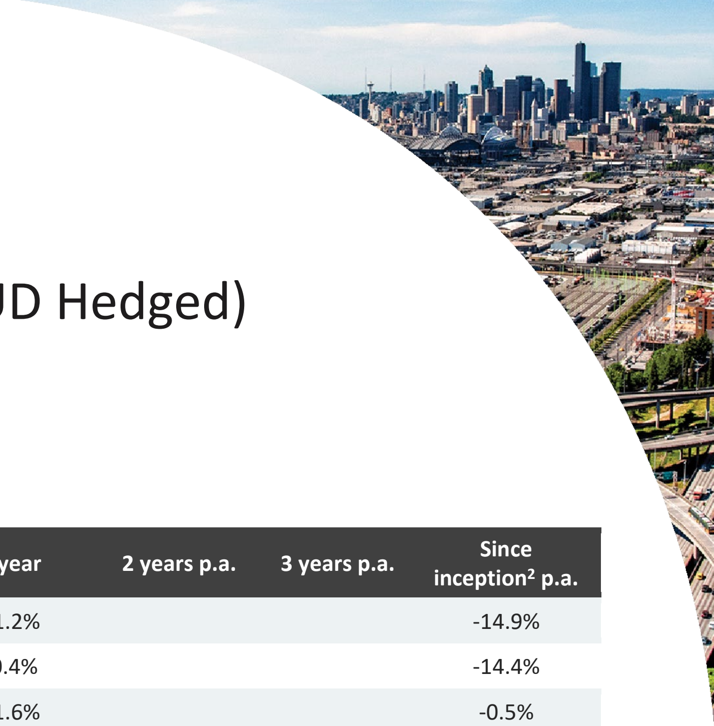


Quay Global Real Estate Fund (AUD Hedged)

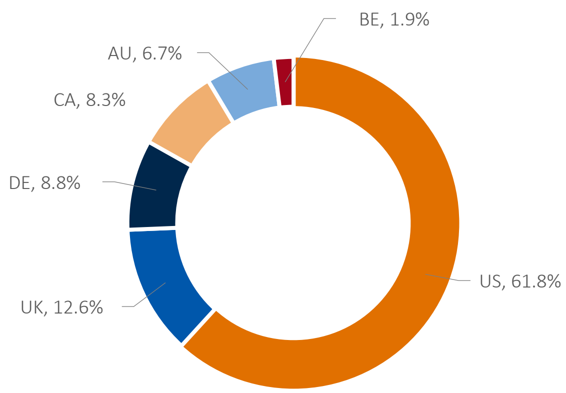
Performance report | 30 September 2023

Net client returns (after fees and expenses)

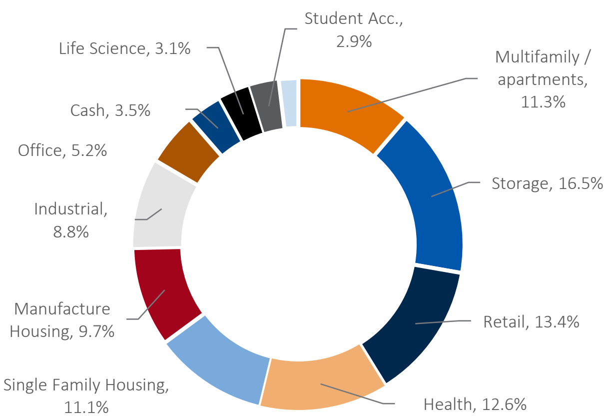
	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	Since inception[2] p.a.
Fund	-6.1%	-4.3%	-2.4%	+1.2%			-14.9%
Benchmark[1]	-5.6%	-5.2%	-4.4%	-0.4%			-14.4%
Value added	-0.5%	+0.9%	+2.0%	+1.6%			-0.5%

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

The month of September has been the only month to consistently deliver a negative monthly return for US equities since 1970. In that regard, the major US equity benchmarks complied with history. Global equities also fell, being down -4.0% in AUD terms.

'Higher-for-longer' was the mantra in September, as bond markets took commentary from the FOMC meeting and began its sell-off. US 10-year yields steepened an additional 30bps to close at 4.58%. The real 10-year yield moved above 2% for first time since 2009.

This and lower rate cut expectations in 2024/2025 drove markets lower.

The Australian market was down -2.9% in September, perhaps helped by a more sanguine interest rate outlook.

Portfolio commentary

Listed real estate underperformed the broader market in September. We are disappointed to report that the Fund was down -6.1% in September.

The strongest contributors in September were Canadian, with Interrent (Apartments) and Chartwell (Healthcare) the only two investees to deliver a positive return.

Chartwell offered a positive occupancy update in September, with August occupancies at 81.1%, forecast to increase +160bp to October. Canada's 75+ population is beginning to accelerate; as they consider suitable accommodation, Chartwell greatly benefits from rising occupancies.

The 75+ population in Canada isn't the only accelerating population; higher levels of migration has driven Canadian population growth to 2.5% annualised, inevitably leading to an increased demand for apartment accommodation, benefitting Interrent, which has an apartment portfolio largely focussed on the Greater Toronto Area.

UK Self-storage were the largest detractors, followed by Australian retail landlord Scentre Group.

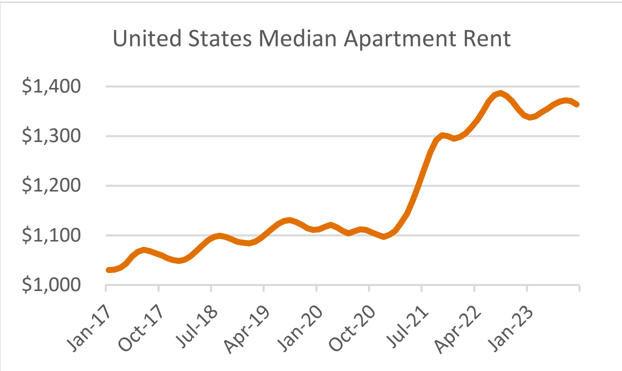
UK storage investee Safestore reported decent results earlier in the month, with higher revenues despite a weak UK economy. Despite this, earnings guidance for the remainder of the year wasn't as high as the market was expecting. On top of a gloomy mood around the sector, this led to a continued sell-off for our UK storage names.

US Residential was generally an underperformer in September, as the latest data shows signs of further easing rents.

Apartment rent growth data was most muted. The Apartment List National Rent Report, a private sector rental survey reported that the nationwide median rent fell month-on-month (-0.5%) and year-on-year (-1.2%).

Apartment and single-family REITs gave some updates during the month, similarly with expectations of further easing into 2H23 as peak leasing season has passed.

Our general observations are that moderating rents represent a period consolidation after a period of outsized growth rather than any structural supply/demand imbalance. The chart below puts these recent falls into context against the strong gains across 2021 & 2022.



Source: Apartment List Rent Estimates

Last month we wrote about how moderating rents should be a tailwind for CPI.

This month, Investment Perspectives continues our thoughts on the residential sector.

In the US, higher interest rates, a record number of apartments under construction and waning demand is weighing on development starts. This lack of future supply comes against continuing household formation and pent-up occupier demand. This future demand and supply imbalance bodes well for future rental growth.

Portfolio Outlook

Months like these are disappointing. There has been no fundamental news to change our investment thesis. The earnings outlook for our investees remains robust and we are confident that the current portfolio is well positioned to meet and exceed our long-term investment objective.

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	23
Fund size	A$67m
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]	0.7443
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.

Platforms

AMP North
CFS (FirstWrap)
Dash
Hub24 (Super and IDPS)
Macquarie Wrap
Mason Stevens
Netwealth (Super Service, Wrap Service)
Praemium

Get in touch

quaygi.com
1800 895 388 (AU) or 0800 442 304 (NZ)
client.experience@bennelongfunds.com

1 Benchmark is the FTSE EPRA/NAREIT Developed Hedged 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 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.