Performance report | 31 July 2026

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. Utilising fundamental analysis in stock selection and concentrated, low-turnover portfolio construction, the management team aims to generate annualised 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]	+2.84%	+3.97%	+5.97%	+10.51%	+5.49%	+7.43%	+1.50%	+5.87%	+7.37%
Benchmark[2]	+2.67%	+2.67%	+8.49%	+17.66%	+10.42%	+9.20%	+1.46%	+3.09%	+3.80%
Value added	+0.17%	+1.30%	-2.53%	-7.15%	-4.93%	-1.78%	+0.04%	+2.78%	+3.57%

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 $2b 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

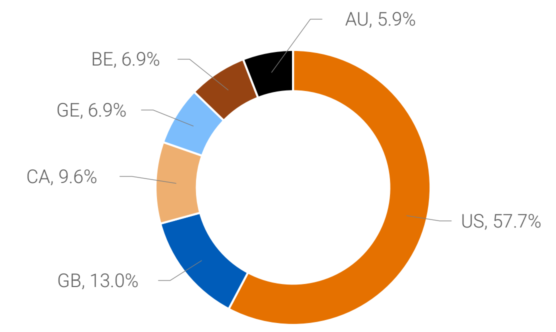
Co-founder, Principal & Portfolio Manager

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.

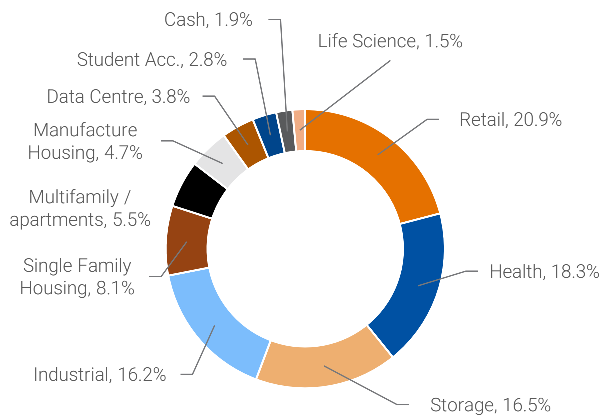
Strategy details

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

In July, the global listed real estate index returned +2.67% on a US dollar ('USD') basis. The Strategy returned +2.84% for the month, outperforming the index by 17bps.

Sector review

The listed real estate sector continued its strong performance in 2026. The strength has been particularly pronounced in the US (~2/3 of the global index). Year to date total returns of 18% represent one of the strongest starts to a calendar year for the sector in decades. This comes despite renewed tensions in the Iran War, and a significant rise in government bond yields, with the US 30-year Treasury yield reaching 19-year highs of 5.24% in late July.

The strength in REIT returns contrasts with the continued sell-off in the AI trade. The Philadelphia Semiconductor Index fell 21% in July, its worst month since October 2008. In our view, some of this capital is rotating out of the AI trade into more traditional sectors that have attractive valuations and solid earnings outlooks, such as REITs.

Takeover activity in the listed REIT space continued this month, including a take-private of one of our portfolio holdings, LXP Industrial (see performance commentary section below).

Reporting season also commenced this month, and overall results have been encouraging. Earnings growth continues to accelerate as interest headwinds moderate and competing supply falls. Prologis provided a positive read-through for US industrial REITs after reporting inflections in market rents. Senior housing REIT, Welltower, also reported good results. However, the stock price has been under pressure since, as expectations baked into this stock are very high (~40x earnings multiple).

Top 3 contributors to monthly portfolio performance (local currency basis)

Company	Sector	Share Price Change	Portfolio average weight	Contribution to Return (local currency)
LXP Industrial	US Industrial	+12%	3.7%	+0.4%
Ventas	US Healthcare	+5%	5.9%	+0.3%
Sirius Real Estate	GER Industrial	+5%	4.5%	+0.2%

LXP Industrial was the Strategy's top performer this month after the company announced that it has agreed to be acquired by Brookfield and CPP Investments. The US$5.2b all-cash transaction values LXP at a ~18x 2026 EBITDA multiple and US$92/square foot. The offer price of $61.20/share was a ~12% premium to LXP's 30-day VWAP. The transaction is subject to a 40-day go-shop period which expires on 28 August. We are currently waiting for the result of the go-shop but expect to exit the stock at close to takeout price and redeploy proceeds elsewhere.

Although we only established our position in the stock last month and would have preferred to own the business longer, the acquisition highlights the attractive value opportunities that exist within the REIT sector and the disconnect between listed market pricing and private market appetite.

Ventas continued its strong run for the year. Year to date, the share price is up 21% (excluding dividends). Senior housing operating fundamentals remain strong, though as always, we balance this with valuation discipline. Despite multi-year outperformance, the company still screens attractive relative to peers in senior housing and the wider

REIT sector. Hence, we continue to hold the stock as one of the top weights in our portfolio.

Sirius Real Estate's share price performed well this month. There were no new announcements or data points specific to the company that drove this movement. However, we note the takeover bid by Prologis of UK-listed Segro may have boosted UK-listed REITs, particularly those with exposure to UK and European industrial, such as Sirius.

Bottom 3 contributors to monthly portfolio performance (local currency basis)

Company	Sector	Share Price Change	Portfolio average weight	CTR (local currency)
Essex Properties	US Multifamily/ Apartments	-3%	4.1%	-0.1%
Leg Immobilien	GER Multifamily/ Apartments	-6%	1.5%	-0.1%
Invitation Homes	US Single Family Housing	-2%	5.2%	-0.1%

Essex's share price underperformed in July despite reporting solid second-quarter results and raising its full-year earnings guidance. Having outperformed its US multifamily peers ahead of the result on expectations of strong San Francisco Bay Area rent growth, the market appeared disappointed that reported rental increases did not match the 15%–20% market rent growth highlighted in the media. We believe this is due to a combination of California rent regulation (capped at maximum +6.3% increase for 2026) and management's disciplined pricing strategy to maximise occupancy, minimise earnings volatility, and set itself up for multi-year above-average rent growth. We continue to hold the stock in the portfolio and remain positive on its long-term outlook.

Leg Immobilien's share price underperformed during the month as it tends to be relatively more sensitive to movement in bond yields. German bond yields spiked during the month in line with yield movements in other major western economies. There was nothing fundamental or company-specific announced that would have otherwise driven this weakness in the share price. We continue to hold this stock in the portfolio at a relatively lower weight.

Invitation Homes' share price fell -2% in July, which we believe may have been driven by some profit-taking as the share price has rallied +25% since its 2026 lows at the end of March. The recovery was due to potential regulatory headwinds proving less impactful than feared, and new lease spreads improving in the sector. We continue to view the stock favourably and hold it as one of the top weights in our portfolio.

Outlook

We believe our portfolio is well-positioned to generate competitive risk-adjusted returns over the long term. With interest headwinds largely normalised, earnings growth may accelerate going forward, particularly as new supply continues to wane in many parts of the real estate sector, amidst growing demand. If there is a sustained sell-off of the AI trade, sectors such as listed real estate seem like a logical beneficiary.

Get in touch

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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.

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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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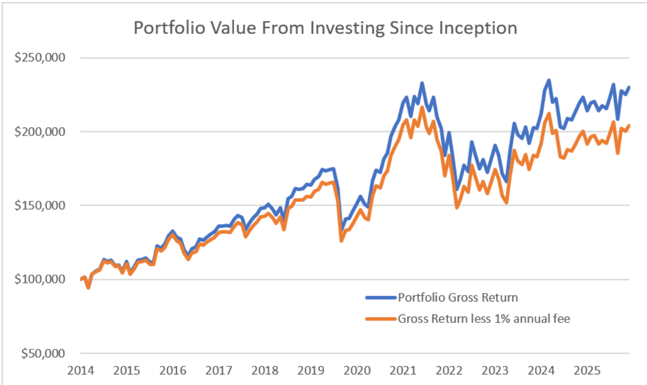

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Risk factors:

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.