30 June 2021

2021 Financial Year Report

InvestSMART Property and Infrastructure Portfolio

Yearly Highlights

- Portfolio appreciated 15.17 per cent after fees on resurgent property holdings.
- Portfolio has now recouped all losses from the COVID falls of FY20
- Portfolio has averaged 4.71 per cent after fees since inception

About Us

InvestSMART 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.

Portfolio overview

The InvestSMART Diversified 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 5 - 12 securities across Real Estate Investment Trusts (A-REITs), Infrastructure, and global property Exchange Traded Funds (ETFs) all managed in the one portfolio.

Our Diversified Property & Infrastructure Portfolio is part of our capped fee range, so you keep more of what you earn to grow your investment faster.

Investment objective

To provide returns in line with the benchmark minus our fees by investing in a blend of our preferred Exchange Traded Funds (ETFs).

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 portfolio details

INVESTMENT CATEGORY
Low-cost ETF Portfolio

BENCHMARK
A Composite Index

INCEPTION DATE
23 December 2015

SUGGESTED INVESTMENT TIMEFRAME
2+ years

NUMBER OF SECURITIES
5 - 12

INVESTMENT FEE
$99 - $451 p.a. capped

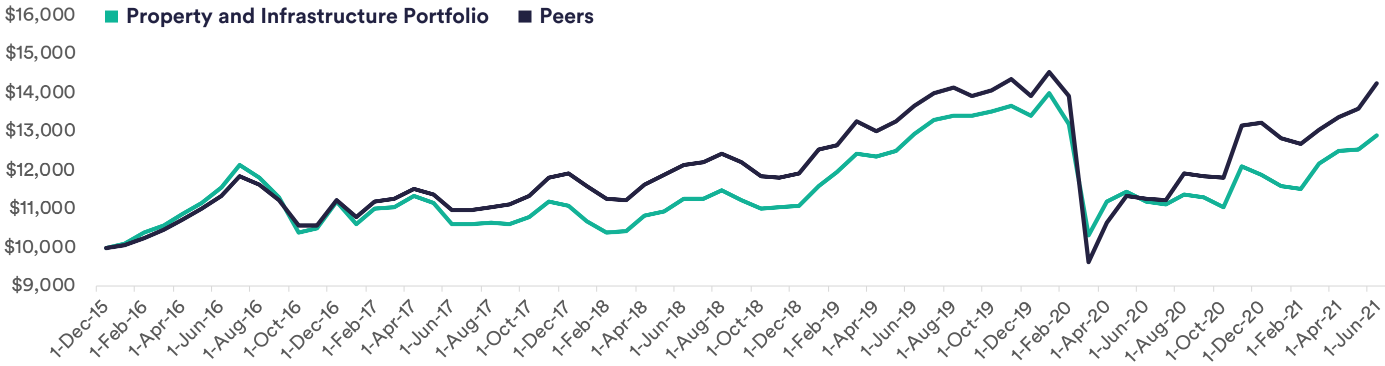
PERFORMANCE FEE
N/A

MINIMUM INITIAL INVESTMENT
$10,000

STRUCTURE
Professionally Managed Account (PMA)

As at 30 June 2021

Performance of $10,000 since inception

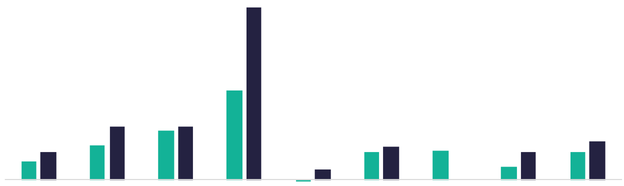


Performance (after fees)

	1 yr	2 yrs p.a	3 yrs p.a	4 yrs p.a	5 yrs p.a	Since Inc. p.a
InvestSMART Property and Infrastructure	15.2%	-0.1%	4.6%	5.0%	2.3%	4.7%
Average of 366 peers funds*	28.2%	2.3%	5.7%	7.1%	4.8%	6.7%
Excess to Peers	-13.0%	-2.4%	-1.1%	-2.1%	-2.6%	-2.0%

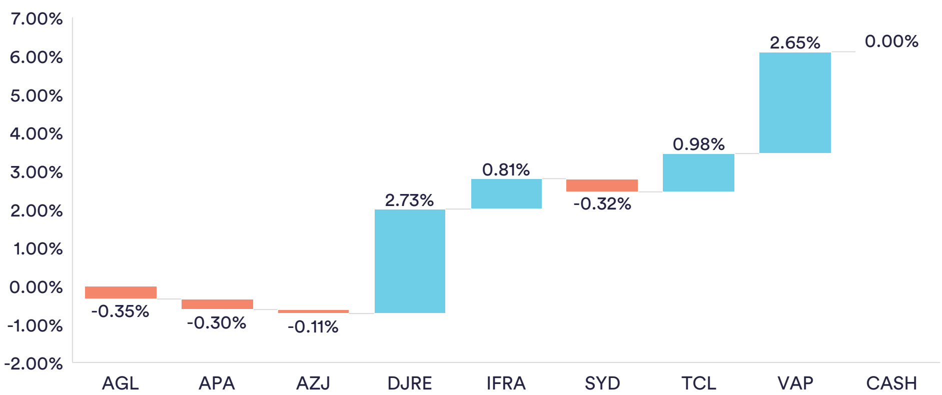
Fees*: InvestSMART Property and Infrastructure 0.55% & Average of 366 peers 1.44%
Note: Our InvestSMART Property and Infrastructure is benchmarked against A Composite Index

Performance relative to peers



	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	SI (p.a)
■ InvestSMART Diversified Property & Infrastructure	3.07%	5.86%	8.45%	15.17%	-0.12%	4.62%	5.01%	2.26%	4.71%
■ Peers (ASX200 A-REIT TR/ Equity Australia Real Estate)	4.72%	9.09%	9.02%	29.32%	1.81%	5.56%		4.63%	6.62%

Attribution – Performance



Asset allocation

Property & Infra.	97.0%
Cash	3.0%

Top 5 holdings

DJRE	24.8%
IFRA	24.8%
VAP	24.8%
TCL	11.6%
SYD	5.0%

InvestSMART Property and Infrastructure Portfolio

Quarterly Update

Financial Year Performance

- The Portfolio appreciated 15.17 per cent after fees on resurgent property holdings.
- The portfolio experienced a strong bounce post-Victoria's 2nd lockdown
- Portfolio has now recouped all losses from the COVID falls of FY20
- Since inception, the portfolio has averaged 4.71 per cent after fees

Quarterly Performance

- The portfolio appreciated 3.07 per cent after fees
- No changes were made to the portfolio during the quarter
- The yield on the portfolio is approximately 3.33 per cent

Strong bounce back for the diversified property and infrastructure portfolio in the final eight months of the financial year. Having been savaged from March through to September 2020 as investors shed listed real estate assets in droves to chase growth and stocks that were 'non-COVID exposed' (i.e. working from home stocks and non-transport or aviation stocks).

This trend reversed in November as Victoria came out of its second lockdown and the nation began to move towards a 'COVID-normal' lifestyle. Property assets in particular were the driving force of the portfolio, with the Vanguard Australian Property Exchange Trade Fund (ETF) VAP being one of the largest contributors to performance over the year. What was even more interesting over the financial year and bodes well for the new financial year is that property's performance was not impacted by several additional lockdowns and 'circuit breakers' throughout the country since last November. Even the new Delta variant outbreak in Sydney has done little to dent performance.

That is a trend that has been replicated in the international property listing. The Dow Jones Real Estate (DJRE) holding is dominated by US-listed property and it is no surprise that as vaccination numbers increased and US employment begun to balloon, workers returned to offices and the DJRE accelerated. Like its Australian peer this trend has not slowed at the start of this financial year. In fact, on current pace DJRE will be the best performer of the current quarter. The US recovery has been impressive, and this portfolio is designed to take full advantage of the recovery with its international property and infrastructure holdings

Looking to the infrastructure side of the portfolio, performance has been patchy, particularly the Australian holdings. Most of the performance problems of last financial year have been stock-specific issues, particularly for the likes of AGL Energy, APA Group and Aurizon.

Transurban has also suffered from stock-specific issues throughout the financial year, with cost blowouts on Melbourne's Western Distributor Project and network issues in New South Wales. However, it has been a bellwether for COVID issues across the country: Each time Sydney or Melbourne has gone into lockdown, traffic volumes have gone with it, significantly impacting toll road takings. This is particularly acute now with the NSW lockdown.

Sydney Airport is also a bellwether for COVID, having seen a significant reduction in flows due to the cancellation of international travel and limited domestic travel. The return of domestic travel has seen SYD recoup some of the losses. However, since the close of the financial year SYD has received a A$22.6 billion takeover offer valued at $8.25 a share, a 42 per cent premium to the July 3rd price. This price increase will be reflected in the next quarter and has been a significant positive for the portfolio to date for the new financial year.

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investsmart.com.au/invest

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Important information