Navegar Property and Infrastructure Portfolio (PROC06PRO)

Portfolio performance - June 2026

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	S.I. (% pa)
Portfolio Total Return	1.3	5.1	7.9	13.4	7.0
Benchmark*	2.0	5.7	10.6	15.6	5.0

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 + 50% EPRA Dev)

Market review

Global share markets rebounded strongly over the June quarter as investor confidence recovered following the March sell-off. Resilient corporate earnings and renewed enthusiasm for artificial intelligence drove a broad recovery in risk assets, while easing geopolitical tensions in the Middle East helped improve sentiment. Late in the quarter, a tentative US-Iran memorandum of understanding reduced concerns around energy supply disruptions, contributing to a sharp fall in oil prices. While this supported market sentiment, the agreement remained fragile, and uncertainty persisted around shipping routes and regional energy infrastructure. Against this backdrop, easing inflation concerns and interest rate expectations remained important drivers of market performance.

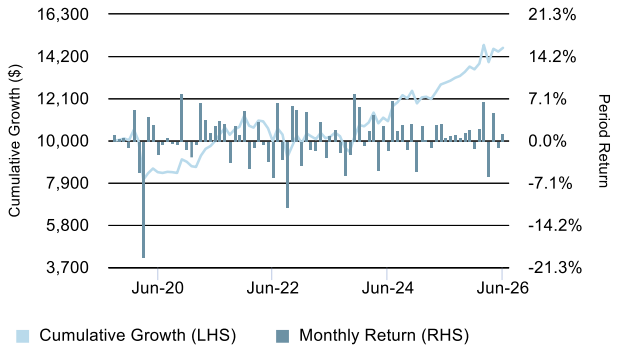
Australian shares delivered positive returns but lagged major global markets, with the S&P/ASX 200 Index rising +4.0%. Improving investor confidence supported broad gains across the market, led by consumer discretionary, information technology and materials, while industrials and real estate also recorded solid gains. In contrast, the sharp decline in oil prices weighed heavily on the energy sector, while healthcare also detracted following weaker sector earnings. Smaller companies participated in the recovery but slightly underperformed larger peers, with the S&P/ASX Small Ordinaries Index rising +3.3%.

International shares delivered exceptional gains, with the MSCI All Country World Index rising +13.6% unhedged and +14.9% hedged. US shares advanced strongly as robust corporate earnings and renewed optimism surrounding AI supported technology and growth sectors. European markets also delivered strong returns as easing energy prices and improving economic confidence lifted investor sentiment, while Japan benefited from a weaker yen, AI enthusiasm and resilient domestic conditions. Emerging markets outperformed developed markets, with the MSCI Emerging Markets Index rising +22.6%, driven by exceptional gains across Asia, particularly Korea and Taiwan. China was a notable exception, declining over the quarter amid ongoing concerns about its economic outlook. Global small companies also rebounded strongly, with the MSCI World ex Australia Small Cap Index rising +14.0%.

Property and infrastructure delivered positive returns over the quarter. Global listed property performed well, with the FTSE EPRA NAREIT Developed Index (hedged) up +8.8%, supported by improving sentiment towards interest rate-sensitive assets and lower bond yield volatility. Infrastructure also advanced, with the FTSE Global Core Infrastructure 50/50 Index (hedged) rising +2.6%, underpinned by its defensive earnings profile and continued demand for essential infrastructure assets.

Fixed interest markets delivered positive returns over the quarter. Australian fixed interest outperformed global peers, with the Bloomberg AusBond Composite 0+ Yr Index rising +2.6% as domestic bond yields declined. Global fixed interest also advanced, with the Bloomberg Global Aggregate Bond Index (hedged) up +1.5%, despite US Treasury yields finishing slightly higher over the quarter. Credit markets also delivered positive returns, with high-yield credit outperforming investment grade markets as resilient corporate fundamentals and tightening credit spreads supported investor demand for higher-yielding assets.

Cumulative performance



Performance contribution (3 Months)

Leading Contributors

	3 Months
Ironbark DWS Global Property Secs	2.49%
Resolution Capital Global Prpt Secs II	1.77%
ClearBridge Glbl Infras Inc H B	0.62%
Lazard Global Listed Infrastructure	0.44%
BT Platform Cash	0.01%

Leading Detractors

None

Performance contribution measures the absolute contribution of each constituent asset class to the total performance of the portfolio.

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

Portfolio Commentary

Property and infrastructure assets delivered positive returns over the quarter. **Resolution Capital Global Property Securities (+11.5%)** produced a strong result driven by a broad global rally in listed real estate securities, with particular strength in US and UK markets. **Ironbark DWS Global Property Securities (+9.8%)** performed strongly, with retail, industrial, and diversified property exposure benefiting from improving valuations and resilient rental income across global listed property markets.

ClearBridge Global Infrastructure Income (+2.1%) delivered a solid gain, supported by strength in North American rail holdings and a pipeline-related infrastructure project. **Lazard Global Listed Infrastructure (+1.5%)** also gained, driven by a rebound in a European utility holding and strength in toll road-related holdings.

Portfolio structure

Holding	Weight
Property & Infrastructure	**98.7%**
ClearBridge Glbl Infras Inc H B	29.0%
Ironbark DWS Global Property Secs	25.3%
Lazard Global Listed Infrastructure	29.1%
Resolution Capital Global Prpt Secs II	15.4%
Cash	**1.3%**
BT Platform Cash	1.3%

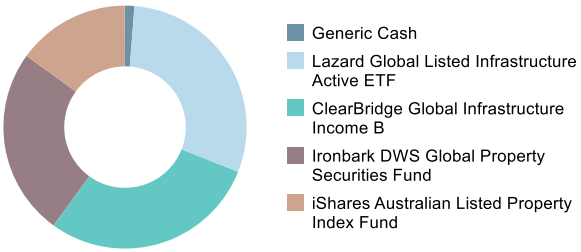
Portfolio changes

Higher inflationary pressures and rate hikes are structural headwinds facing Australian Real Estate Investment Trusts (AREITs). Higher cash rates increase refinancing costs on shorter-dated debt, while higher discount rates from rising bond yields continue to pressure asset valuations. Additionally, the AREIT index is generally concentrated in few large constituents like Charter Hall, Dexus and Goodman, reducing diversification benefits.

We prefer global property which offers greater diversification and more attractive fundamentals on a relative basis. Switching to active management can also capitalise on market inefficiencies and subsector/country disparities compared to passive strategies with static index screening. This will also align the portfolio more closely with Evidentia's Strategic Asset Allocation (SAA).

Accordingly, we exited **iShares Australian Listed Property Index** and introduced **Resolution Capital Global Property Securities Hedged**.

Asset allocation breakdown



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 + 50% EPRA Dev)

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.

Evidentia is a boutique asset consultant that works with select private wealth practices to design, build, implement and manage tailored investment portfolios. The portfolios are tailored to meet advice strategies. Evidentia's investment team is experienced across all major asset classes.

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Morningstar

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