

Performance report | 29 February 2024

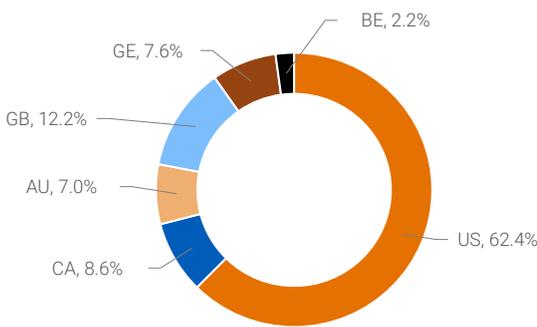
Quay Global Real Estate Fund (Unhedged)

Net returns

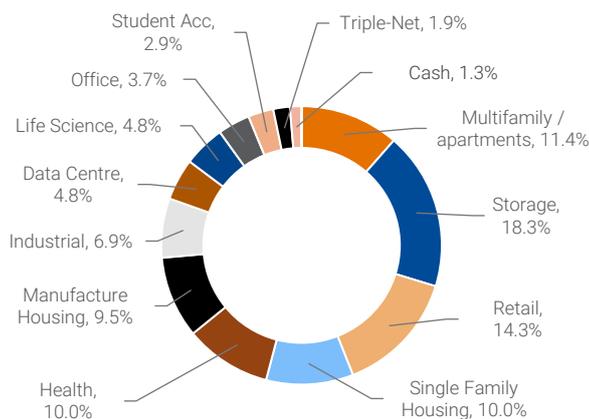
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception ² p.a.
Fund	+0.38%	+6.58%	+5.28%	+8.88%	+0.05%	+6.52%	+4.89%	+9.65%
Benchmark ¹	+0.91%	+6.34%	+2.73%	+4.03%	-2.52%	+4.53%	+1.58%	+5.80%
Value added	-0.54%	+0.24%	+2.55%	+4.86%	+2.57%	+1.99%	+3.31%	+3.85%

Performance figures include dividends and are after all fees and costs and 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.

Geographic weighting



Sector weighting



Commentary

Global real estate continued its muted start to the year, returning -0.7% at the local currency level. FX benefits of +1.1% resulted in a net positive +0.4% return on an AUD basis. NVIDIA and AI-related euphoria which boosted equities this month, mostly did not carry-over into the real estate sector. Macroeconomic data releases and less-than-dovish Central banker commentary weighed as expectations of rate cuts were pushed out. In particular, US jobs, CPI and PPI data all came in higher than forecast this month. Market expectations on the amount of rate cuts in 2024 fell from 6 to 4 times and the timing of the first cut has been pushed back from March to June.

Near term sector returns seem to be driven by macroeconomic data and interest rate expectations. While common convention in listed real estate is to express and emphasise value relative to NAV. In this month's [Investment Perspectives](#) we look at whether price to NAV has been a good predictor of REIT returns.

February was the peak of reporting season, and when companies typically first provide guidance for 2024 earnings. In our opinion, such guidance seemed conservative with many appearing to have baked in a recession scenario into their forward earnings estimates.

A stand-out from reporting season was the strength of retail. Scentre Group in Australia and Simon Property Group in the US both reported strong results, with increased occupancy and excellent leasing metrics.

On the other hand, European storage REITs were weighed down. Safestore missed on earnings for 1Q, and occupancy slipped slightly.

Some interesting real estate related news released during the month included:

- Data from RealPage Analytics show that US apartment occupancy was at a decade low of 94.1% as at the end of 2023. Occupancy was worst in sunbelt markets such as Austin and Charlotte where supply as a % of inventory has increased by over 25% in the past 5 years. On the flip side, coastal cities such as New York and San Francisco fared the best, with occupancy effectively in line with the city's 10-year average. Supply in these 2 cities grew only 2% and 4% respectively in the past 5 years.
- According to CBRE, since the end of lockdown in the UK, 75% of central London office deals >20,000sqft were 'growth' deals. i.e. new occupiers or existing occupiers moving to larger premises. In fact, of the 140 central London office occupiers (with space >20,000sqft) that have moved buildings in this period, 88 took on more space.
- A record high of 171.8million sqft of Industrial space was delivered in the US in 4Q23 according to a report from JLL. Only 34% of these deliveries were pre-leased. The previous record-high was set in the prior quarter, where almost 160m sqft was delivered. Amidst this backdrop of record new supply, vacancy in US Industrial increased by 230 basis points in the year, to end 2023 at 5.7%.
- S&P Corelogic Case-Shiller Index reveals that US house prices grew +5.5% in calendar year 2023.

Top and bottom stock contributors – February 2024

Top Contributors	Geography/Sector
Sun Communities	US Manufacture Housing
Simon Property Group	US Retail
AMH	US Single Family Housing
Bottom Contributors	Geography/Sector
Leg Immobilien	German Apartments
Big Yellow Group	UK Storage
Ventas	US Life Science

Fund details

Feature	Information
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
Fund size	A\$543m
Inception date	30 July 2014 ²
Recommended investment period	Long term (5+ years)
Minimum investment (AUD)	\$20,000
Additional investment (AUD)	\$5,000
NAV ³	1.3865
Buy/Sell spread	+/-0.20%
Entry/Exit fees	Nil
Distributions	Bi-annual
Management fees and costs ⁴	0.87%

How to invest

The Fund is open to investors directly via the PDS (available on our [website](#)) or the following platforms. Visit [How to invest](#) to find out more.

Platforms

AMP (My North, North, Summit, iAccess)	Mason Stevens
BT Asgard (Infinity eWrap)	MLC (Navigator, Wrap)
BT (Panorama)	Netwealth (Super Service, Wrap Service, IDPS)
CFS (FirstWrap)	Oasis (Wealthtrac)
Dash	Powerwrap (IDPS)
Hub24 (Super, IDPS)	Praemium (Non Super, Super)
Macquarie Wrap (IDPS, Super)	Wealthtrac

Get in touch



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¹ 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.

² The Quay Global Real Estate Fund (Unhedged) was launched on 30 July 2014 by another trustee, and the above performance data relates to this strategy. Bennelong assumed responsibility as replacement trustee on 31 January 2016. For performance history relating to this date, please contact Client Experience on 1800 895 388 (AU) or 0800 442 304 (NZ) or client.experience@bennelongfunds.com.

³ Adjusted for expected withholding taxes.

⁴ Management fees and costs consist of annual management fee rate and capped recoverable expenses. For a detailed split of the fees and costs, please refer to the fund(s) PDS.

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