New SGX REIT ETF

Description



5% dividend yield sounds pretty juicy?

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I wasn't really intending to cover this but a few readers emailed me about it so I thought I'll do a quick analysis here! @fitrikhamis briefly mentioned this REIT previously when news came out but there hasn't been any good analysis on the Web since, so here you guys go:

There's a new REIT ETF on the market which will be listed on SGX on 29 March.

I guess the question in everyone's mind is:

Should I get it?

With this listing, there'll now be 2 REIT ETFs for investors here to choose from.

ð?•¨ NikkoAM-STC Asia REIT
ð?•¤ Phillip SGX APAC Dividend Leaders REIT ETF (ex Japan)

(don't know what's an ETF and how they work? Scroll through my Dayre for a post I wrote on this previously)



Components of this REIT index taken from their prospectus, which is very long and wordy omg.

With the exception of 3 and 7 aka Link and Fortune REIT which are listed in Hong Kong, the remaining 8 components are listed individually on SGX.

Let's look at their #marketingspeak first, used to promote this index and entice investors!



REITs are more liquid and easily traded over a stock exchange, in contrast to real physical estate properties which take months to transact.

Income from REITs isn't taxable either. My friend feeds his family of 4 now mostly based on his passive income from REIT investments. Not too shabby right?

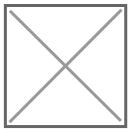
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Asia REITs very good! Lai lai invest (they say hor not me)



Don't believe me? I show you! See, when you compare against broad based market indexes, REITs do better! (errrr duhhhhh cos your broad market index can sometimes have companies who don't pay dividends?!? ð??? why isn't there an eye-rolling emoji ah)



Buy 1 stock counter and get all! Lobang lobang!!



Ah but wait! Take a look at this part. Unlike REITs which are mandated to pay out 90% of their profits, this stock counter works differently. What they're essentially saying is that your payouts aren't guaranteed.

It could be lower or higher. Who knows? Like they say, this is based on the managers discretion.

You should get this if :

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ð??• you're looking to diversify on a small sum

ð??•you don't know how to pick a good REIT, or you're simply too lazy to do your homework

ð??•you reallllllllly believe in the growth and stability of HK and SG REITs

ð??•you're an index investor

ð??•you're trying to construct The Singapore Permanent Portfolio (search my blog for this)

You may not want to get this if :

ð??? you know how to invest in individual REITs

ð??? you want more than a 5% return on your investment (Viva Industrial Trust is yielding 9% for instance)

ð??? you don't like the complex structure in a REIT ETF (consider issuance of rights, options or warrants in the future)

Category

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