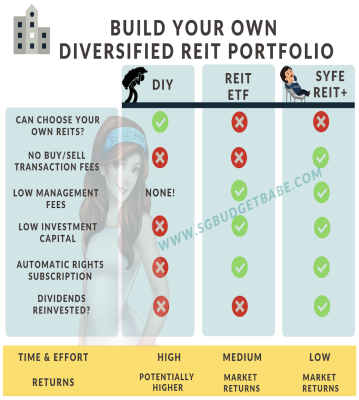


Is the new Syfe REIT+ Worth Investing In? (Review)

Description

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Looking for your own diversified REIT investment portfolio in Singapore with minimal capital and automatic rebalancing? Syfe REIT+ might just be the answer for you.

Previously, investors who wanted real estate investment trusts (REITs) in their portfolio could only choose between **DIY-ing** their own REIT portfolio, or invest into a **REIT ETF** (exchange-traded fund).

But now, thereâ??s a third option, and Syfe REIT+ has just changed the game.

The DIY Method

For investors who prefer to pick their own REITs, the DIY approach is great because you get to control what REIT goes into your portfolio, the weightage of each and the exposure that you want.

And if youâ??re savvy at picking really high-quality REITs, your returns are likely to be much higher than the average investor.

But, if youâ??re a beginner investor with a few thousand dollars to start off with, this could be a problem because **with DIY, you incur extremely high costs.**

To construct a decently diversified portfolio, youâ??ll have to pay $10 â?? $28 in transaction fees each time to your brokerage. To put that into context, that works out to be as much as 8.4% in cost alone for a $1,000 portfolio of just 3 REITs.

Read here to understand the math behind how paying 1% of fees alone can mean giving up 1/3 of your future wealth
.

Absolutely insane.

Thereâ??s also all that future work of having to (i) manage potential rights subscriptions, (ii) manually reinvest the dividends (and pay transaction fees again) and all.

No wonder some people prefer to simply put their money into an exchange-traded fund.

The ETF Approach

If you donâ??t have the time and energy for that, an easier way is to invest in a REIT ETF instead, *such as the Lion-Phillip S-REIT ETF, the Nikko AM REIT ETF or Phillip SGX APAC Dividend Leaders REIT ETF*.

In exchange for a small fee, you can get away with a **lower investment capital** (compared to the DIY method) while having **instant diversification** through a broad index basket of REITs. The fees you incur usually include:

- ETF management fee
- Trustee fees (paid to the fund manager)
- Commission charges to your brokerage each time you buy/sell units of the ETF

If you intend to use dollar-cost averaging into such ETFs in frequent intervals, keep your eye on these fees because they can add up real quick.

Oh, and you also donâ??t get to choose the REITs that you want, so if thereâ??s a counter there that youâ??re not a fan of, thereâ??s nothing you can do about it.

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Review: Syfe REIT+

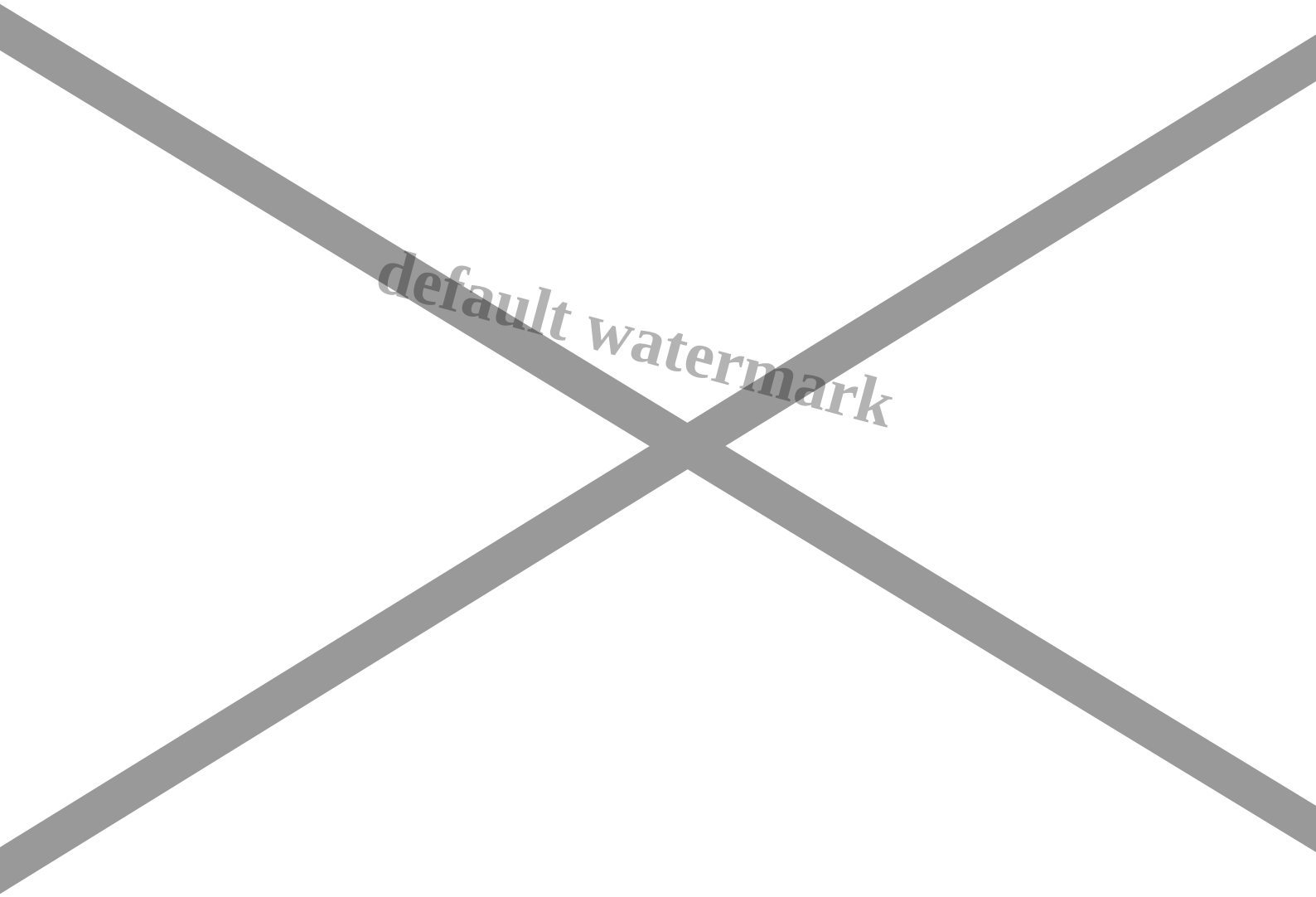
Syfe *â?? a digital wealth manager in Singapore licensed by MAS â??* recently launched the REIT+ portfolio for retail investors, and at first glance, it looks *almost* perfect.

In collaboration with SGX, the Syfe REIT+ portfolio tracks the 20 largest and most liquid REITs in Singapore via the iEdge S-REIT 20 Index. This spans across all the real estate sub-sectors of retail, commercial, industrial, residential, hospitality and even data centres.

You get exposure to 19 REITs (Manulife US REIT is not included as it is dominated in USD) within just one investment portfolio itself.

In layman terms, it is **a low-fee, robo-advisory solution for a portfolio of high-quality Singapore REITs and government bonds*.**

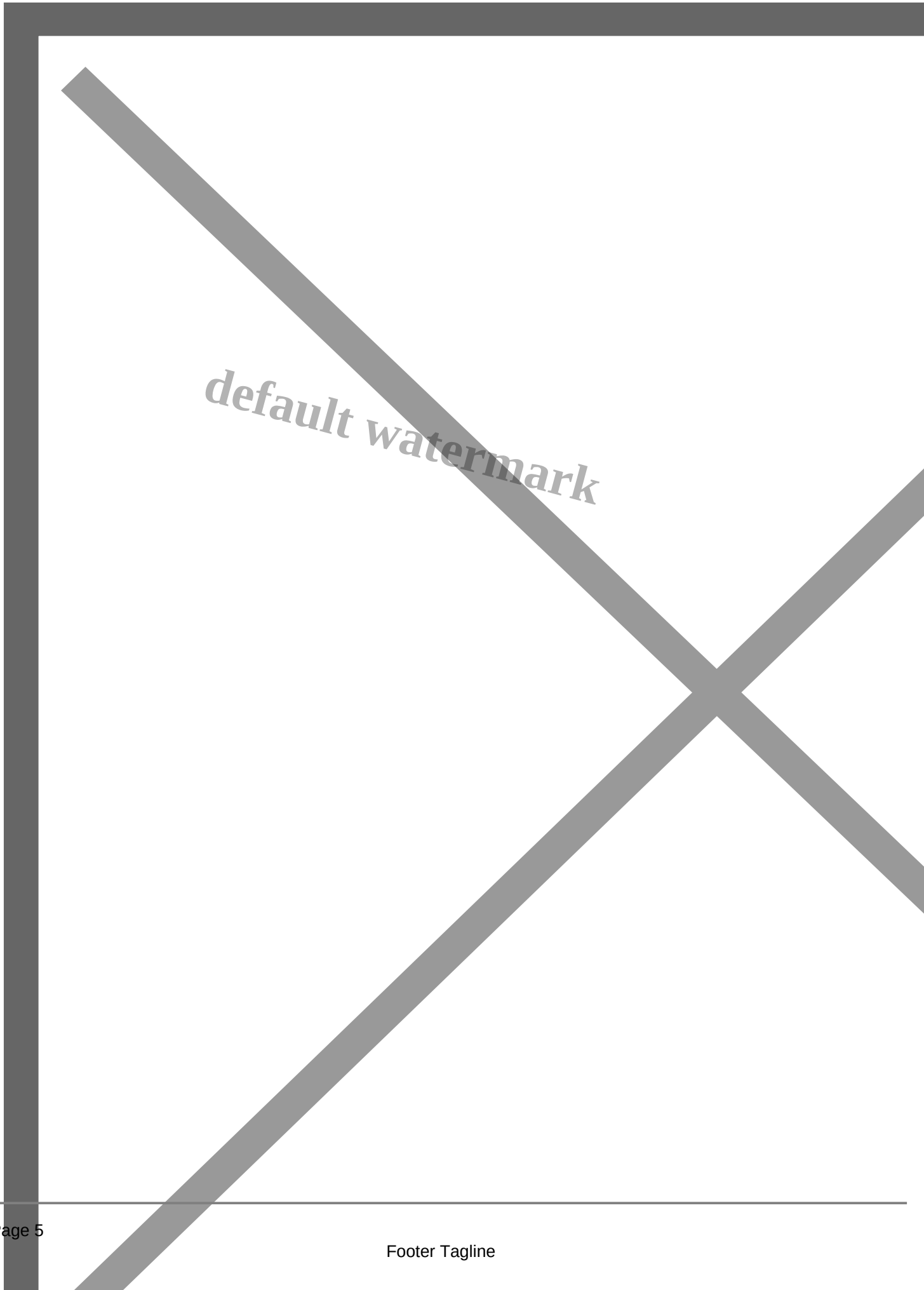
**Bonds are only included in the â??REITs with Risk Managementâ?• option for portfolio choices.*


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With just a one-time set up, you can now get to invest in a basket of 19 REITs across multiple sectors â?? thatâ??s close to 700 properties in Singapore! The names are also mostly blue-chip REITs with strong sponsors, such as Mapletree, Capitaland and Ascendas.

For those who are wary of the newer REIT managers or sponsors, donâ??t worry, those arenâ??t in the Syfe REIT+ portfolio.

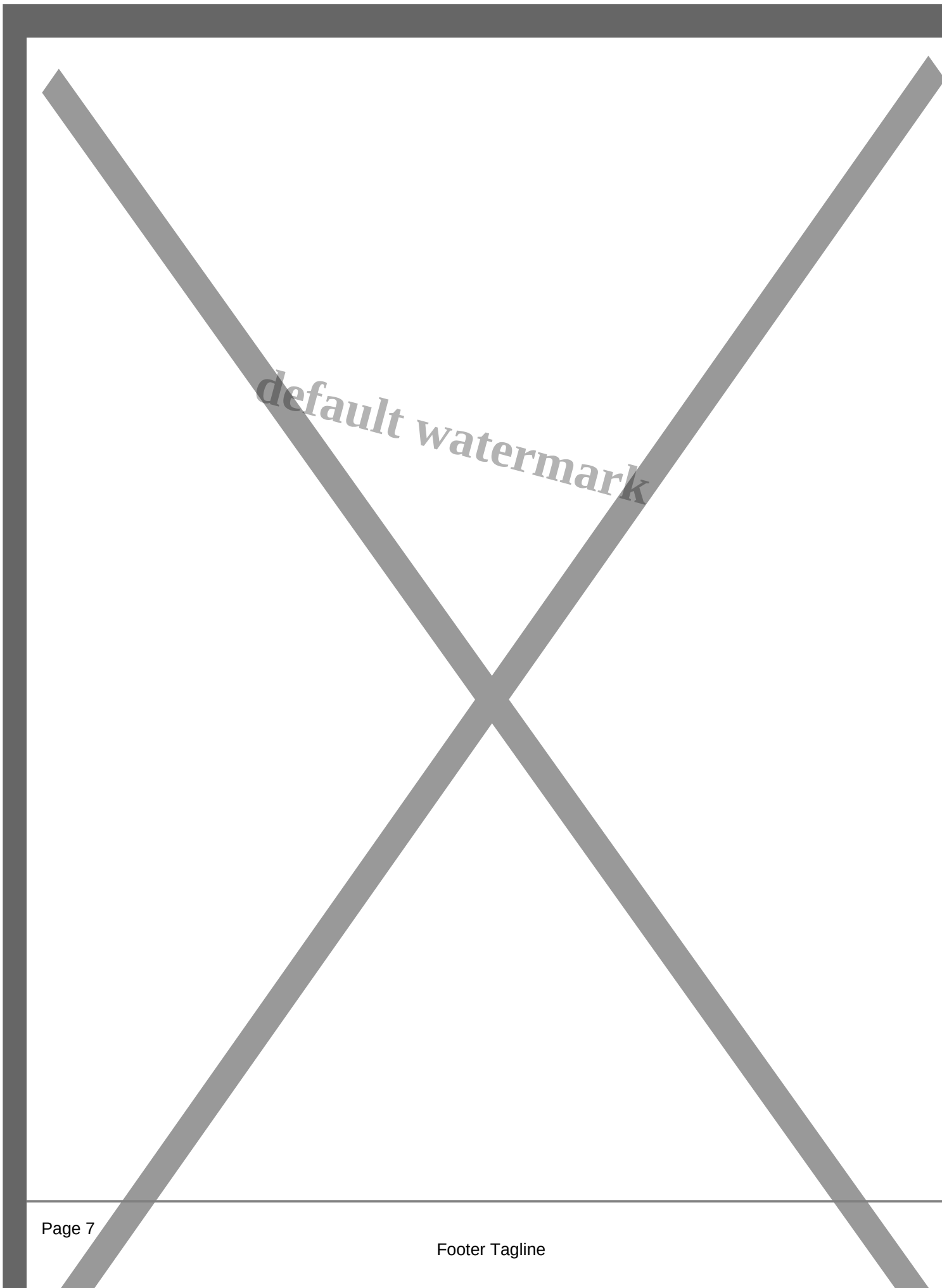
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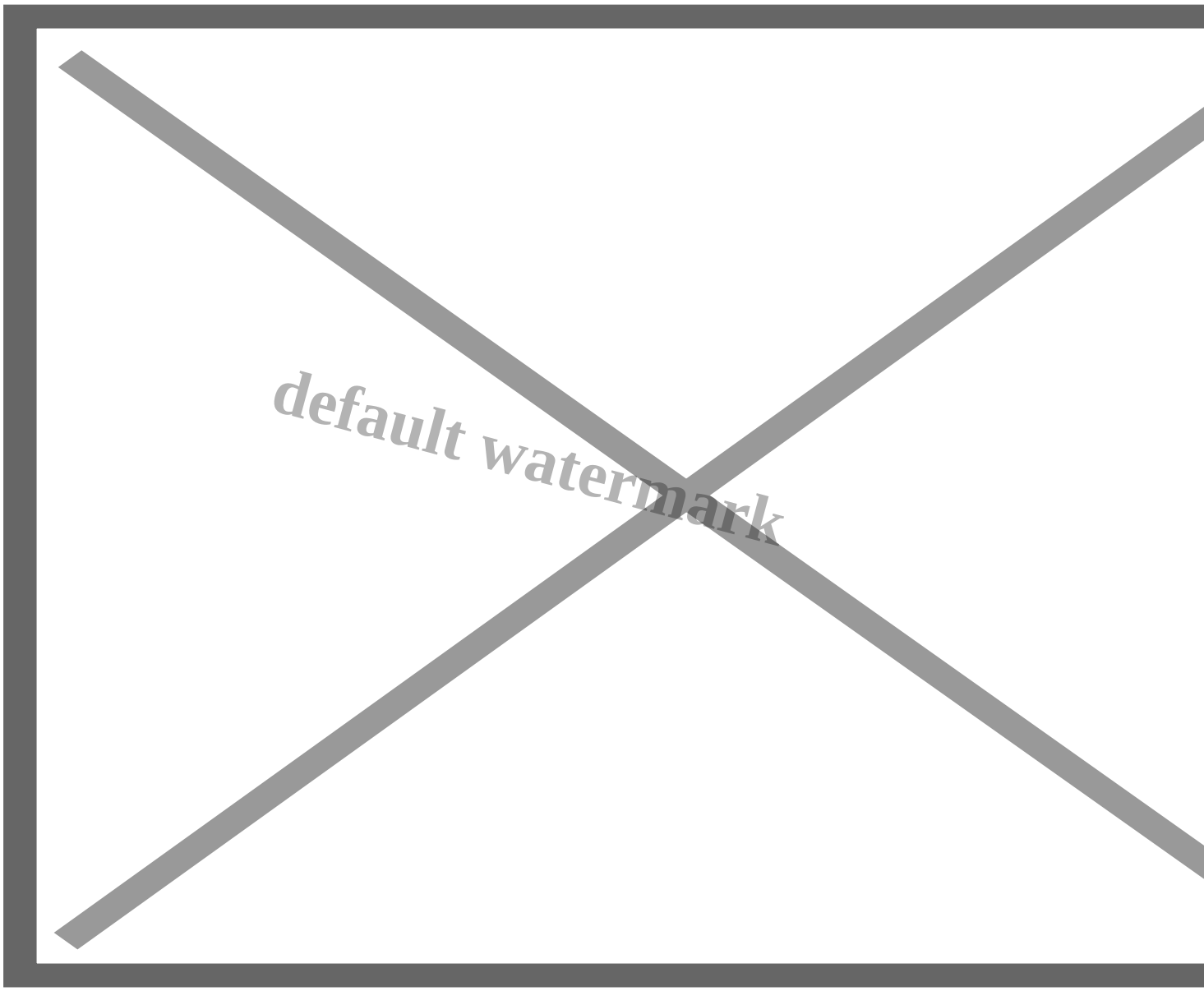
The above constituent list for REIT+ is based on March 2021.

When you sign up, youâ??ll be given an option to choose between a **100% REITs portfolio** or a portfolio with **both REITs and bonds**. If you pick the latter *i.e. the â??REITs with Risk Managementâ?• option*, a portion of your portfolio will be allocated to invest in AAA-rated Singapore bonds (via the iBoxx ABF Singapore Bond Index ETF).

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If youâ??re unsure of which to pick, this graphic below showing the difference in performance may help you. The red line would be akin to the 100% REITs Portfolio vs. the blue line for the REITs with Risk Management.



Historical performance of the two portfolio types

What about rebalancing of the portfolio?

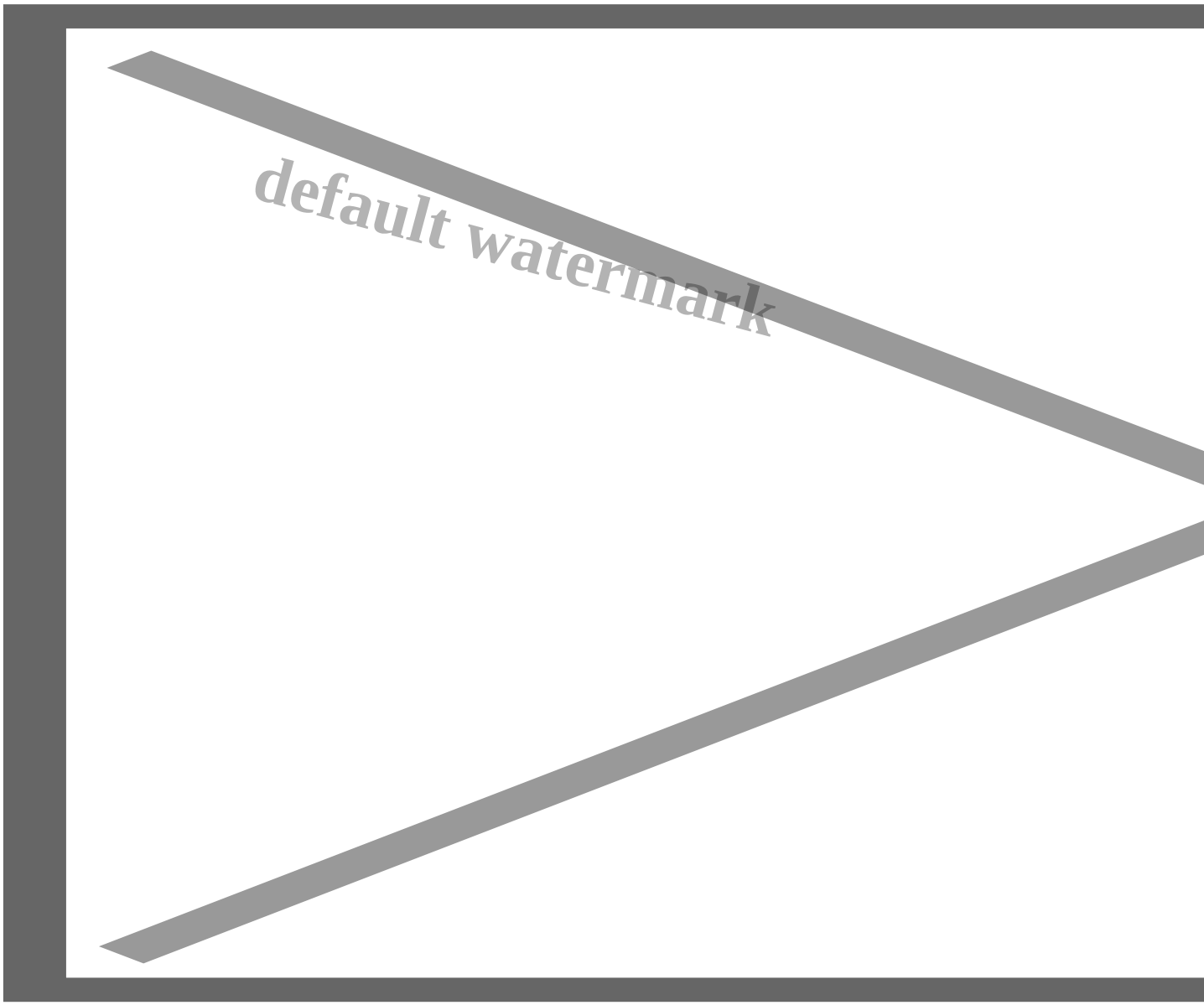
On the 100% REITs portfolio, the rebalancing is automatically done twice a year to ensure the portfolio stays in line with the iEdge S-REIT 20 Index. This index is rebalanced by SGX semi-annually in March and September.

For the REITs with Risk Management portfolio, the rebalancing is done in response to market volatility, where Syfe uses their Automated Risk-managed Investments (ARI) approach to adjust the ratio of

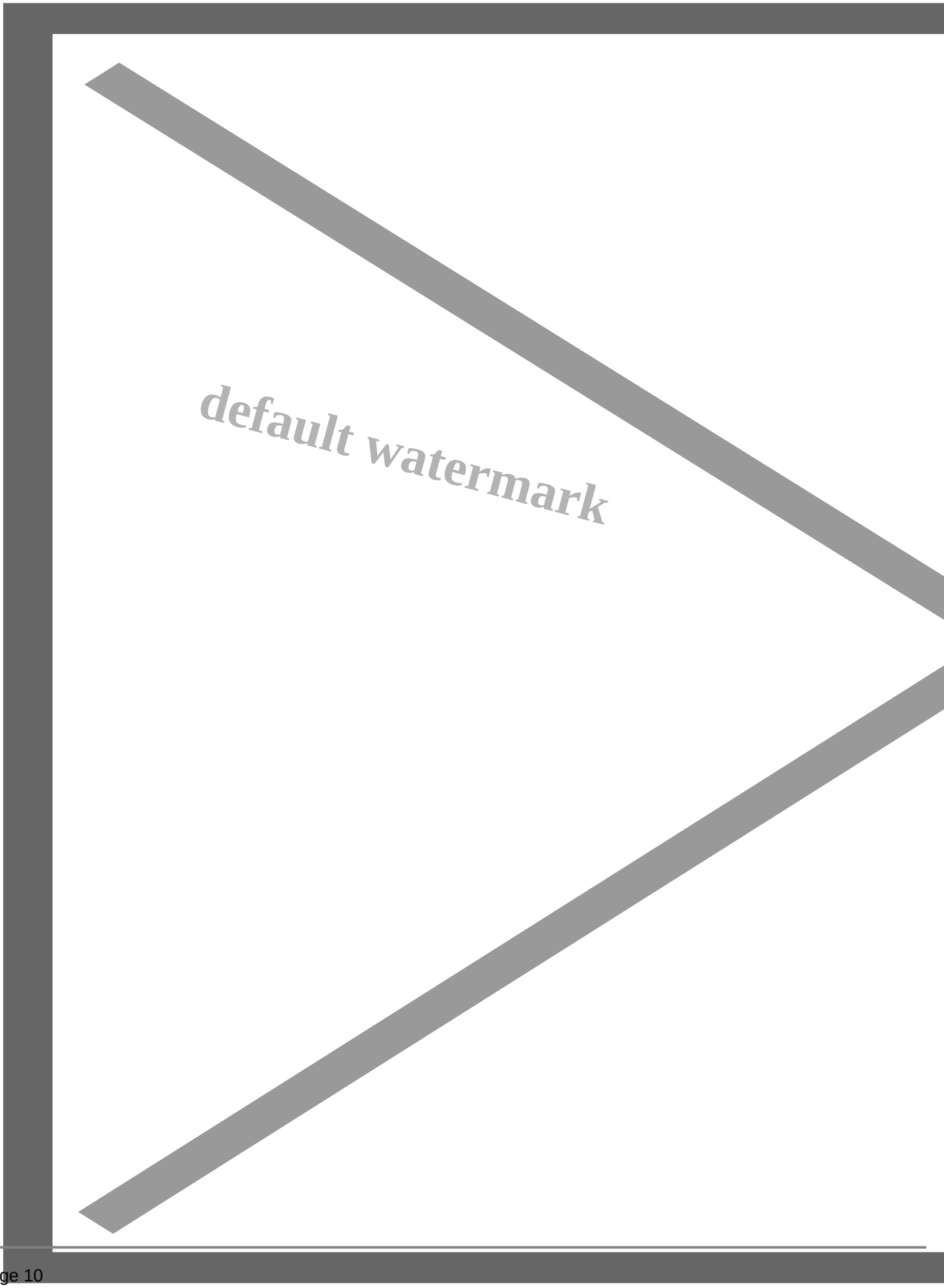
REITs and bonds in your portfolio accordingly. When markets are more volatile, it sells your REITs and increases your bond allocation. When markets are less volatile, you get higher REITs allocation and lesser bond exposure.

This actually helped to reduce the portfolio losses during the March market crash earlier this year, so if youâ??re someone who canâ??t stomach huge drops in your portfolio, then you might want to read this article to understand more about their ARI algorithm and decide if it works for you.

I generally invest more during times of higher volatility so I would personally choose to opt-out of this, but thatâ??s just me.



Backtested model of Syf


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Competitors

Frankly, thereâ??s no real competitor to Syfe REIT+ as theyâ??re the first to launch this in Singapore.

As an investor, your other options would be between

- the robo-advisors: *StashAway, EndowUs*
- the ETFs: *Lion-Phillip S-REIT ETF, Nikko AM REIT ETF or Phillip SGX APAC Dividend Leaders REIT ETF.*
- Doing It Yourself

If you compare based on cost, then Syfe is the obvious winner given how competitive their fees are at 0.4% â?? 0.65%. The fees drop to an incredibly low 0.4% when you invest above $100,000 *(i.e. $400 a year for them to manage your REIT portfolio for you).*

Assuming I try to DIY and recreate the same portfolio of 19 REITs by myself, I would incur at least $190 â?? $475 for a minimum of 19 buying transactions aloneâ?¦and thatâ??s without selling or all the automatic rebalancing, dividends being reinvested and monitoring.

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How much would you be willing to pay for someone to take care of all the monitoring, rebalancing, buy/sell transactions, rights subscriptions, and reinvesting of your dividends for you?

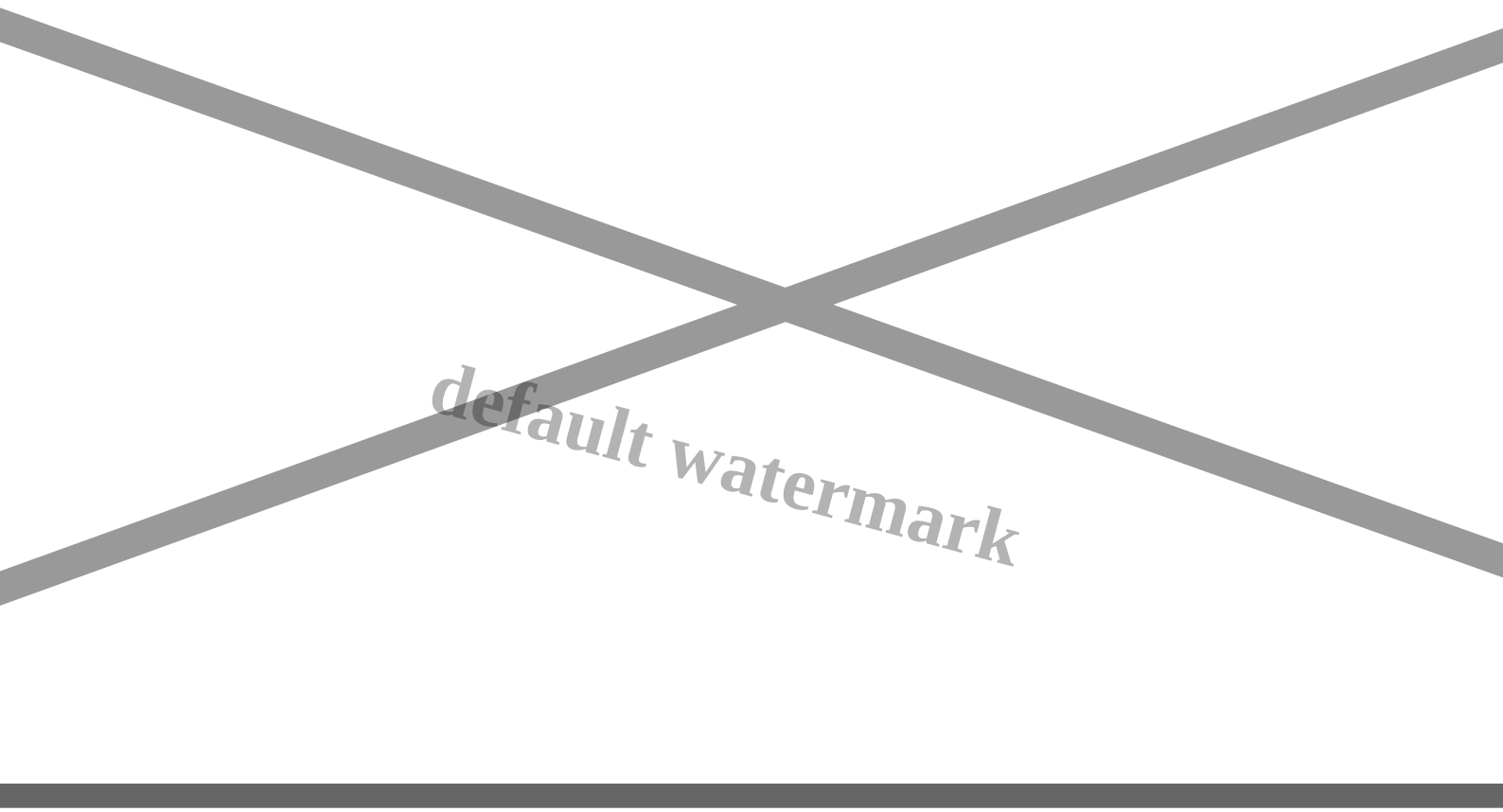
At just $2.71 for a $5,000 portfolio, I think itâ??s an obvious no-brainer for all that time and effort saved.

Syfe REIT+ charges and fees

I love how Syfe has structured their fees for this, so let me sum it up here:

- No minimum sum
- No transaction fees for each buy/sell
- A flat, all-in-one pricing starting from 0.4% of assets per annum

Thatâ??s it â?? thereâ??s no other catch!



Is Syfe REIT+ worth the hype?

I can definitely see why so many investors are talking about the Syfe REIT+ portfolio, which functions almost like a REIT ETF with better liquidity and allocation of fractional shares.

To summarise what I really like about it:

- Low fees (0.4% â?? 0.65%), pretty much the lowest compared to your other options
- Rebalancing (you can opt out too)
- Dividends can be automatically reinvested
- Fuss-free, saves time and effort

If youâ??re not hung up about wanting to pick your own REITs to invest in, then Syfe REIT+ could be an easy and the most fuss-free way to give you that exposure. Aside from its low cost, the ability to automatically rebalance and reinvest your dividends is also extremely compelling.

As for beginner investors, especially for those with limited capital and/or knowledge, then the Syfe REIT+ portfolio might just be the perfect tool for you to get started with.

Given that so many of you guys have written in to me asking about how to invest in REITs when you only have $1,000 to spare every few months, this is definitely wayyyyyy better than trying to do it yourself. The DIY approach just doesnâ??t make much sense when you donâ??t have a sizeable investment capital, because you get eaten up by the brokerage transaction costs alone.

You also save on an incredible amount of time and effort from having to no longer monitor or rebalance your own REITs portfolio.

Thinking of signing up for Syfe REIT+? Enjoy FREE management fees when you key in the promo code **BUDGETBABE** and open your account for the first time (valid up to your first $30,000 for 6 months). *Learn more about the fee waiver here.*

If youâ??ve more questions on the Syfe REIT+ portfolio, check out this informative webinar where we addressed several FAQs here.

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Disclosure: I have opted to exclude my own affiliate links in this article (which means I donâ??t get anything whether you sign up or not â?? that helps me maintain my objectivity so you know I donâ??t have anything to earn). This article was written in collaboration with Syfe. All opinions are that of my own.

Category

1. Investing