Performance report | 30 November 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]	+1.42%	-0.87%	-0.92%	-2.19%	+7.93%	+7.06%	+5.43%	+6.63%	+7.03%
Benchmark[2]	+2.02%	+1.35%	+5.46%	+3.04%	+10.67%	+6.06%	+3.71%	+3.45%	+3.06%
Value added	-0.59%	-2.21%	-6.38%	-5.22%	-2.74%	+0.99%	+1.71%	+3.18%	+3.97%

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

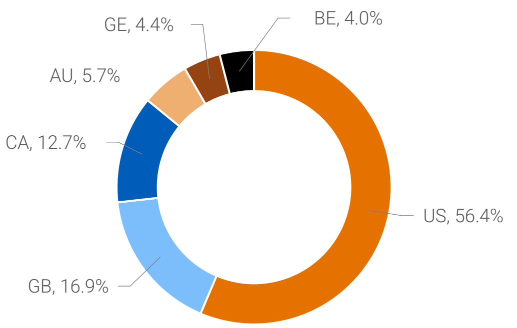
Co-founder, Principal & Portfolio Manager

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.

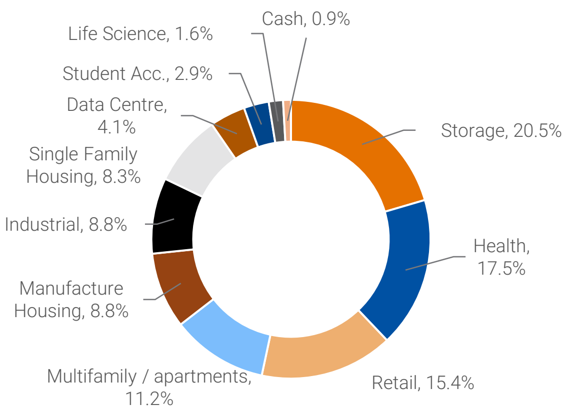
Strategy details

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 +2.02% in November. The Strategy returned +1.42% for the month, underperforming the index by -59 basis points.

There was a high degree of event-driven volatility that influenced markets during November. Most notable of which included the ending of the US government shutdown, the release of the UK budget, and the announcement of the Takaichi administrations fiscal stimulus in Japan. Despite the noise, the investment team remains focused on the earnings of both current and prospective portfolio investees.

The global real estate index has become increasingly concentrated. In 2019, the combined weight of the top 5 constituents was 12%, it has since doubled to represent 24% of the index today. The recent momentum in these mega-cap REITs has detracted from relative performance of the fund. While the strategy is index unaware, our relative performance is such that we thought it would be worthwhile discussing some market movements that is causing some underperformance.

Welltower (7.0% of the index, 101 bps drag in November)

Welltower is a US based REIT that is the largest healthcare landlord globally. Welltower have used their low cost of capital to effectively buy growth, acquiring over US$21bn of assets since 2021. Management have executed with precision, winning the respect of the market as indicated by the 33x earnings multiple.

In order to maintain this external growth run-rate (off a higher base) and satisfy the assumptions built into the valuation, we believe Welltower have been forced up the risk curve and recently expanded into the UK market.

Given the regulatory scrutiny in the UK and operational intensity of the asset class, we think the market is being overly optimistic in assuming a continuation of past flawless execution.

Priced at an underlying unlevered yield of approximately 3%, the stock is almost certainly trading above replacement cost – a level where investment risks begin to increase.

On a risk adjusted basis, we see significantly greater value in healthcare REITs that are smaller, geographic specialists, and that are trading at prices in line with our replacement cost valuation framework.

Japanese Property Developers (3.7% of the index, 44bps drag in November)

Mitsui Fudosan, Mitsubishi Estate, and Sumitomo Realty are three diversified Japanese property developers. These stocks have rallied in large part due to the renewed growth outlook in Japan following the fiscal stimulus announcements.

Worth noting is the leverage profile of these companies - they trade at an average of 8.8x net debt / EBITDA, which is 3 turns higher than Quay's portfolio average of 5.8x.

Importantly, they are using development profits (higher risk) to service this debt, which in combination with the recent price action in Japanese bond yields, presents a significant refinancing exposure on a five-year view.

Owing to a history of ultra loose monetary policy, such a risk has not yet materialised in Japan and, in our assessment, is being overlooked at this bullish point in the cycle. It is also worth remembering although property developers account for a part of the global index, at Quay we exclude these businesses from our investment universe.

Outlook

While the recent performance of the fund has been disappointing, we remain diligent in our implementation of the same investment framework that has served us well over the past decade. Admittedly, we may have been able to generate some short-term outperformance by switching out of stocks at historical lows and buying into the momentum of the aforementioned larger stocks. However this would be incongruent with our assessment of risk, and we genuinely do not believe that is in the best long-term interest of our investors from a wealth preservation standpoint.

Indeed, we feel some investors (including private equity) are beginning to see what we see in terms of value, with one of our investees, Big Yellow Group (UK Storage), attracting potential M&A activity from Blackstone.

We remain confident that over time the fundamentals will reassert themselves and that our investors will be rewarded for our disciplined approach.

Top contributors to returns for the month came from positions in US Healthcare and Canadian Healthcare. The top detractors for the month were our positions in US Data Centres and UK Student Accommodation.

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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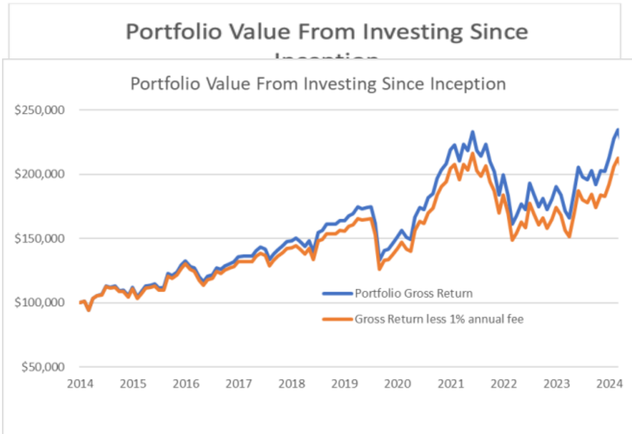

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Risk factors:

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.