

Quay Global Real Estate Fund

Monthly performance update

As at 30 November 2018

At a Glance

Feature	Fund facts
APIR Code	BFL0020AU
Investment objective	To generate a real total return of at least 5% above CPI per annum over a 5+ year investment horizon
Portfolio managers	Chris Bedingfield/Justin Blaess
Stock number	24
Inception date	30 July 2014 ¹
Recommended investment period	Long term (5+ years)
Minimum investment	A\$20,000
Additional investment	A\$5,000
NAV ²	1.1402
Buy/sell (%)	0.30/0.25
Entry/exit fees	Nil
Distributions	Bi-annual
Management fee ³	0.82%

Market Commentary

It's been a rough couple of weeks for equity investors. Following a meaningful decline in global equities in October, November recorded a further -1.8% return as an aggressive decline in oil prices and tech sector issues caused investors to rotate away from risky assets.

The falls were despite dovish US Federal Reserve commentary late in the month, helping the Australian dollar rally. For Australian investors, the stronger Australian dollar acted as a headwind for locally reported returns with a -1.4% contribution from currency movements.

Investors remain nervous. Recent weak housing data out of the US and concerns regarding trade wars weigh on sentiment. Last month a 20% decline in oil price was caused in part by OPEC releasing a report expecting global oil demand to soften. It has been a long cycle and investors appear to be reacting to any news that may indicate a downturn.

The Australian market was also down -2.3% for the month. Just as in October, poor sentiment from offshore, the deteriorating housing market, the Banking Royal Commission and downgrades in the Engineering & Construction space weighed on investors' concerns.

Fund Performance

Global Real Estate performed well in November as investors sought safer havens from general equity market volatility and uncertainty. Generally, Healthcare and Multifamily REITs fared well, but mid-market Retail and Office REITs did not. The Quay Global Real Estate Fund posted a modest return of +0.2%, despite a -2.8% currency impact.

The best geographies this month were the United States and Germany. The United Kingdom, France and other European markets were the worst performers this month.

The Fund has a meaningful exposure to the UK and our performance was negatively impacted by the continuing uncertainty around the Brexit process, as Prime Minister Theresa May's Brexit deal heads to a divided parliament. Fortunately, the impact was felt mostly on UK Retail and Office REITs (where we have no exposure) but we couldn't avoid currency where the Sterling fell -4.4% versus the AUD for the month.

While we remain cautious on the UK economy in light of Brexit, we are confident that our investees will continue to perform in these conditions. Our exposure is restricted to recession resistant industries (Student accommodation) or sectors that have limited supply risks (Storage).

Our performance was further negatively impacted by a relatively new investment in the Fund – Boardwalk REIT (affordable accommodation with concentration in oil producing regions in Canada). The stock is a relatively small exposure for the Fund but a slightly weaker than expected third quarter result coupled with the decline in the oil price saw the stock fall 18% in local currency terms in November. Our current analysis suggests the recent price movement is an overreaction.

There were no changes to the portfolio for the month.

Performance

Timeframe	Fund return (net) ¹	Index**	Value add
1 month	+0.2%	+0.7%	-0.5%
3 months	-2.7%	-3.1%	+0.4%
6 months	+6.1%	+4.6%	+1.5%
1 year	+8.7%	+5.2%	+3.4%
2 years (p.a.)	+12.7%	+7.2%	+5.5%
3 years (p.a.)	+7.4%	+4.7%	+2.7%
Since inception (p.a.)*	+14.0%	+9.5%	+4.6%

Performance figures include dividends and are after all fees and costs and gross of any earnings tax, but after withholding tax

* Inception date is 30 July 2014¹

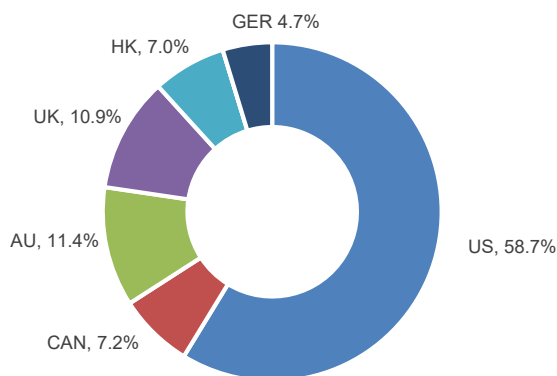
** FTSE/EPRA NAREIT Developed Index Net TR AUD⁴.

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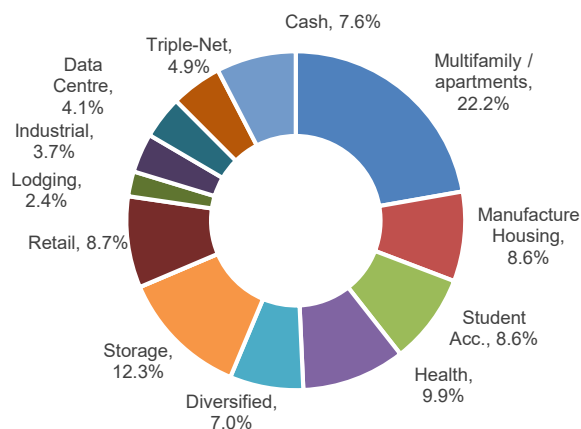
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Geographic Weightings



Sector Weightings



How to invest

The Fund is open to investors directly via the PDS (available at quayqi.com), or the following platforms.

Platforms

AON

BT (Wrap, Panorama)

Hub24 (Super, IDPS)

Macquarie Wrap (IDPS, Super)

Netwealth (Super Service, Wrap Service, IDPS)

Powerwrap (IDPS)

Contact details

For more information, please call 1800 895 388 (AU) or 0800 442 304 (NZ) or visit quayqi.com

¹ The Quay Global Real Estate Fund was launched 31/1/2016 (The Daily Series). Performance information before this date relates to the strategy (Series 1), which was launched 30/7/2014. For those who are invested in the Daily Series, please contact Client Services (1800 895 388 (AU) or 0800 442 304 (NZ) or client.services@bennelongfunds.com) to request your performance history.

² Adjusted for expected withholding taxes.

³ The management fee does not include fund expenses, which are capped at 0.10% per annum on net asset value, or the performance fee. Any performance fee payable is 15.375% of the excess return over the greater of CPI and the FTSE/EPRA NAREIT Developed Index (net) Total Return (AUD). All fees quoted include GST net of reduced input tax credits. For more information, refer to the Product Disclosure Statement (PDS) dated 1 February 2017 (ARSN 610 224 381).

⁴ 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 Fund is managed by Quay Global Investors, a Bennelong Funds Management boutique.

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