

# Freehold A-REITs and Listed Infrastructure Fund

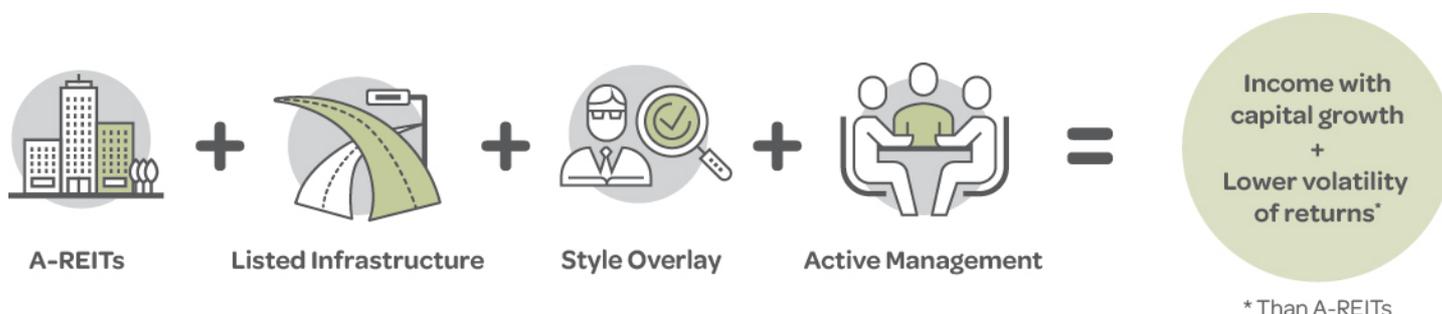
Monthly Investment Update



April 2018

## 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.



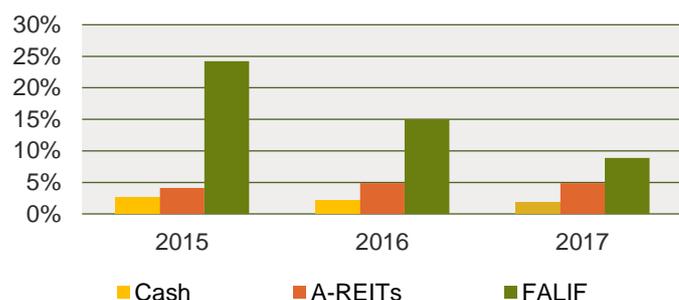
## Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	3.3%	(0.3%)	(1.0%)	7.4%	10.6%	14.8%
A-REITs Index*	4.3%	1.1%	1.6%	7.6%	10.0%	11.1%
Listed Infrastructure Index*	4.0%	(0.0%)	(0.4%)	6.2%	10.9%	12.0%

\*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).

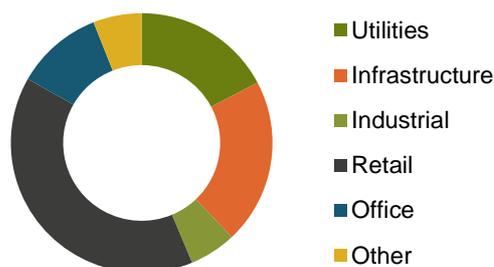
\*\*AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume reinvestment of income and returns greater than 1 Year are expressed as %p.a.

## Income Return\*



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

## Sector Allocation



## CONTACT DETAILS

Level 29, 259 George Street  
Sydney, NSW 2000

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

www.freeholdim.com.au

## Commentary

The Fund increased by 3.3% in April, which was roughly in line with the broader market for the period. This was despite both US and Australian Bonds selling off during the month by 22bps and 18bps effectively reversing the rally from the previous month as fears of a global trade war between the US and China subsided. Domestically economic conditions remain 'mixed' with weaker than expected employment data and declining consumer and business confidence numbers highlighting the increased caution that continues to hover over the Australian economy.

News flow for the month centred on a raft of quarterly updates from a majority of businesses. Importantly, virtually all stocks either re-affirmed or even tightened full year guidance, reinforcing that underlying property market fundamentals remain sound across all major markets. Pleasingly, retail sales metrics across all names showed signs of improvement, however it is too early to say whether or not this is just temporary or a permanent rebound. Office markets, particularly Sydney and Melbourne also continue to experience tightening vacancy rates and will continue to provide support for current rents. In the infrastructure space, Sydney Airport delivered an extremely strong set of traffic numbers which saw the stock rebound strongly as a result while Transurban hosted an Investor day that was viewed positively by investors.

The strong performance of the defensive stocks during April despite the adverse movement in bonds was surprising. That said, we have been saying for some time that the sector offered good relative value for investors with a significant amount bad news factored into share prices. The upcoming vote at the end of May on whether or not unitholders approve of the potential takeover by Unibail-Rodamco of Westfield Group will be a significant upcoming event for the sector, with indications it will likely go ahead. Should this be the case, the sector could be a key beneficiary of the reinvestment of much of the proceeds as funds look to reinvest the cash received from the deal back into the listed sector.

## Performance Update

Fund attribution for the month included:

### Contributors

**SYD (OW):** The Company released an extremely positive set of traffic numbers during the month which resulted in some broker upgrades. The company also looks to have benefitted from a strong marketing campaign overseas where their current ownership is relatively low.

**WFD (OW):** The market is beginning to price the upcoming potential merger with European giant, Unibail-Rodamco as increasingly likely. The stock is also delivering improving retail fundamentals across its global portfolio of shopping centres.

### Detractors

**SKI (OW):** Continues to bounce around with the movement in bond rates given their historical high correlation.

**APA (UW):** Rebounded after raising \$500m in February to effectively support their balance sheet for future acquisitions. Still has significant regulatory headwinds confronting the Group going forward.

## Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	59.5%	(10.5%)
Listed Infrastructure	30%	0–60%	36.4%	6.4%
Cash	0%	0–20%	4.1%	4.1%

## Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Transurban Group	17.6%	4.4%
Mirvac Group	4.0%	4.0%
Sydney Airport	11.6%	3.4%
Vicinity Centres	4.3%	(4.5%)
GPT Group	6.7%	(3.1%)
APA Group	2.2%	(2.8%)

\*Post application of style overlay

Fund Details	
Fund Inception Date	Model Portfolio – 1 <sup>st</sup> May 2010 Fund – 20 <sup>th</sup> 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

### CONTACT DETAILS

Level 29, 259 George Street  
Sydney, NSW 2000

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

www.freeholdim.com.au