



navegar

Navegar Property and Infrastructure Portfolio

Portfolio performance - June 2025

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	S.I. (% pa)
Portfolio Total Return	0.7	6.8	8.7	17.5	6.1
Benchmark*	0.9	7.3	7.6	17.4	6.1

Source: BT Performance history from 1 September 2018. Net of fund manager fees

* The Benchmark is the performance of a Composite Benchmark (50% Global Infrastructure Hedged + 25% EPRA Dev + 25% ASX300 A-REIT)

Market review

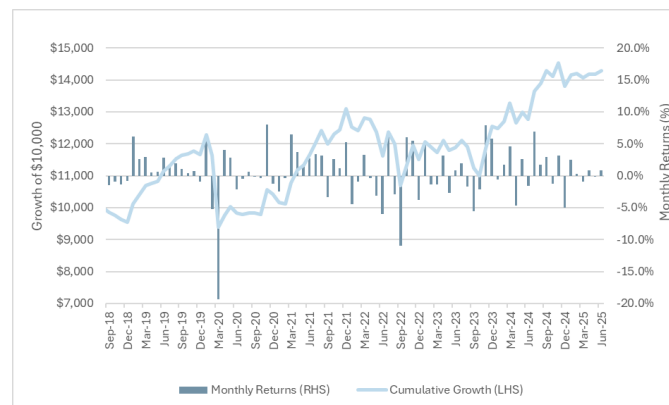
The Australian Sharemarket ended the financial year at record highs, with the S&P/ASX 200 Accumulation Index rising by +9.5% over the quarter, bringing the trailing 1-year return to +13.8%. In our view, local market gains have been driven more by sentiment than fundamentals. Dividend yields have fallen to their lowest levels in 20 years, and growth remains subdued in key sectors, including banking and mining. The Australian Small Cap sector also performed strongly, with the ASX Small Ordinaries Index rising +8.6%.

Global equities rebounded in the June quarter, recovering from early April volatility due to U.S. tariff concerns. Sentiment improved mid quarter as tariff delays and a weakening US dollar supported risk assets. Emerging markets outperformed developed markets, as investors sought alternatives to U.S. risk assets. The MSCI World ex Australia Index rose +5.9%, while the MSCI Emerging Markets Index climbed +6.5%.

The property sector delivered mixed returns during the June quarter against a backdrop of US tariff uncertainty and elevated geopolitical tensions. Global REITs (as represented by the FTSE EPRA/NAREIT Developed NR Index (AUD Hedged)) returned +2.6%, while the FTSE Global Core Infrastructure 50/50 Index (AUD Hedged) reported a +2.1% return.

Fixed interest markets stabilised over the quarter, delivering solid gains. After a volatile start, bond markets steadied, with U.S. Treasury yields ending the quarter roughly flat. The Bloomberg Global Aggregate TR Index (AUD Hedged) returned +1.5%. Australian Government Bond yields declined on rate cut expectations, boosting returns, with the Bloomberg AusBond Composite 0+ Yr Index climbed +2.6%. The Australian money market (as represented by the Bloomberg Ausbond Bank Bill Index) returned 1.0%. Notably, bond yields have risen above dividend yields. A rare inversion that suggests investors are either unusually confident in shares or beginning to favour the income stability offered by bonds.

Cumulative performance



Source: Morningstar

Performance contribution (3 Months)

	3 Months
Lazard Global Listed Infrastructure	2.74%
iShares Australian Listed Property Index	2.01%
ClearBridge Gbl Infra Inc H B	1.20%
Ironbark DWS Global Property Secs	0.27%
BT Platform Cash	0.01%

Portfolio Commentary

Property and infrastructure exposure delivered positive but mixed performance in the quarter. **Ironbark DWS Global Property Secs (+1.1%)** benefited from a modest recovery in global real estate markets, driven by falling bond yields and supportive inflation data, while its defensive positioning in select sectors helped navigate lingering economic uncertainty. **iShares Australian Listed Property Index (+13.3%)** delivered exceptional returns, significantly outperforming the broader property sector as Australian REITs rallied strongly on expectations of domestic interest rate cuts. **ClearBridge Global Infrastructure Income (+4.2%)** outperformed its infrastructure peers, led by regulated utilities in Western Europe—such as electricity, water, and gas—which delivered stable returns supported by their defensive qualities and long-term earnings visibility. **Lazard Global Listed Infrastructure (+9.2%)** posted strong gains, capitalising on the broader infrastructure sector's positive momentum as investors sought income-generating assets amid changing rate expectations.

We strongly recommend that potential investors read the product disclosure statement or investment statement.

Portfolio structure

Fund	Weight %
iShares Australian Listed Property Index	15.00%
Ironbark DWS Global Property Securities	25.00%
Lazard Global Listed Infrastructure	29.75%
ClearBridge RARE Infrastructure Income B	29.00%
Platform Cash	1.25%

Portfolio changes

Fund	Action
Lazard Global Listed Infrastructure	Increased
Clearbridge RARE Infrastructure Income	Increased

Fund	Action
iShares Australian Listed Property	Reduced

While recent developments in tariff negotiations have been encouraging, the broader outlook for economic growth and corporate earnings remains uncertain. In this environment, listed infrastructure stands out for its defensiveness relative to property, with earnings that are less sensitive to economic fluctuations. In addition to its stability, infrastructure is currently trading at attractive valuations relative to both real estate and global equities. This relative value, coupled with higher confidence in earnings for infrastructure, makes a shift from real estate to global infrastructure an appropriate lever to reduce risk without giving up much in terms of potential returns.

Accordingly, the portfolio was rebalanced to modestly increase the allocation to **Lazard Global Listed Infrastructure** and **Clearbridge RARE Infrastructure Income**, funded from **iShares Australian Listed Property**.

Investment strategy/objective

Portfolio objective

To deliver outperformance of the benchmark over rolling three-year periods, net of indirect fees

Benchmark: Composite Benchmark (50% Global Infrastructure Hedged + 25% EPRA Dev + 25% ASX300 A-REIT)

Investment Philosophy

The guiding principles underpinning the portfolio management process are:

- **Evidence-based investing** — We are investors, not speculators. Making investment decisions based on fundamental analysis and empirical evidence rather than short-term noise delivers better long-term investment outcomes.
- **Valuation is important** — Markets can experience inefficiency and mispricing. The entry price of an investment is a key determinant of long-term returns and the risk of financial loss.
- **Risk management is multi-dimensional** — We invest in an environment of uncertainty where economic, geo-political and market developments can materially change the investment landscape. We seek to create portfolios that are robust to a range of environmental scenarios and assess risk from a broad set of metrics that consider liquidity, country, sector, style, credit, environmental, social and governance risks.
- **Diversification** — Diversification is spreading investments across fund managers within different asset classes. Diversification cannot eliminate the risk of loss, but it is a powerful tool for managing risk.
- **Simplicity and transparency** — The security of our investors' wealth is paramount. We will only invest in the highest quality underlying fund managers and securities and will not accept overly complex or opaque investments.
- **Fees and taxes matter** — We only allocate fees to active fund managers where we believe — with a high degree of conviction — investors will benefit from paying a higher fee. Where appropriate, we will also utilise low-cost passive fund managers. We also consider the tax consequences of underlying portfolio strategies.

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Evidentia Group

Evidentia is Navegar's asset consultant and provides advice and guidance in relation to investment decisions for the portfolio.

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