Navegar Property and Infrastructure Portfolio

Portfolio performance - September 2024

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	2 yr (% pa)	S.I. (% pa)
Portfolio Total Return	2.94	12.17	8.18	27.61	15.99	8.15
Benchmark*	3.28	12.86	11.39	30.74	15.27	7.14
Excess Return	-0.34	-0.69	-3.21	-3.13	0.72	1.01

Past performance is not a reliable indicator of future performance. Performance is calculated before taxes and other fees such as model management and platform fees and are net of underlying investment management fees. For full details of fees, please refer to the relevant platform provider. Performance is notional in nature and the actual performance of individual portfolios may differ to the performance of the Managed Portfolios. Inception date March 2018. *Benchmark consists of 25% ASX300 A-REIT TR Index, 25% FTSE EPRA/NAREIT Developed NR Index (AUD Hedged), 50% FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged).

Cumulative performance

■ Cumulative Growth (LHS)   ■ Monthly Return (RHS)

Market review

The September quarter saw strong performance in Australian equities, with the S&P/ASX 300 Accumulation Index rising +7.8%, reflecting a +21.7% increase year-on-year. This was driven by China's stimulus measures and the US Federal Reserve's 50 basis point rate cut. Australia's unemployment rate remained steady at 4.2%, while inflation fell to 2.7% due to government rebates. The Information Technology sector thrived with an 15.3% gain, while energy stocks dropped 6.4% due to declining oil prices. Overall, Australian markets outperformed many global peers.

Globally, equities maintained an upward trend, fuelled by coordinated policy responses. Emerging markets significantly outperformed developed ones, with the MSCI Emerging Markets Index showing strength. Major developed markets, except Japan, reported positive returns, supported by the Fed's rate cut and China's stimulus. The MSCI World ex Australia Index rose 2.3%. Overall, the decline in global bond yields boosted investor sentiment in equities.

The property sector experienced positive momentum, benefiting from global interest rate cuts. The S&P/ASX 300 A-REIT Accumulation Index returned +14.3% in the September quarter, outperforming equities. Global REITs (as represented by the FTSE EPRA/NAREIT Developed NR Index (AUD Hedged)) returned +13.5% while the FTSE Global Core Infrastructure 50/50 Index (AUD Hedged) reported a +11.8% return.

Fixed-income markets displayed strong performance, as the market rallied in anticipation of a shift in the interest rate cycle at some stage in 2025 to rate cuts. This saw Australian bonds return +3.0% for the quarter and +7.1% over the year. The Bloomberg Global Aggregate TR Index (AUD Hedged) returned +4.0%. Anticipation of a broader global rate easing cycle is driving a shift towards fixed-income strategies. Overall, fixed-income markets anticipate a further easing in inflationary pressures and eagerly await a broader global rate cycle with the notable exception of Japan and the RBA Governor dampening local expectations until next year.
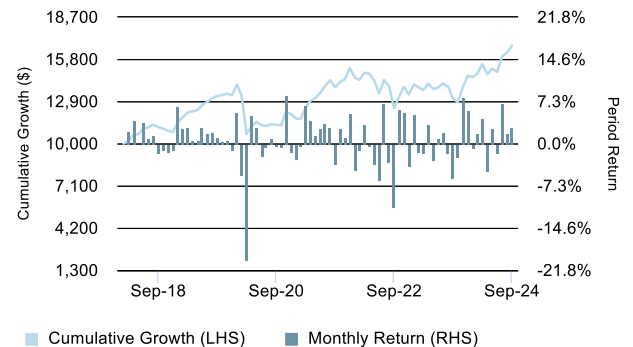
Performance contribution (3 Months)
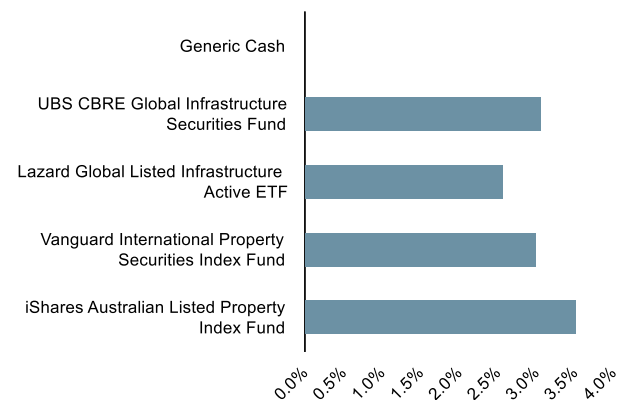
Performance contribution measures the absolute contribution of each constituent asset class to the total performance of the portfolio.

Portfolio Commentary

The Navegar Property and Infrastructure Portfolio recorded tremendous gains over the quarter, but marginally underperformed the composite benchmark. All holdings returned positive absolute performance over the quarter.

At the Fund level, the strongest contributor was iShares Australian Listed Property Index Fund followed by UBS CBRE Global Infrastructure Securities Fund..

No changes were made to the portfolio over the quarter

Portfolio structure

Asset class/Fund	Fund	%
Property and Infrastructure		**100**
	iShares Australian Listed Property Index Fund	
	Vanguard International Property Securities Index Fund	
	Lazard Global Listed Infrastructure Active ETF	
	UBS CBRE Global Infrastructure Securities Fund	
Cash		**100**
	Generic Cash	

Asset allocation breakdown

- iShares Australian Listed Property Index Fund
- Vanguard International Property Securities Index Fund
- Lazard Global Listed Infrastructure Active ETF
- UBS CBRE Global Infrastructure Securities Fund
- Generic Cash
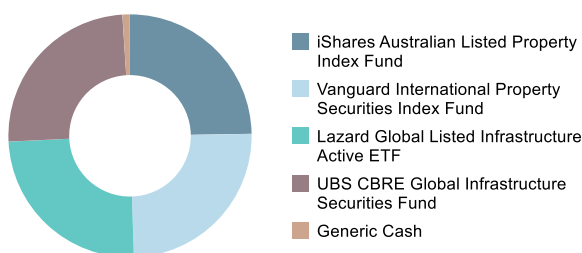
Investment strategy/objective

navegar

Portfolio objective

The Portfolio objective is to deliver outperformance of the stated benchmark over rolling three-year periods.

Benchmark: 25% ASX300 A-REIT TR Index, 25% FTSE EPRA/NAREIT Developed NR Index (AUD Hedged), 50% FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged).

Investment Philosophy

Navegar seeks to deliver outperformance of the benchmark over rolling three-year periods by:

- Robust investment profiles tailored to meet client objectives
- A diversified approach to portfolio construction, with a strong focus on risk
- Skilled active management at a reasonable cost to add value over and above the index to varying degrees in asset sectors
- Blending strategies with low correlations and non-directional strategies to achieve true diversification.