

# Quarterly Report

30 June 2020



## InvestSMART Property and Infrastructure Portfolio

### 2020 Financial year highlights

- The InvestSMART Property and Infrastructure Portfolio fell 13.40% (after fees), as COVID lockdowns bit into normal operations.
- Estimated yield on the portfolio is currently 4.90%.
- The Property and Infrastructure Portfolio outperformed peers in FY20 by a massive 7.37%.

**INVESTSMART**

LET'S MAKE WEALTH HAPPEN

[www.investsmart.com.au](http://www.investsmart.com.au)

1300 880 160

## 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 investors 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

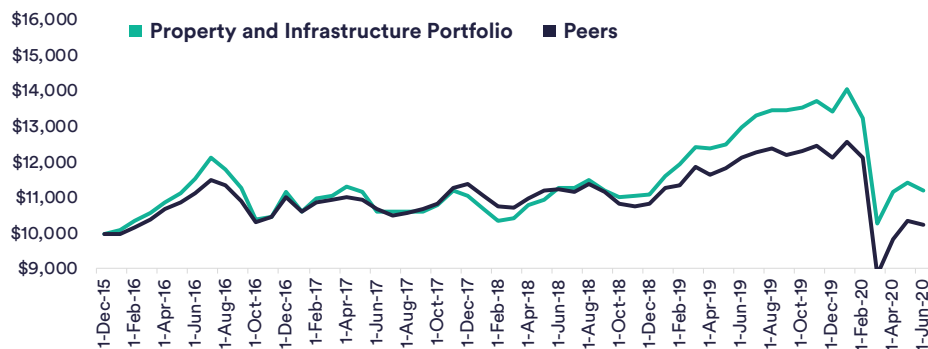
\$10,000

### STRUCTURE

Professionally Managed Account (PMA)

As at 30 June 2020

### Performance of \$10,000 since inception



### Top 5 holdings

VAP	26.2%
IFRA	23.9%
DJRE	22.7%
TCL	11.3%
APA	3.8%

### Performance (after fees)

	1 mth	3 mths	6 mths	1 yr	2 yrs	3 yrs	4 yrs
InvestSMART Property and Infrastructure <sup>#</sup>	-2.1%	8.5%	-16.4%	-13.4%	-0.3%	1.9%	-0.7%
Average of 356 peers funds <sup>^</sup>	-1.2%	19.0%	-21.9%	-20.8%	-5.1%	-0.1%	N/A
Excess to Peers	-0.9%	-10.5%	5.6%	7.4%	4.9%	2.0%	N/A

### Performance relative to benchmarks

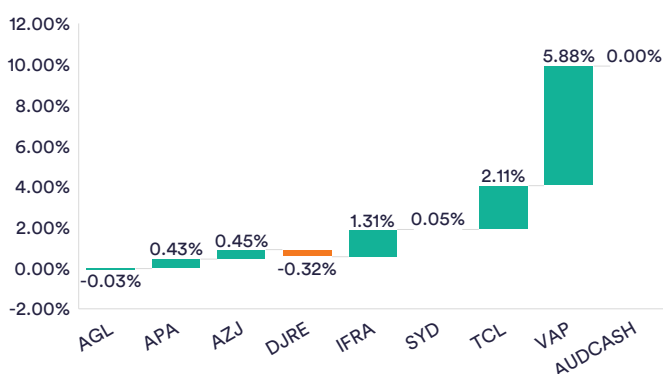


	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	SI (p.a)
InvestSMART Diversified Property & Infrastructure Portfolio	-2.06%	8.49%	-16.38%	-13.40%	-0.26%	1.85%	-0.72%	2.82%
Benchmark	-1.17%	8.51%	-15.04%	-11.49%	0.88%	3.28%	0.81%	4.39%
Peers (ASX200 A-REIT TR/ Equity Australia Real Estate)	-1.2%	19.0%	-21.9%	-20.8%	-5.1%	-0.1%	0.0%	0.00%

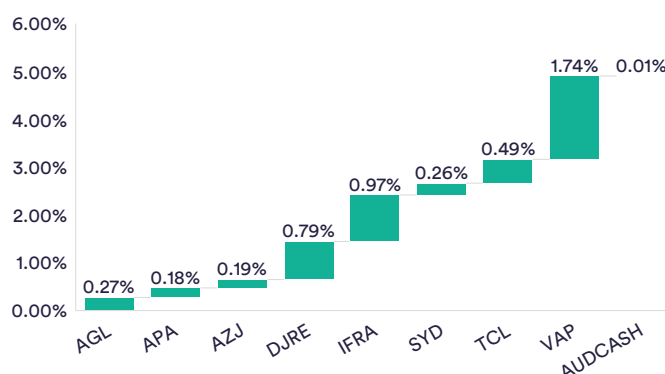
### Asset allocation

Property	97.4%
Cash	2.6%

### Attribution – Performance



### Attribution – Yield



# InvestSMART Property and Infrastructure 2020 Financial year update

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## Yearly Performance

- The InvestSMART Property and Infrastructure Portfolio fell 13.40% (after fees), as COVID lockdowns bit into normal operations.
- No changes were made to the portfolio during the year.
- Estimated yield on the portfolio is currently 4.90%.
- The Property and Infrastructure Portfolio outperformed peers in FY20 by a massive 7.37%.

## Quarterly Performance

- The InvestSMART Property and Infrastructure Portfolio rose strongly in the June quarter, up 8.49% (after fees).
- No changes were made to the portfolio during the quarter.
- Estimated yield on the portfolio is currently 4.90%.

This portfolio has always been seen as a 'bond proxy' with its exposure to assets that provide stable distribution through thick and thin with solid and reliable earnings. However, never in living memory has property and infrastructure been so affected by one event as it has with COVID-19 and this, unfortunately, has significantly impacted the portfolio's performance.

As social distancing and community lockdowns took hold both domestically and internationally, the impact on personal movement was perfectly reflected in the price performance of infrastructure assets.

The grounding of the aviation industry has seen the likes of Sydney Airport (SYD) removing guidance and currently seeing a loss of cash flow not seen in decades. The shutdown is also increasing the need for a capital raising to continue operations, and it's clear with second wave risks both in Australia and overseas, aviation is possibly half a decade away from returning to pre-COVID trading.

Road usage has also taken a battering in the final month of FY20, hitting even the most assured revenue earners like Transurban (TCL). But this same scenario is happening all over the world and the international infrastructure holding has suffered from the same issues.

Then there is the impact of social distancing on listed property. The mass closures of firms and businesses coupled with restrictions on how many individuals can congregate in enclosed centres has had a profound impact on a tenant's ability to pay rent. There is also a growing belief from some research houses that firms may reduce their usage of office space over the medium term as they move their workforces to new 'work from home' arrangements and/or 'low-touch' working situations.

COVID-19 was the perfect storm for this portfolio in FY20 and despite rallying strongly in the final quarter of the year, there are some significant outstanding questions for this space in the short term. We would point out that history has shown sectors such as infrastructure and property, can and do bounce back very rapidly. They are also sectors that tend to benefit from economic stimulus measures due to their high levels of employment and long-term community benefits. So, while we do still see the short-term impacts to the portfolio as the COVID-19 plays out in the domestic and international community, as COVID-19 filters out, we expect the portfolio to rebound over its medium-term investment timeframe.



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**1300 880 160**

### **Important information**

This document has been prepared by InvestSMART Funds Management Limited (ABN 62 067 751 759, AFSL 246441) (InvestSMART), the responsible entity of the [InvestSMART Diversified Property and Infrastructure Portfolio] (Fund) and issuer of units in the Fund.

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