

Quay Global Real Estate Fund (Unhedged)

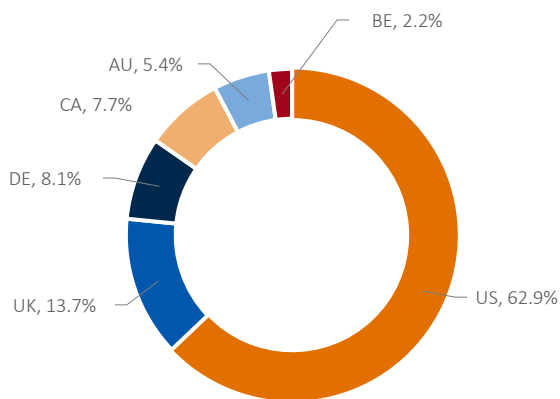
Performance report | 30 June 2023

Net client returns (after fees and expenses)

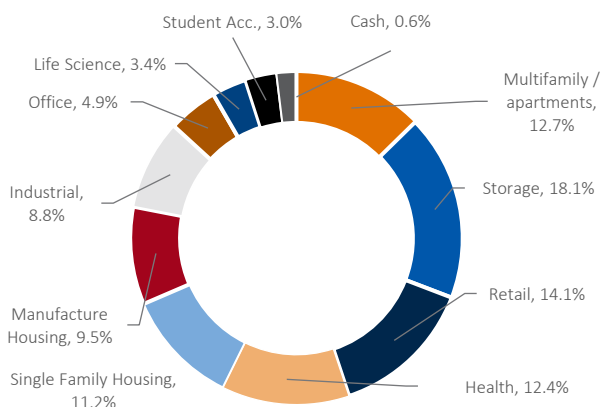
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception ² p.a.
Fund	+1.7%	+3.6%	+6.1%	+0.5%	-2.2%	+6.5%	+4.7%	+9.2%
Benchmark ¹	+0.1%	+0.9%	+2.9%	-1.4%	-3.5%	+4.5%	+2.0%	5.6%
Value added	+1.5%	+2.7%	+3.2%	+1.9%	+1.3%	+2.0%	+2.7%	+3.6%

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

Geographic weighting



Sector weighting



Market commentary

Global equities had a solid June, up +3.1% with positive US data; retail and home sales, building permits and housing starts all up, and inflation softening. The Fed paused for the first time in 15 months – with the target rate range at 5-5.25% – although the updated dot plot indicated two further 25bps hikes later this year.

The Australian market recovered +1.7% this month on the back of the global theme of easing inflation and Central Banks perhaps at the end of their hawkish bender.

Portfolio commentary

Despite the intra-month volatility, June saw the Fund up +1.7% in AUD, with a stronger AUD detracting -2.0% from a +3.7% local currency return. Halfway through the calendar year, the Fund has returned +6.1% so far.

The strongest contributors in June came from US Office landlord Empire State Realty. Empire State's embattled listed peer, SL Green, announced a \$2 billion sale of a 50% stake in 245 Park Avenue to Japanese investor Mori Trust. The pricing positively surprised the market, which was around \$1,200 per square foot and the same price SL Green paid for it last September.

Other strong contributions were made by investees Ventas (US Health) and Simon Property (US Malls). Our team visited NAREIT this month – the feedback was overwhelmingly yet cautiously optimistic. Ventas is enjoying a post-COVID recovery in Seniors Housing, with strong demand and lack of new supply fuelling rising occupancy and rate combined with decreasing operating expenses. On retail, sales across the board are positive, especially for luxury. Retailers are now focused back on physical stores, with malls being more affordable today, reflected by lower occupancy costs.

On the topic of Simon Property, we went back to the 90's in this month's [Investment Perspectives](#) – looking at the resilience of 'best-in-class' mall rents during Australia's

recession “we had to have.” With more talk of a rate-induced recession in Australia, we believe that the best retail locations are critical profit centres and especially important during recessions. The result of this is earnings certainty – something sought after in an environment of collapsing cyclical earnings outlooks. Simon Property owns a portfolio of some of the best malls in the United States.

Portfolio Outlook

As a high-conviction concentrated fund we don’t regularly find better opportunities than the names in our Fund right now. But that’s not to say we don’t look for new opportunities. We simply have yet to find any new investees that offer a more compelling risk adjusted total return than the companies that make-up the current portfolio. In fact, looking at how investee earnings are forecast to grow, combined with recent multiple de-rating, we are confident the current portfolio is well positioned to meet and exceed our long-term investment objective.

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\$477m
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	1.2708
Buy/Sell spread	+/-0.20%
Entry/Exit fees	Nil
Distributions	Bi-annual
Management fee ⁴	0.82%

How to invest

The Fund is open to investors directly via the PDS (available on our [website](#)), mFund (code: QGI01) or the following platforms.

Platforms

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

Get in touch



quaygi.com



1800 895 388 (AU) or 0800 442 304 (NZ)



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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 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 Fund's Product Disclosure Statement available on our website.

This information is issued by Bennelong Funds Management Ltd (ABN 39 111 214 085, AFSL 296806) (BFML) in relation to the Quay Global Real Estate Fund (Unhedged). The Fund is managed by Quay Global Investors, a Bennelong boutique. This is general information only, and does not constitute financial, tax or legal advice or an offer or solicitation to subscribe for units in any fund of which BFML is the Trustee or Responsible Entity (Bennelong Fund). This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, you should consider the appropriateness of the information based on your own objectives, financial situation or needs or consult a professional adviser. You should also consider the relevant Information Memorandum (IM) and or Product Disclosure Statement (PDS) which is available on the BFML website, bennelongfunds.com, or by phoning 1800 895 388 (AU) or 0800 442 304 (NZ). Information about the Target Market Determinations (TMDs) for the Bennelong Funds is available on the BFML website. BFML may receive management and or performance fees from the Bennelong Funds, details of which are also set out in the current IM and or PDS. BFML and the Bennelong Funds, their affiliates and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that any Bennelong Fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in any Bennelong Fund. Past fund performance is not indicative of future performance. Information is current as at the date of this document. Quay Global Investors Pty Ltd (ABN 98 163 911 859) is a Corporate Authorised Representative of BFML.