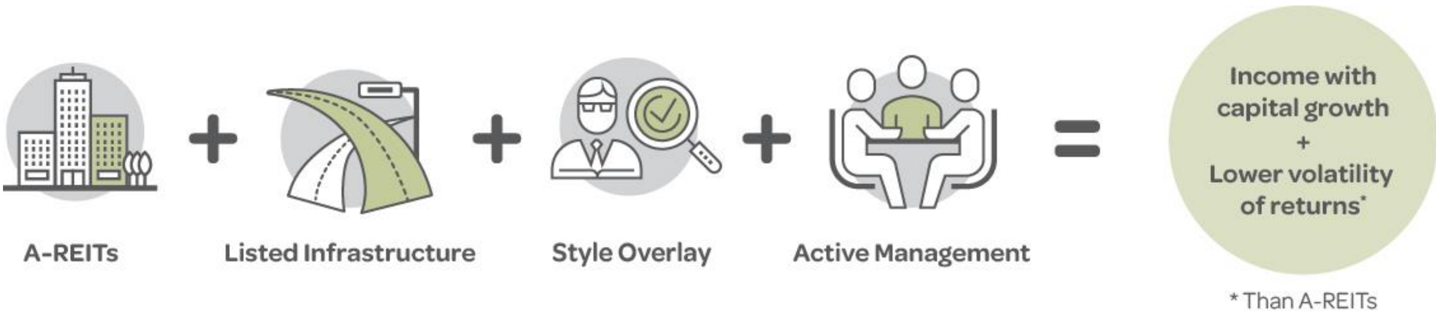
Freehold A-REITs and Listed Infrastructure Fund

Monthly Investment Update

March 2019

Overview

The Fund comprises a portfolio of A-REITs and Listed Infrastructure securities that exhibit income and growth characteristics. Our style overlay screens for pure property and infrastructure characteristics and results in minimal exposure to development, currency risk and other ‘active’ earnings. Investable securities must generate a minimum 90% of their income via rental income, or recurring, contracted/mature infrastructure income, and have at least 75% of their assets in Australia. The Fund typically holds 12-20 securities in the portfolio.

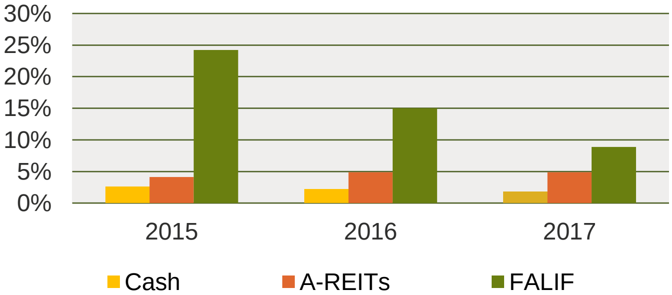


Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	4.8%	11.9%	21.5%	8.1%	14.3%	15.2%
A-REITs Index*	6.0%	14.4%	25.9%	10.0%	15.6%	13.5%
Listed Infrastructure Index*	3.6%	13.1%	21.8%	11.1%	15.9%	18.5%

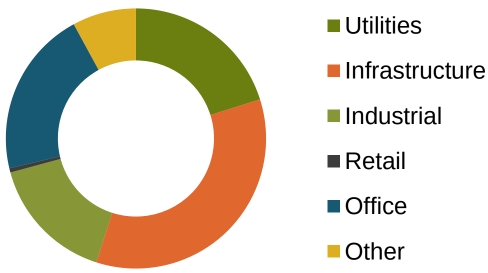
*A-REITs Index is the S&P/ASX 300 AREIT Accumulation index; Listed Infrastructure Index is a subset of S&P/ASX 200 Index infrastructure sub industries, as defined by the Global Industry Classification Standard (GICS).
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume reinvestment of income and returns greater than 1 Year are expressed as %p.a.

Income Return*



* Income Return for FALIF is the fund distribution and will include net realised capital gains.

Sector Allocation



CONTACT DETAILS

Level 8, 25 Bligh Street
Sydney NSW 2000

P. +61 2 9228 1400
E. enquiries@freeholdim.com.au

www.freeholdim.com.au

FREEHOLD
Investment Management

Commentary

The Fund increased by +4.8% in March, significantly outperforming the broader market as investors continued to search for high quality defensive names given the increasingly cautious economic outlook. These investor concerns are best highlighted by the strong rally in bonds during the month, with both US and domestic bond yields declining by approx. 30bpts to 2.4% and 1.8% respectively. This backdrop is very supportive for yield sensitive sectors such as A-REITs and infrastructure securities. Domestically, the declining housing market continues to weigh on consumer sentiment with the market no doubt looking to the impending Federal Election for any supporting policy initiatives. In the US, the increasingly dovish tone in the latest Federal Reserve minutes saw a flight to defensive stocks while in the UK, Brexit negotiations continue to stall providing a constant source of uncertainty for markets.

To us, the themes that were evident during reporting season are only amplifying and we see no reason to make significant wholesale changes to our current positions. The positives include the strength of Sydney and Melbourne commercial office markets, underpinned by record low vacancy rates that are continuing to drive rental growth, together with the strength in national industrial markets which continue to benefit from significant growth in e-commerce. On the flip side, retail landlords continue to feel the impact of structural changes that are occurring across the industry with rents and asset values expected to remain under pressure for some time. We are continuing to witness increasing problems across tenants with Big W announcing plans to close up to 30 stores in the near future, further placing occupancy pressure on retail landlords. The Fund remains significantly underweight retail landlords.

Looking forward, our long held view of 'lower for longer' is playing out. The yield curve continues to imply a cautious outlook and against this backdrop, the Fund's defensive bias should continue to reward investors.

Performance Update

Contributors

BWP (Underweight): Took a breather after recent strong gains. The stock is expensive on traditional measures and the Group's lease expiries require distributions to be supported by capital profits.

CQR (Underweight): Raised $150m capital via a fully underwritten institutional placement to acquire Rockdale Plaza.

Detractors

SKI (Overweight): The Group's tax approach relating to customer contributions and gifted assets was rejected by the Federal Court, placing a drag on near term dividend growth. We are of the view this is reflected in the current price.

GPT (Underweight): Was the beneficiary of significant defensive buying into the sector. GPT also announced the sale of its 50% interest in the MLC Centre to its joint venture partner Dexus at an attractive price.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	61.8%	(8.2%)
Listed Infrastructure	30%	0–60%	34.9%	4.9%
Cash	0%	0–20%	3.3%	3.3%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Charter Hall Education Trust	3.7%	2.9%
Viva Energy REIT - Stapled Securities	4.0%	2.9%
Transurban Group	17.6%	2.8%
GPT Group	8.1%	(3.0%)
Vicinity Centres	5.8%	(2.5%)
SCA Property Group	-	(2.3%)

*Post application of style overlay

Fund Details	
Fund Inception Date	Model Portfolio – 1st May 2010 Fund – 20th August 2013
Objective	To outperform the broad benchmark index over rolling 3-year periods
Benchmark	Derived as the S&P/ASX 300 A-REIT Accumulation Index and a subset of the S&P/ASX 200 Index infrastructure sub industries, combined on a 70/30 basis.
Investment Timeframe	3-5 Years
Minimum Investment	$25,000
Income Distribution	Half Yearly
Unit Pricing	Daily
Management Costs	0.85% per annum
Buy / Sell Spread	0.33% / 0.33%
Responsible Entity	Trustee Partners
ARSN	164 098 855
APIR Code	LAM0042AU
Platforms	BT Wrap, Asgard eWrap, Asgard Infinity Wrap

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