

Performance report | 31 March 2025

Quay Global Real Estate Strategy (Unhedged)

For Institutional Investors Only

Overview

The Quay Global Real Estate Strategy ('the Strategy') invests in global listed real estate with a focus on rent-based total return opportunities, avoiding developers and emerging markets and seeking robust balance sheets and reliable long-term cash flows. Utilizing fundamental analysis in stock selection and concentrated, low-turnover portfolio construction, the management team aims to generate annualized real total returns in excess of CPI +5% over the long term.

The Strategy is managed by Quay Global Investors, a Bennelong boutique. Bennelong is part of the BFM Group, an investment company that partners with boutiques across the globe to deliver actively managed equity funds.

Gross returns (\$AUD)

	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	10 years p.a.	Since inception ¹ p.a.
Strategy	-0.73%	+1.53%	-1.59%	+7.04%	+12.90%	+3.84%	+8.88%	+8.40%	+11.15%
Benchmark ²	-2.52%	+0.94%	+2.14%	+8.77%	+9.50%	+1.86%	+5.83%	+4.09%	+6.35%
Value added	+1.79%	+0.59%	-3.73%	-1.73%	+3.40%	+1.98%	+3.05%	+4.31%	+4.80%

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

¹Value added' calculation does not use rounded performance figures. Past performance is not indicative of future performance.

Strategy managers



Justin Blaess

Co-founder, Principal & Portfolio Manager

Before establishing and co-managing the Quay Global Real Estate Strategy, Justin spent five years at ING Investment Management in Sydney, where he was portfolio manager for all the listed real estate investment strategies with over \$2bn under management. He has also worked in corporate finance at major investment banks, where as part of their real estate investment banking teams he had experience on local and cross border M&A, debt and equity transactions. Justin started his finance career as a research analyst, first at HSBC and then Deutsche Bank, where with Chris he established and managed a REIT research team.



Chris Bedingfield

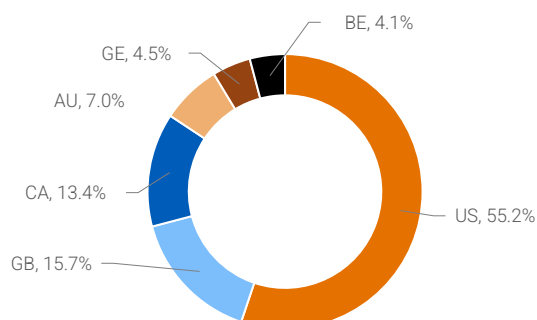
Co-founder, Principal & Portfolio Manager

Chris has nearly 30 years of experience working as a real estate specialist with a background in investment banking, real estate equities research and investment management. Prior to co-founding Quay, Chris was a senior member in the Real Estate Investment Banking group at Credit Suisse in Sydney and previously the Head of Real Estate Investment Banking Asia at Deutsche Bank. Chris started his career in real estate equity research, eventually becoming the head of research.

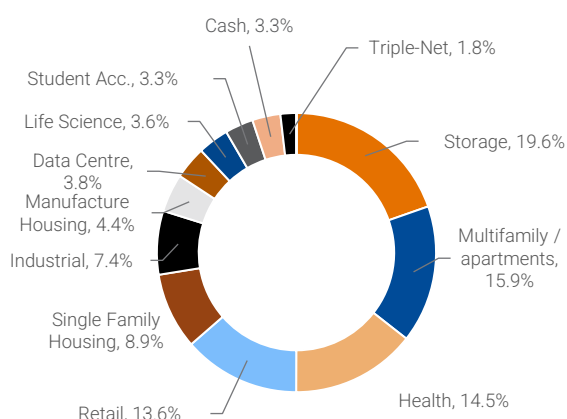
Strategy details

Feature	Information
Strategy	Global listed real estate
Index	FTSE/NAREIT Developed TR AUD Index
Investment vehicles	Separately Managed Accounts; AUD Unit Trust

Geographic weighting



Sector weighting



Commentary

The global real estate index returned -2.52% in March, with currency contributing +30bps to returns. The Strategy returned -0.73%, outperforming the index by 179bps.

Recession fears dominated market movements this month after the US announced new tariffs on automobiles and the previously announced tariffs (on steel, aluminium and on Canadian and Mexican goods) came into effect. Retaliatory measures were enacted by Canada, China and the EU on US goods. Further sweeping tariffs on 'all countries' will be unveiled by the Trump administration on April 2, adding to fears about the economic impact of the ensuing global trade war.

Within US listed real estate, the most recession sensitive sub-sectors– office, industrial, hotel and retail were hardest hit this month. Whilst more defensive sectors such as

residential and healthcare outperformed. However overall, relative to US equities (S&P500 -5.8%), REITs fared better. This is likely due to combination of factors including:

- the disparity in relative valuations and how oversold real estate has been in recent years;
- the defensive nature of many sub-sectors of real estate;
- and the fall in US government bond yields due to a pessimistic economic outlook.

Despite growing fears of an imminent tariff-induced US economic recession, we discuss in this month's [investment perspectives](#), why we think this fear seems somewhat premature. However, as we highlight in the paper, the impact of political uncertainty on private investment decisions (a key GDP driver) is a bigger threat worth monitoring.

Elsewhere, the rotation out of the US AI-trade continued this month, with Nvidia down over -13% and the 'Magnificent 7' down almost -10%. News about Microsoft cancelling a further 3GW of prospective leases in Europe and the US likely impacted returns. Within real estate, data centre operators fell in unison.

Meanwhile, in Germany, the coalition government agreed to relax the country's debt rules to allow increased defence and security spending as well as EUR500billion of infrastructure investment in the next 12 years. Industrial REITs had an exceptional month on the back of this. However other REITs, such as German apartments, fell as bond yields rose on the back of increased spending plans.

Top contributors to returns for the month came from positions in Canadian Apartments and German Industrial. The top detractors for the month were our positions in German Residential and US Retail.

Get in touch



bennelongfunds.com

quaygi.com

Jonathan Wakeman

Account Director, Institutional

Bennelong Funds Management

Level 21, 20 Bond Street, Sydney NSW 2000

M +61 459 871 748

E jonathan.wakeman@bennelongfunds.com

¹ The above data for the Strategy relates to the performance data for the Quay Global Real Estate Fund (Unhedged) ("the Fund"). The Fund was launched on 30 July 2014 by another trustee. Bennelong assumed responsibility as replacement trustee on 31 January 2016. Please contact the Bennelong Institutional team for performance history relating to this date.

² 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. The index is designed to track the performance of listed real estate companies and REITS worldwide.

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