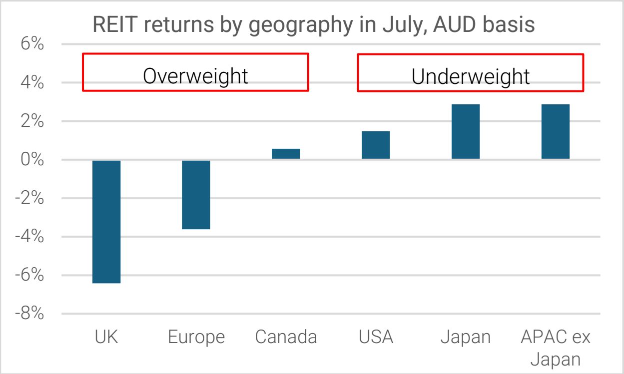


Sector weighting



Commentary

The global listed real estate index (USD) returned -1.17% in July, consisting of -23bps of negative stock return in local currency terms, and a currency detraction of -94bps on a USD basis. The Strategy returned -4.09% for the month, underperforming the index by -292bps.



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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Geographic and sector weightings are subject to change. There is no assurance that the geographic and sector weightings presented above will be maintained, and actual geographic and sector weightings experienced by a client may be different than those shown here.

1 Returns have been converted to USD for the purpose of this report. Returns are calculated daily by Citigroup Pty Limited using the exchange rate available at the time of the calculation or end of day.

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.

3 The securities listed do not represent all of the securities purchased, sold, or recommended. A complete description of the performance calculation methodology, including further details of securities that contributed to performance, is available upon request. Please contact us for additional information.

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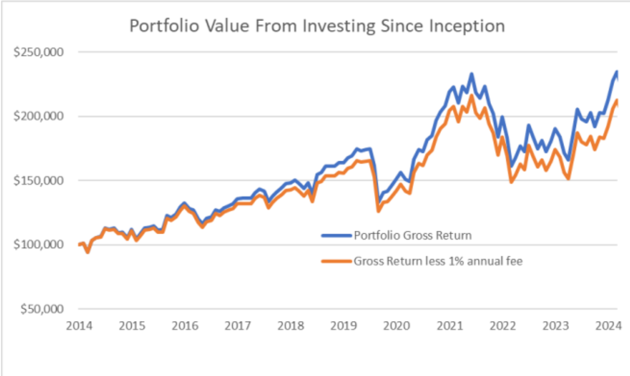

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Risk factors:

The counterparty to a derivative or other contractual agreement or synthetic financial product could become unable to honour its commitments to the fund, potentially creating a partial or total loss for the fund. The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. A derivative may not perform as expected, and may create losses greater than the cost of the derivative. If a fund uses derivatives for leverage, it makes it more sensitive to certain market or interest rate movements and may cause above-average volatility and risk of loss. Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares. The fund may take positions that seek to profit if the price of a security falls. A large rise in price of the security may cause large losses. Failures at service providers could lead to disruptions of fund operations or losses.