

Quay Global Real Estate Fund

Monthly performance update

As at 31 March 2021

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	27
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	1.2563
Buy/sell (%)	0.30/0.25
Entry/exit fees	Nil
Distributions	Bi-annual
Management fee ³	0.82%

Market Commentary

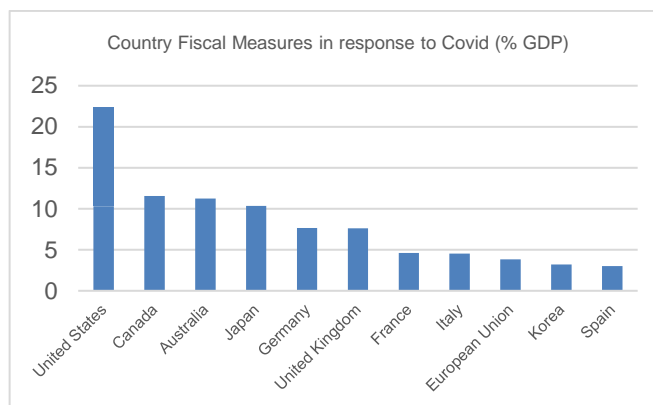
Global equities' stellar post-pandemic run continued in March, returning +5.0% in AUD terms, assisted by a +0.8% currency tailwind. The result was a first-quarter global equity return of +6.2%, which was neither helped nor hindered by currency. The US dollar index appears to have bottomed during the quarter, benefitting from a mild rally in March.

Global equity returns are benefiting from regular US equity highs – which in our view, has been driven by an aggressive fiscal agenda from the new Biden administration. All bets appear to be off just as the recent COVID cheques clear, with a new +\$2T infrastructure bill announcement.

US spending during COVID has significantly outstripped the rest of the world, even before the newly touted infrastructure plan.

As we highlighted in our paper "[Where profits come from](#)", net government deficits add to non-government financial savings, including company profits. In our view, the continued US equity rally is supported (justified) by the sheer scale of the US fiscal response.

Of course, risks remain. Variants of COVID may overcome current vaccines, which seems to be the main 'bear case' in the currency environment. However, even if that were to be the case, one wonders just how deep the next sell-off will be, given how much the last 12 months "hurt" those sitting on the sidelines along with the knowledge governments and central banks appear willing to support the economy under any circumstance.



Source: IMF, Quay Global Investors

A second concern relates to inflation – which is rational and a nice change from previous government spending concerns that was always about "paying off the debt". In this month's [Investment Perspectives](#), we highlight six reasons why it may be too early to worry about inflation, and why we hope we are wrong.

Fund Commentary

Global Real Estate didn't quite keep pace with equities (up +4.5%) and the Fund lagged the index (+1.9%). Winners from last month were a drag in March including Hysan (Hong Kong diversified), Scentre Group (Australian retail) and Wharf REIC (Hong Kong retail). No quite offsetting this was our exposure to US residential including Equity Residential, American Homes, and Essex.

The month was characterised as a tug-of-war between the so called "re-open trade" and "COVID trade". While this can be interesting to watch, our focus remains on the long term cashflows and prospects of our investees. There were no changes in the Fund during the month, we remain positive in our outlook and we believe it is well positioned to achieve its medium-term investment target of CPI + 5%.

Performance

Timeframe	Fund return (net) ¹	Index**	Value add
1 month	1.9%	4.5%	-2.6%
3 months	5.9%	7.2%	-1.3%
6 months	13.0%	12.8%	0.2%
1 year	8.9%	8.2%	0.7%
2 years (p.a.)	1.8%	-2.3%	4.1%
3 years (p.a.)	9.1%	5.3%	3.8%
5 years (p.a.)	7.4%	4.1%	3.4%
Since inception (p.a.) [*]	11.3%	7.0%	4.3%

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

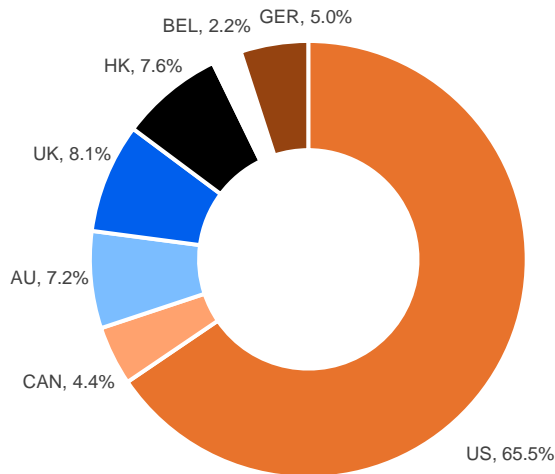
** FTSE/ EPRA NAREIT Developed Index Net TR AUD⁴.

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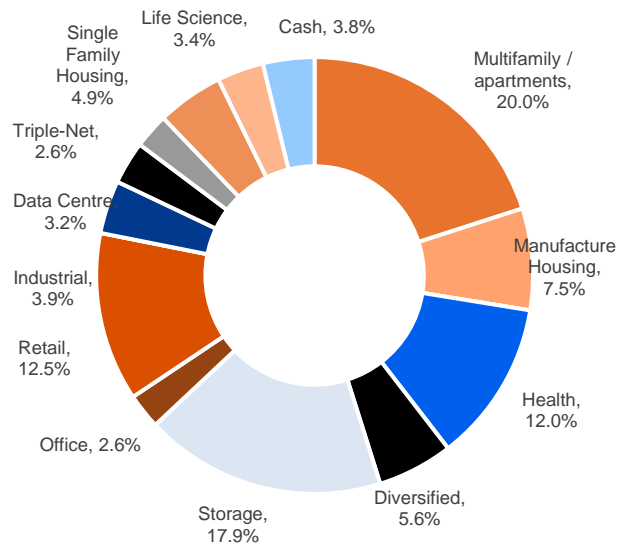
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Geographic Weightings



Sector Weightings



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

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How to invest

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

Platforms	
Asgard (Infinity eWrap)	IOOF (Pursuit Select, Pursuit Select (PIS), Employer Super, eXpand, Lifetrack, Grow, IPS, IDPS, Super, Pension)
BT (Wrap, Panorama)	Mason Stevens
CFS (FirstWrap)	MLC (Navigator, Wrap)
Hub24 (Super, IDPS)	Netwealth (Super Service, Wrap Service, IDPS)
Oasis (Wealthtrac)	Powerwrap (IDPS)
Macquarie Wrap (IDPS, Super)	Praemium Wealthtrac

Contact details

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

¹ The Quay Global Real Estate Fund 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.

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.

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