

Financial awareness:

## Conservative, Aggressive, Hi-Return, Solid Investing.

Are these terms a series of oxymorons? Perhaps.

Many investors are looking for higher returns and something solid. A common solution for these somewhat contrasting goals is to invest in a real estate centered Private Placement investment. It may be in the construction of a new set of high-end apartments in a major destination city almost any place in the World, a precious metals or gemstone mine, a shopping center, major petroleum pipelines, etc. Ads offering these kind of projects to retail investors appear almost daily on any major business news site or major newspaper.

Typically an IRR, average annual Investment Rate of Return, of between 12 and 20% is offered once all capital and profits are returned, 3 to 9 years from inception. The minimal investment is usually at least \$20,000, up to \$1million.

This seems like sophisticated investing, with the big boys, and relatively safe. Plus, Real Estate rarely goes down in value for long. There is high market demand for these investment products.

However, the outcomes of these programs are often less than expected, based on the solid arguments given in the original promotional literature.

A significant percentage of projects:

- Are not registered with Regulators, have no independent analysis and are not using quality Auditors,
- Die (total loss of investment capital),
- Underperform projected IRR,
- Do not end nearly as soon as promised,
- Do not deliver Periodic Cash Flow (dividends, rents, etc.) as promised,
- Encounter unexpected zoning, environmental, labour, subcontractor or other difficulties,
- Or, are run by incompetents or criminals.

We believe there is a better and much simpler way, to experience more reliable and safer results.

Carefully selected securities listed on major stock exchanges can provides, potentially, the following advantages:

- ✓ Better regulated investments, along with independent professional analysts providing impartial evaluations.
- ✓ Have minute to minute liquidity during normal trading hours.
- ✓ Do not have any minimum investment beyond buying a single share, allowing much greater diversification to reduce risk.
- ✓ Much lower costs going to middlemen, even when using an Asset Manager to supervise your personal portfolio.
- ✓ More predictable returns than Private Placements, as the Managers may have histories going back decades.
- ✓ Potentially higher returns with little chance of total loss.

Here are three examples of simple Real Estate oriented investments.

A very large REIT, Real Estate Investment Trust, owning hundreds of commercial properties worth tens of Billions of Dollars, that has been trading since 1979. Pays out 3.7% annually:



12/30/2019	
	<b>PSA</b>
Market Capitalization	<b>\$37.20B</b>
Total Return (1 Year Annualized)	<b>+5.21%</b>
AS OF --	
Beta	<b>-0.13</b>
EPS (TTM)	<b>\$8.46</b>
AS OF 09/30/2019	
Current Consensus EPS Estimate	<b>--</b>
EPS Growth (TTM vs. Prior TTM)	<b>+14.02%</b>
P/E (TTM)	<b>25.17</b>
AS OF 12/31/2019	
Dividend Yield (Annualized)	<b>3.79%</b>
AS OF 12/30/2019	
Total Revenue (TTM)	<b>\$2.92B</b>
AS OF 09/30/2019	
Revenue Growth (TTM vs Prior TTM)	<b>+1.81%</b>
Shares Outstanding	<b>174,680,000</b>
Institutional Ownership	<b>79.45%</b>

A very large Real Estate Investment Trust, REIT, owning tens of thousands of rental apartments worth tens of Billions of Dollars, that has been trading since 1994. Pays out 2.8% annually:



12/30/2019	
	<b>EQR</b>
Market Capitalization	<b>\$30.05B</b>
Total Return (1 Year Annualized)	<b>+22.59%</b>
AS OF --	
Beta	<b>0.29</b>
EPS (TTM)	<b>\$2.13</b>
AS OF 09/30/2019	
Current Consensus EPS Estimate	<b>--</b>
EPS Growth (TTM vs. Prior TTM)	<b>+18.33%</b>
P/E (TTM)	<b>37.99</b>
AS OF 12/31/2019	
Dividend Yield (Annualized)	<b>2.81%</b>
AS OF 12/30/2019	
Total Revenue (TTM)	<b>\$2.74B</b>
AS OF 09/30/2019	
Revenue Growth (TTM vs Prior TTM)	<b>+7.21%</b>
Shares Outstanding	<b>371,354,000</b>
Institutional Ownership	<b>89.14%</b>

A very large Real Estate Investment Trust, REIT, owning tens of thousands of Communications Towers in many countries worth Billions of Dollars, that has been trading since 1999. Pays out 0.6% annually:



12/30/2019	
Market Capitalization	\$27.14B
Total Return (1 Year Annualized)	+48.86%
AS OF --	
Beta	0.16
EPS (TTM)	\$1.19
AS OF 09/30/2019	
Current Consensus EPS Estimate	--
EPS Growth (TTM vs. Prior TTM)	--
P/E (TTM)	200.83
AS OF 12/31/2019	
Dividend Yield (Annualized)	0.62%
AS OF 12/30/2019	
Total Revenue (TTM)	\$1.98B
AS OF 09/30/2019	
Revenue Growth (TTM vs Prior TTM)	+8.76%
Shares Outstanding	112,601,000
Institutional Ownership	93.59%

### A better solution:

Here is an example of a specialist fund, which holds dozens of REIT and similar holdings. This Fund has been trading since late 2008 and currently paying out 3.7% annually.



Month-End Average Annual Total Returns And Risks	
AS OF 12/30/2019	
Average	NAV Return
1 Year	+79.41%
3 Year	+12.86%
5 Year	+8.24%
10 Year	+22.29%
Life	+34.04%

  

Annual Total Return (%) History	
Year	PSR
2019	N/A
2018	-4.60%
2017	9.38%
2016	7.30%
2015	2.47%
2014	30.10%
2013	0.93%
2012	16.11%
2011	10.66%
2010	28.89%
2009	24.34%

Real Estate Funds make sense.

## Conservative:

Real Estate based investments are generally considered to be among the most reliable ways to hold and maintain wealth. Owning businesses, and even bonds, often have most of their value based on 'Goodwill', or the faith the public has in the issuing government or corporation.

## Aggressive,

The biggest and best management teams in the business,:

- ✓ have robust research and investigative teams,
- ✓ can get the lowest cost financing,
- ✓ often find opportunities before they become common knowledge
- ✓ are able to cut better deals than the smaller players in the marketplace, and
- ✓ are closely scrutinized by regulators, analysts and major investment managers (such as the managers of the fund shown above).

## Hi-Return,

Real Estate as a sector is not always popular with the investing public and is subject to economic downturns like most investments, but over the long term the returns are indisputable.

## Solid Investing

The management is subject to multiple regulators, decreasing the chances of problems. Independent Analysts and Analytical firms like Morningstar help provide useful investment guidance. Using Managers of Managers, such as the above fund, ensures the process reduces risk, as opposed to individual REITs and individual Private Placements.

This is but a brief and unadventurous introduction as to what can be done to create solid portfolios that have the above goals. Additional investor needs can include pension type income, international and currency diversification, plus inclusion of additional sectors that have similar features.

Be in touch with your 21<sup>st</sup> Century associated Advisor to get a broader idea of how this kind of investing can reduce risk and provide superior benefits, compared to the Real Estate programs and similar opportunities that are dangled in front of the poorly informed public.

Sources: Fidelity.com  
YahooFinance  
Big Charts

In Israel contact the Financial Resource Network, [info@isrenet.com](mailto:info@isrenet.com), 02-622 3065.

(It is worth noting that in Israel Kvutzot Rechisha are very popular as a means to buy a first home for young couples at lower cost. Kvutzot Rechisha are private placements having all the risks listed on page one of this report.)