

Freehold A-REITs and Listed Infrastructure Fund

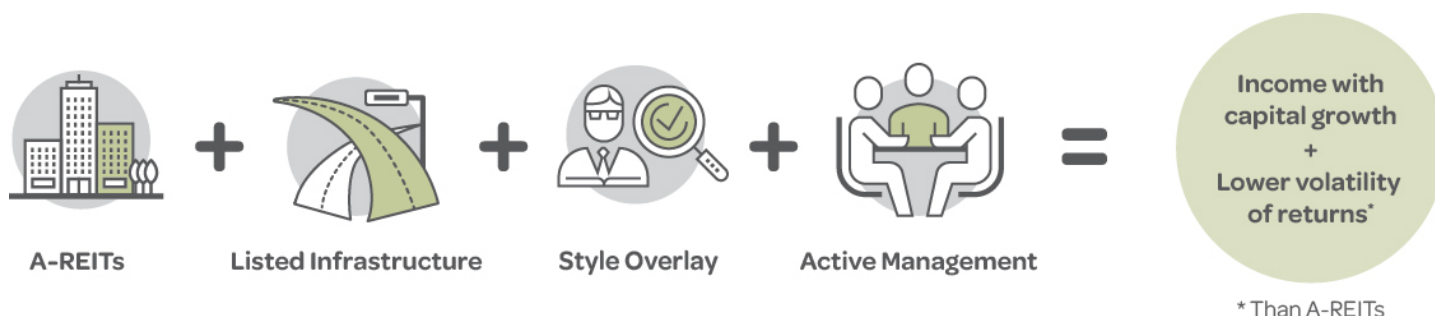
Monthly Investment Update



March 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.



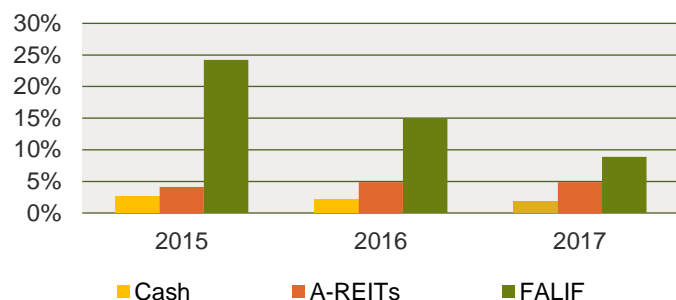
Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	(0.2%)	(6.2%)	(1.8%)	6.3%	11.0%	14.5%
A-REITs Index*	0.1%	(6.2%)	(0.1%)	5.8%	10.8%	10.7%
Listed Infrastructure Index*	(2.7%)	(5.4%)	(1.0%)	6.9%	10.6%	11.6%

*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).

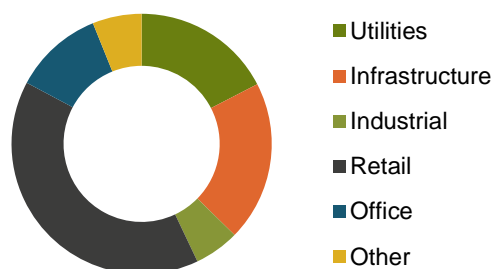
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume reinvestment of income and returns greater than 1 Year are expressed as %p.a.

Income Return*



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

Sector Allocation



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Commentary

The Fund declined by -0.2% in March, outperforming the broader market by over 3% for the period. Both US and Australian bonds rallied during the month following news that the United States is planning to impose trade restrictions to support its own industries. This prospect of a 'trade war' saw the market begin to rotate back towards more defensive stocks. Domestically meanwhile, Q4 GDP was released below market expectations at 0.4% (consensus 0.5%) and the unemployment rate ticked up slightly to 5.6%. These softer figures suggested an increased sense of caution is beginning to hang over the economy.

News flow was relatively quiet during March, which is not unexpected given almost all companies reported in February. Cromwell Property Group announced that it had secured a new 'cornerstone' investor in ARA Group via its acquisition of a 19.5% stake and subsequent convertible note offer, which saw the Group deliver the strongest gain for the month.

Meanwhile, Unibail-Rodamco received approval by the FIRB to proceed on its proposed acquisition of Westfield Group. This represents one of the first major hurdles in the process, with the Westfield unitholder meeting planned for May 24, 2018 to vote on the proposed takeover. Across the infrastructure space, Transurban announced the acquisition of the A25 toll road in Canada for CAD 840m. The asset was opened in 2011 and has a concession in place until 2042 and represents Transurban's second offshore holding.

The sector's outperformance during March again reinforced the strong defensive characteristics of listed property and infrastructure. Balance sheets remain in good shape and underlying market fundamentals remain sound with a high level of visibility around earnings growth over the medium term. The recent share price pullback offers an attractive entry point from a valuation standpoint in our view, however we remain cognisant of the underlying macroeconomic events that will continue to impact markets over the short to medium term.

Performance Update

Fund attribution for the month included:

Contributors

VCX (UW): The Fund continues to benefit from its underweight position in the stock. The implications of an increasingly challenging retail trading environment are starting to emerge, whilst the market also remains cautious on its new strategy of undertaking mixed use developments in off balance sheet structures.

SKI (OW): Regained much of the previous month's underperformance following a stabilisation in domestic bond rates and a solid result that delivered strong underlying cash flows.

Detractors

SCP (UW): Continues to re-rate with investors attracted to its defensive cash flows underpinned by structured rental growth.

WFD (OW): The stock has increasingly come under pressure as the market questions the likelihood of Unibail-Rodamco succeeding in its cash and scrip takeover offer.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	61.0%	(9.0%)
Listed Infrastructure	30%	0–60%	36.3%	6.3%
Cash	0%	0–20%	2.7%	2.7%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Mirvac Group	4.5%	4.5%
Spark Infrastructure	6.0%	3.8%
Transurban Group	16.8%	3.4%
Vicinity Centres	5.0%	(3.9%)
Investa Office Fund	0.0%	(2.5%)
GPT Group	7.4%	(2.5%)

*Post application of style overlay

Fund Details	
Fund Inception Date	Model Portfolio – 1 st May 2010 Fund – 20 th 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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