

InvestSMART Diversified Property & Infrastructure Portfolio

Monthly Update - January 2019

| PERFORMANCE TO 31 JAN 2019 | 1 mth | 3 mths | 6 mths | 1 yr | 2 yrs (p.a.) | 3 yrs (p.a.) | Since Inception (p.a.) |
|---------------------------------------------------|-------|--------|--------|-------|--------------|--------------|------------------------|
| InvestSMART Diversified Property & Infrastructure | 4.72% | 5.41% | 2.95% | 8.80% | 4.65% | 4.79% | 5.31% |
| A Composite Benchmark^ | 6.05% | 4.74% | 2.39% | 9.52% | 6.60% | 6.58% | 7.09% |

January in review

It may have been the worst December for US risk assets in more than 50 years, but January 2019 was the best start to a year for risk assets since 1967.

Australia also started 2019 with enthusiasm, however, it's the surge in listed property assets that is most interesting.

If we look back at the final quarter of 2018, we saw falling lending growth as credit became more expensive globally, the final sitting weeks of the Banking Royal Commission, and property facing a domestic housing slowdown.

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So, what has changed in January specifically for property? To answer this question, we should look at what made markets volatile in the final quarter of 2018.

First and foremost, the US was continuing to increase its official interest rate and forecasting further rises (as much as 4) into 2019. This was placing a lot of strain on private

credit which was impinging on housing and property lending especially.

A couple of things have changed in 2019. The US Federal Reserve has backed away from its forecasted rate rises, while several other major central banks, including our own Reserve Bank of Australia, have tilted to a dovish bias where rate cuts are more likely than hikes.

This is easing the pressure on the flow of credit and the possible impingement on lending, hence, the January pop in property.

If we see more central banks back down on rate hikes, listed property should continue to improve in 2019.

Diversified Property and Infrastructure Portfolio

- Added 4.72% after fees in January driven by a surge in listed property
- Domestic property attributed 1.36%, international property 1.18% with international infrastructure attribution 1.36%
- All bar Sydney Airports (SYD) of the portfolio attributed to the portfolio's performance in January

For more information on our Diversified Property & Infrastructure Portfolio, [click here](#).

^Benchmark Index

A composite index comprising of:

25% of S&P/ASX 200 A-REIT Index

25% of S&P/ASX Infrastructure Index

25% of Dow Jones Brookfield Global Infrastructure Total Return Index (AUD)

25% of Dow Jones Global Select Real Estate Securities Total Return Index (AUD)

PORTFOLIO ALLOCATION

| ASSET ALLOCATION | |
|-------------------------|-----------|
| Sector | Weighting |
| International Property | 24.27% |
| Domestic Infrastructure | 24.09% |
| Global Infrastructure | 23.33% |
| Domestic Property | 23.96% |
| Cash | 4.35% |

| TOP 5 HOLDINGS | |
|--------------------------------------------------------|-----------|
| Security | Weighting |
| SPDR Dow Jones Global Real Estate Fund | 24.27% |
| Vanguard Australian Property Securities Index ETF | 23.96% |
| VanEck Vectors FTSE Global Infrastructure (Hedged) ETF | 23.33% |
| Transurban Group | 9.46% |
| Sydney Airport | 4.36% |

Performance numbers exclude franking, after investment and admin fees; excludes brokerage. All yield figures include franking. All performance figures, graphs and diagrams are as at 31 January 2019. Performance figures are based on the portfolio's previous investment structure, a Separately Managed Account (SMA). This portfolio is now offered as a Professionally Managed Account (PMA), as of 1 November 2018. The underlying securities remain the same between the SMA and PMA structures. The inception date refers to the SMA. Please see the Investment Menu for full PMA fee details.

InvestSMART Group Limited (INV)

was founded in 1999 and is a leading Australian digital wealth advisor which has over 32,000 clients and over \$1.4B in assets under advice. InvestSMART's goal is to provide quality advice and low cost investment products, free from the jargon and complexities so commonly found in the finance industry, to help you meet your financial aspirations.

The Portfolio

The InvestSMART Property & Infrastructure Portfolio is designed for investors looking to diversify their property exposure or tap into the income & capital growth potential from the commercial property market generally inaccessible to the public. The Portfolio invests in a mix of Real Estate Investment Trusts (A-REITs), Infrastructure, and global property Exchange Traded Funds (ETFs) all managed in the one portfolio.

Investment objective

The Portfolio's investment objective is to provide investors returns in line with the benchmark minus our fees by investing in a blend of our preferred Exchange Traded Funds (ETFs).

Why the InvestSMART Diversified Property and Infrastructure Portfolio?

Get exposure to large-scale domestic and global property opportunities that would be too expensive for most people on their own. The InvestSMART Property & Infrastructure Portfolio is designed to give investors a good source of income through capital growth, property development and property-related earnings. Other benefits consist of inflation protection and portfolio diversification.

Who manages the investment?

Evan Lucas, has been investing and researching global markets for over 10 years and is supported by our Investment Committee, chaired by Paul Clitheroe. After getting his Masters in Finance from Flinders University, Evan started his career in Amsterdam with ABN Amro before moving to the Royal Bank of Scotland. He returned to Australia with RBS Morgans where he developed his top down approach, joining InvestSMART as our Chief Market Strategist in 2018.

Key Details

INVESTMENT CATEGORY

A blend of our preferred Exchange Traded Funds (ETFs)

INVESTMENT STYLE

Low cost Active Asset Allocation

BENCHMARK

A Composite Index

INCEPTION DATE

23 December 2015

SUGGESTED INVESTMENT TIMEFRAME

5+ years

NUMBER OF SECURITIES / STOCKS

5 - 12 securities

INVESTMENT FEE

\$99 - \$451 p.a. capped

PERFORMANCE FEE

N/A

MINIMUM INITIAL INVESTMENT

\$10,000

STRUCTURE

Professionally Managed Account (PMA)

SUITABILITY

Suitable for investors who want exposure to domestic and global property and infrastructure

PORTFOLIO MANAGER

Evan Lucas

Important information

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The suitability of the investment product to your needs depends on your individual circumstances and objectives and should be discussed with your Adviser. Potential investors must read the Product Disclosure Statement (PDS) and Investment Menu (IM), and FSG along with any accompanying materials.

Investment in securities and other financial products involves risk. An investment in a financial product may have the potential for capital growth and income, but may also carry the risk that the total return on the investment may be less than the amount contributed directly by the investor.

Past performance of financial products is not a reliable indicator of future performance. InvestSMART does not assure nor guarantee the performance of any financial products offered.

Information, opinions, historical performance, calculations or assessments of performance of financial products or markets rely on assumptions about tax, reinvestment, market performance, liquidity and other factors that will be important and may fluctuate over time.

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