Quarterly Report

30 September 2020

InvestSMART

Property and Infrastructure Portfolio

September 2020 Quarterly highlights

- The InvestSMART Property and Infrastructure Portfolio added 0.71% in the September quarter (after fees).
- No changes were made to the portfolio over the quarter.
- Estimated yield on the portfolio is currently 3.1%.
- All facets of the portfolio declined in the quarter as COVID-19 restrictions shattered the normal operations of the property and infrastructure sector.

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

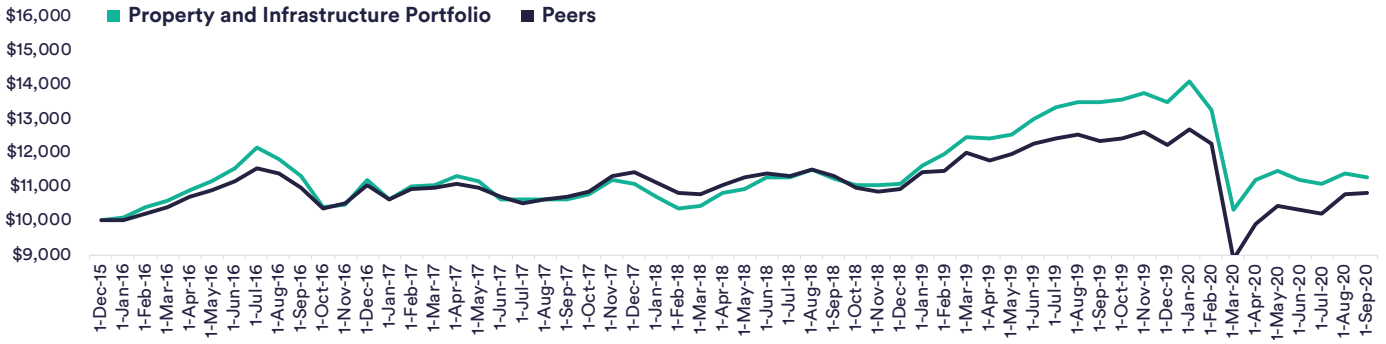
PERFORMANCE FEE
N/A

MINIMUM INITIAL INVESTMENT
$10,000

STRUCTURE
Professionally Managed Account (PMA)

As at 30 September 2020

Performance of $10,000 since inception

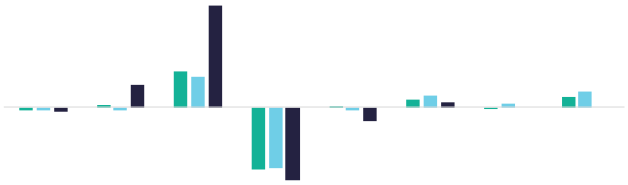


Performance (after fees)

	1 mth	3 mths	6 mths	1 yr	2 yrs	3 yrs	4 yrs
InvestSMART Property and Infrastructure	-0.9%	0.7%	9.2%	-16.0%	0.3%	2.0%	0.0%
Average of 384 peers funds*	-1.0%	5.9%	26.4%	-18.6%	-3.6%	1.2%	N/A
Excess to Peers	0.2%	-5.2%	-17.2%	2.6%	3.9%	0.8%	N/A

Fees*:InvestSMART Property and Infrastructure 0.55% & Average of 384 peers 1.45%.
Note: Our InvestSMART Property and Infrastructure is benchmarked against A Composite Index.

Performance relative to benchmarks

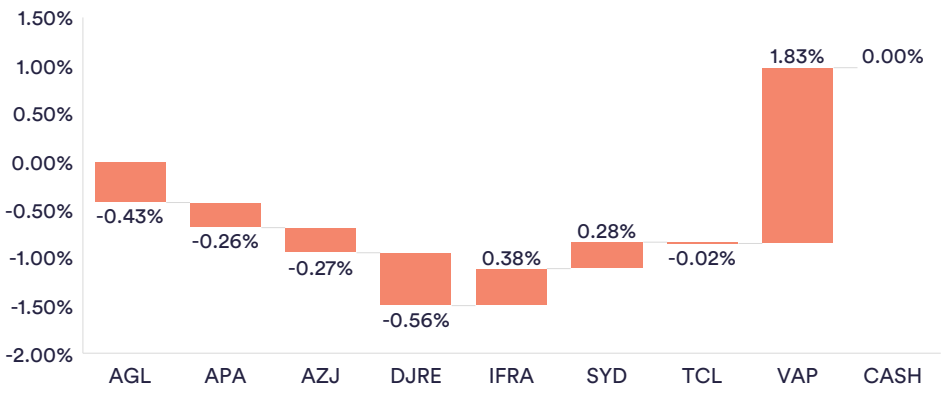


	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	SI (p.a)
InvestSMART Diversified Property & Infrastructure Portfolio	-0.87%	0.71%	9.22%	-16.00%	0.30%	2.04%	-0.02%	2.81%
Benchmark	-0.63%	-0.59%	7.86%	-15.68%	-0.75%	3.15%	1.16%	4.03%
Peers (ASX200 A-REIT TR/ Equity Australia Real Estate)	-1.0%	5.9%	26.4%	-18.6%	-3.6%	1.2%	0.0%	0.00%

Asset allocation

Property	99.0%
Cash	1.0%

Attribution – Performance



Top 5 holdings

DJRE	24.8%
IFRA	24.8%
VAP	24.8%
TCL	11.5%
SYD	4.7%

InvestSMART Property and Infrastructure

30 September 2020 update

Quarterly Performance

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The COVID-19 restrictions, both domestically and internationally, continue to impact this portfolio.

Although performance over the last quarter and particularly the last six months has improved, up 0.71 per cent and 9.22 per cent respectively, the impacts of COVID restrictions on listed property and infrastructure has been telling as governments continue to clamp down on movement.

What will be interesting over the coming year, however, is how fast industries bounce back. The aviation industry is one such infrastructure sector that will be interesting to watch – Sydney Airport (SYD) has removed guidance and has seen a loss of cash flow not seen in decades. But as domestic and international travel reopens there will be a return of revenue and it will lead to upsides.

The same could be argued for road and rail. Social distancing laws have smashed road usage, however, one of the biggest themes from the earnings seasons both domestically internationally was a change in people's transport habits. Over 60 per cent of Australians are expected to use private transport (cars) to commute going forward. They are also more likely to drive intra- and interstate in the foreseeable future than fly. Transurban (TCL) is a clear winner on this habit change and is likely to benefit into the future.

And then there is the impact of social distancing laws on listed property. The restrictions on core tenants from the retail and services sectors has been devastating for revenues. What will be tricky for listed property is being able to maintain full occupancy as working from home (WFH) continues in the near future and tenants adjust their floor space requirements to accommodate this new structural norm. VAP and DJRE – the two property holdings in the portfolio ¬– have both reflected this change. However, like their infrastructure peers, there will come a point when revenues and occupancy return which should turn the discount in the holdings back to a premium.

We would also point out that both infrastructure and property have been the focus of this year's federal budget. The stimulus packages here will also come to the fore in the coming years and will no doubt drive returns and the performance of the Property and Infrastructure Portfolio.

investsmart.com.au/invest
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Important information

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