Performance report | 30 June 2026

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. 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 ($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	+5.96%	+9.13%	+2.73%	-2.50%	+4.70%	+6.92%	+3.67%	+6.63%	+9.88%
Benchmark[2]	+4.75%	+7.28%	+5.54%	+7.14%	+10.18%	+8.14%	+3.34%	+4.07%	+6.21%
Value added	+1.20%	+1.85%	-2.80%	-9.65%	-5.48%	-1.22%	+0.33%	+2.56%	+3.67%

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

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

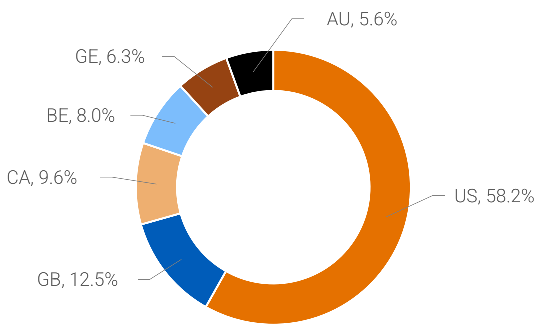
Chris has nearly 30 years of experience working as a real estate specialist with a background in investment banking, real estate equities research and investment management. Prior to co-founding Quay, Chris was a senior member in the Real Estate Investment Banking group at Credit Suisse in Sydney and 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.

A Bennelong boutique

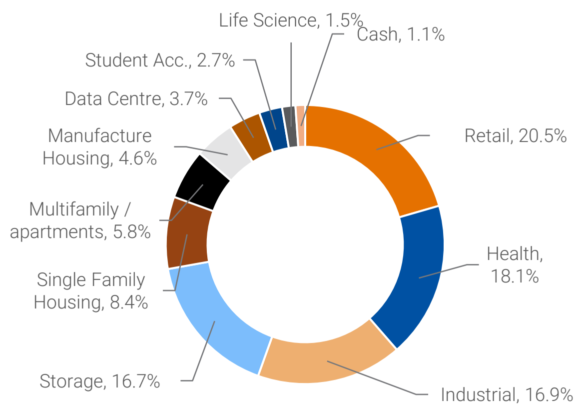
Strategy details

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

In June, the global listed real estate index returned +4.75% on an Australian dollar ('AUD') basis. Foreign exchange impacts from a weaker AUD provided a +302bps boost to returns. The Strategy returned +5.96% for the month, outperforming the index by 120bps.

Sector review

The listed real estate sector continued its good start to the year. The sector was likely buoyed this month by the inflow of capital coming from the sell-off in AI-related stocks. The market is again questioning the ultimate profitability of the huge AI capex spend cycle, after bidding up the share prices of companies in this segment to lofty valuations. Microsoft, one of the biggest spenders on AI-related capex, saw its share price fall 17% in the month.

Elsewhere, US-listed Prologis, the largest industrial REIT in the world, disclosed it made a takeover offer for Segro, the largest UK-Europe Industrial REIT. Segro's industrial portfolio is predominately in the UK but it also has exposure in continental Europe, as well as a development pipeline of data centres in UK.

The all-share bid, at an implied value of GBP 9.25, was in-line with Segro's EPRA Net Tangible Assets (NTA) and a 25% premium to its last trade price. Segro's board rejected the offer, labelling it as an opportunistic offer at a cyclical low point in NTA. The share prices of many UK-listed REITs reacted strongly to this bid, particularly those trading at a large discount to EPRA NTA. The Strategy's relatively higher exposure to UK-listed REITs benefited from this.

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

Company	Sector	Share Price Change	Portfolio average weight	Contribution to Return (local currency)
Macerich	US Retail	+12%	5.9%	+0.7%
Chartwell Retirement	CAN Healthcare	+11%	5.3%	+0.6%
Simon Property	US Retail	+9%	3.4%	+0.3%

Macerich and Simon Property's share prices extended their outperformance in June as the retail investment theme in the US becomes more appreciated by investors. Demand for space in the best malls is running hot, amidst effectively no new supply. Despite such a strong period of outperformance (Macerich up +36% and Simon up +24% year to date respectively), in our view the valuation runway for both these stocks is still sizeable. We remain high conviction holders in the retail sector.

Chartwell's share price bounced back this month after relative weakness in May. There were no new announcements or data points this month that drove this movement. At last reporting date, the sector and company continue to operate well amidst favourable demand-supply dynamics.

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

Company	Sector	Share Price Change	Portfolio average weight	CTR (local currency)
Safestore	UK Storage	-5%	4.2%	-0.2%
Digital Realty	US Data Centre	-5%	3.9%	-0.2%
Sun Communities	US Manufactured Housing	-3%	4.8%	-0.1%

Safestore was the portfolio's worst performer in June after reporting 1H26 results during the month. While the market focussed on the FY26 earnings guidance, which came in at the lower end of consensus range, we believe the result revealed a few key positives that are more important to longer-term investors like us. The company's lease-up stores (double-digit forecast stabilised yields) are tracking well, and with capitalised interest largely having rolled off, the earnings hit is largely behind this stock. In our view, a period of attractive medium-term earnings growth is ahead for Safestore.

Digital Realty's share price underperformed as the market continued its sell-off of AI-exposed stocks. In our view, the relative operational risk Digital Realty faces in the event of any AI-capex pullback is lower than its less-established and/or more development-heavy peers. Nevertheless, there will still be an impact. In addition, on a Quay portfolio basis, we note the stock trades on a higher implied earnings multiple than our holdings in other sectors that have less supply. Hence, we had trimmed our weighting in Digital Realty in the prior month to lock in some of our gains (>50% total return). The capital was redeployed in more attractively-priced opportunities in the portfolio.

Sun Communities share price fell -3% in June after having announced the sale of its UK business in late-May. In our view, its underperformance in June may be due to the market waiting for clarity on how Sun will re-deploy the proceeds. While share buy backs will boost short-term numbers, acquisitions provide better earnings growth in the medium-longer term. This is the current market debate. We view the sale as a positive step for Sun despite it being near-term slightly dilutive to earnings. The business now has a strong balance sheet and more importantly has simplified back to its core excellence of US manufactured housing, which provides stable annual mid-single-digit growth.

Outlook

We believe our portfolio is well-positioned to generate competitive risk-adjusted returns over the long term. With interest headwinds largely normalised, we believe earnings growth may accelerate going forward, particularly as new supply continues to wane in many parts of the real estate sector, amidst growing demand. Additionally, 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] 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.