

Quay Global Real Estate Fund

Monthly performance update

As at 30 September 2017

At a Glance

Feature	Fund facts
APIR Code	BFL0020AU
Index	FTSE/NAREIT Developed Index
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	30 July 2014 ¹
Recommended investment period	Long term (5+ years)
Minimum investment	A\$20,000
Additional investment	A\$5,000
NAV ²	1.0064
Buy/sell (%)	0.30/0.25
Entry/exit fees	Nil
Distributions	Bi-annual
Management fee ³	0.82%

Market Commentary

Global Equities again performed during September delivering an \$A +3.4% total return, largely led by US performance. The Dow Industrial average has now delivered eight consecutive quarters of positive returns – the first time this has occurred since the 1990s. Sentiment remains positive as European elections are not delivering the same level of surprise as UK and US elections last year. Furthermore, the prospect of significant tax cuts and concessions provides additional support.

The local share market failed to follow the global lead, with the Australian Indices generally flat over the month.

Fund Commentary

The Quay Global Real Estate Fund delivered a +1.3% return for the month, with approximately +1.5% derived from currency as our exposure to the UK benefited from a strong rally in the Sterling. Following almost six months of gradual decline, the US dollar also strengthened. This is no doubt assisted by hawkish comments from members of the US Federal Reserve that did little to help our underlying stock performance.

In the US, the devastating impact of multiple hurricanes including Harvey (Texas), Irma (Florida) and Maria (Puerto

Rico) had various impacts on the Fund's exposure. A significant loss of homes in Houston has all but eliminated any excess supply in the Storage and Apartment markets. It is therefore no surprise that Lifestorage (LSI) was among the stronger performers for the Fund in September.

American Campus Communities (US) was among the largest detractors to this month's total return as the company announced slightly weaker leasing headed into the school year, along with a significant acquisition (\$590m) of seven student housing properties staged over the next two years. Funding is somewhat uncertain and reliant on the sale of existing properties either outright or by joint venture. This uncertainty and a somewhat full purchase price (US\$156k per bed) weighed on the share price.

We spent much of the month meeting companies in the US, Europe and the UK including a number of our investees. We remain extremely comfortable with our long-term themes including affordable Accommodation, Healthcare and Storage. Separately, for the Mall operators, the general sentiment was the sell-off has been overdone – with many owners suggesting the worst of the bankruptcies was "now behind us". Indeed, valuations are beginning to appear attractive – however we still remain cautious for properties not deemed 'best in class'. Mid- and low-ranked Malls still face the real risk of obsolescence, particularly in the US. In Real Estate, being caught with an obsolete property with no 'higher-and-better use' guarantees permanent capital loss – something we must try to avoid.

Global Real Estate Commentary

Global Real Estate returned +0.8% for the month of September, all of which (+1.0%) was from a stronger foreign currency.

Performance

Timeframe	Fund return (net) ¹	Index**	Value add
1 month	+1.3%	+0.8%	+0.6%
3 months	+0.9%	-0.7%	+1.6%
6 months	+4.7%	+1.5%	+3.2%
1 year	+3.8%	-1.9%	+5.7%
2 years (p.a.)	+4.5%	+1.7%	+2.8%
3 years (p.a.)	+15.1%	+9.8%	+5.4%
Since inception (p.a.) [*]	+14.4%	+9.4%	+5.0%

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

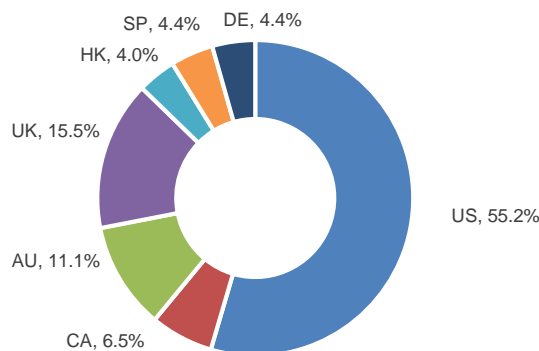
^{**} FTSE/ EPRA NAREIT Developed Index Net TR AUD⁴.

Quay Global Real Estate Fund

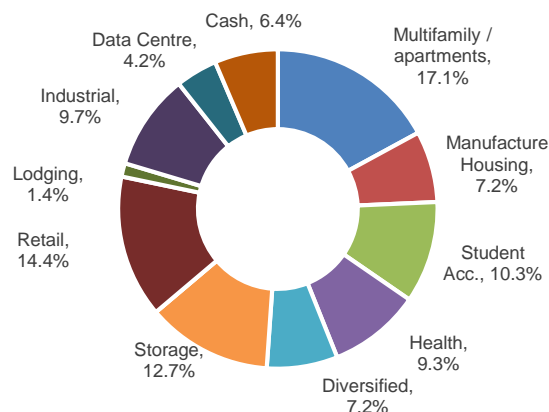
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Geographic Weightings



Sector Weightings



How to invest

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

Platforms

Hub24 Super

Macquarie Wrap

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 31/1/2016 (The Daily Series). Performance information before this date relates to the strategy (Series 1), which was launched 30/7/2014. For those who are invested in the Daily Series, please contact Client Services (1800 895 388 (AU) or 0800 442 304 (NZ) or client.services@bennelongfunds.com) to request your performance history.

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).

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

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