



Performance report | 28 February 2025

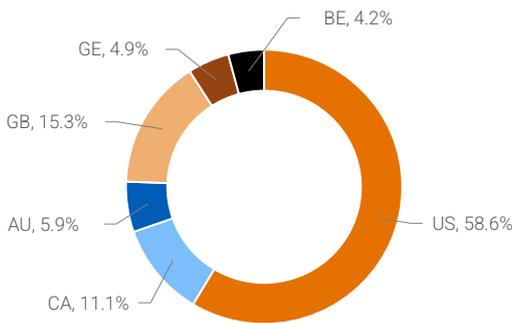
Quay Global Real Estate Fund (AUD Hedged)

Net returns

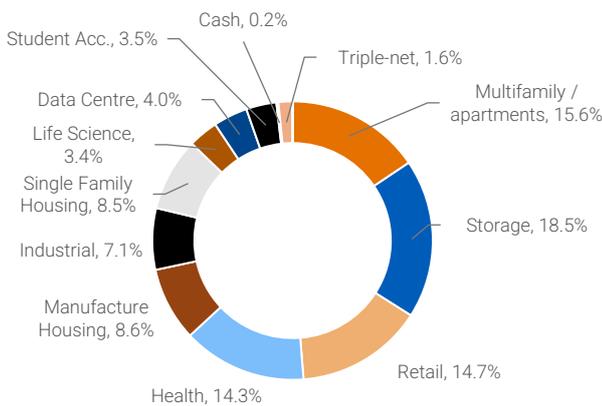
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	Since inception ² p.a.
Fund	+2.85%	-4.98%	-5.66%	+6.40%	+4.34%	-2.22%	-3.11 %
Benchmark ¹	+1.91%	-3.05%	-1.87%	+10.40%	+5.01%	-1.86%	-2.47%
Value added	+0.94%	-1.93%	-3.79%	-4.00%	-0.67%	-0.36%	-0.65%

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

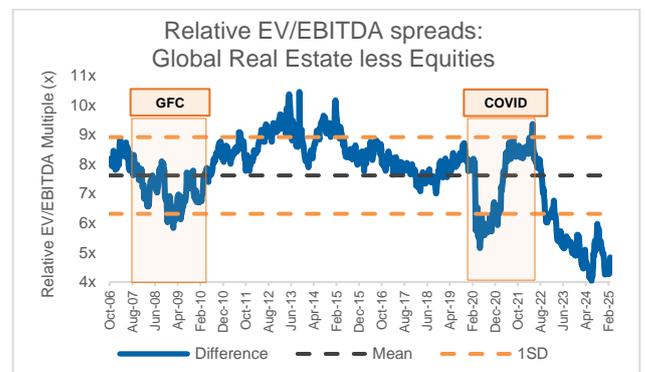


Commentary

The AUD hedged index returned +1.9% in February. The Fund returned +2.9% for the month, outperforming the index by 94bps.

The real estate sector likely benefited from the rotation of capital out of global equities, as investors have become jittery about the long-term prospects of the US AI-trade (which has powered the returns of US equities), post the Deepseek announcement. Case in point, Nvidia fell -8.5% in the trading session after delivering a revenue beat for 4Q24 and guidance ahead of market expectations.

In our view, this rotation (if sustained) is only beginning. The chart below shows that global real estate is still significantly 'cheap' relative to equities – the current gap in valuation between the two asset classes are wider than historic norms, and wider than the GFC and Covid periods. This is despite most real estate sub-sectors experiencing solid earnings growth, low supply, and western central banks are more likely to cut rates rather than hike from hereon.



Source: Quay Global Investors, Bloomberg

Another factor that has driven the strength in real estate sector returns this calendar year has been the fall in US treasury yields – which has dropped from a high of 4.9% in

mid-January, to 4.6% at the start of February, and further to 4.2% by the end of month. Geopolitical fears around the new US administration's attitude to the war in Ukraine and the global trade wars has led to this fall in yields. We have written previously that our analysis shows that in recent years, there has been a negative correlation between US treasury yields and US REIT prices of ~90% in the short term i.e. when treasury yields fall, REIT prices rises.

Reporting season closed out this month. Stand outs include Ventas (US Healthcare) and Essex Properties (US West Coast Apartments) who were upbeat about future prospects. Both companies are operating in sub-sectors with low current and future supply (starts). In the case of Essex, west coast apartment supply as a % of total stock is a fraction of sunbelt areas.

Despite heightened market volatility in the first months of the new Trump administration, at Quay we remain focussed on our bottom-up approach to finding the best ideas in global real estate. In this month's [investment perspectives](#), we discuss our approach to stock based compensation in our valuation process and how companies can and do use this to significantly adjust their reported earnings.

Top contributors to returns for the month came from positions in US Healthcare and US Apartments. The top detractors for the month were our positions in Australian Retail and US Data Centre.

Fund details

Feature	Information
APIR Code	BFL3333AU
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	25
Inception date	2 February 2022 ²
Recommended investment period	Long term (5+ years)
Minimum investment (AUD)	\$20,000
Additional investment (AUD)	\$5,000
NAV ³	0.8678
Buy/Sell spread	+/-0.20%
Entry/Exit fees	Nil
Distributions	Bi-annual
Management fees and costs ⁴	0.92%

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 North	Mason Stevens
BT (Asgard, Panorama)	Netwealth (Super Service, Wrap Service)
CFS (Edge, FirstWrap)	Praemium
Dash	
Hub24 (Super, IDPS)	
Macquarie Wrap	

Get in touch



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² Inception date is 2 February 2022.

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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