

Freehold A-REITs and Listed Infrastructure Fund

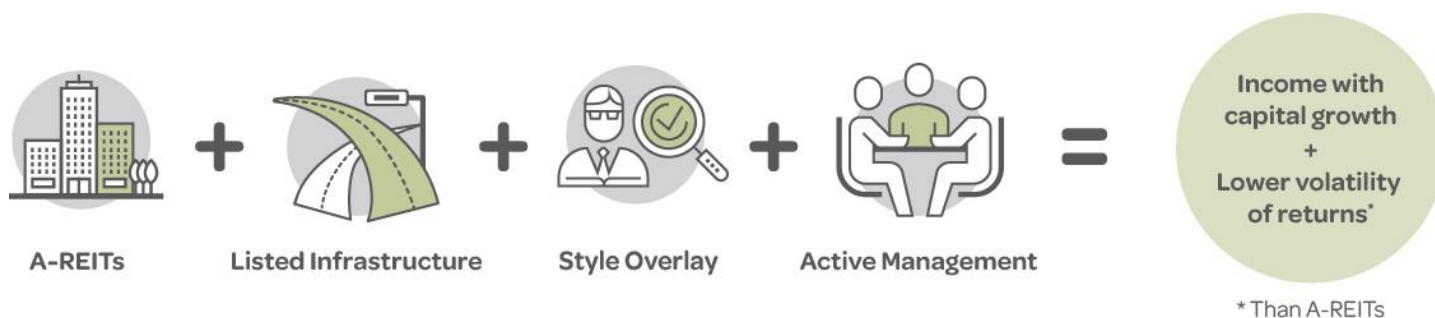
Monthly Investment Update



November 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.



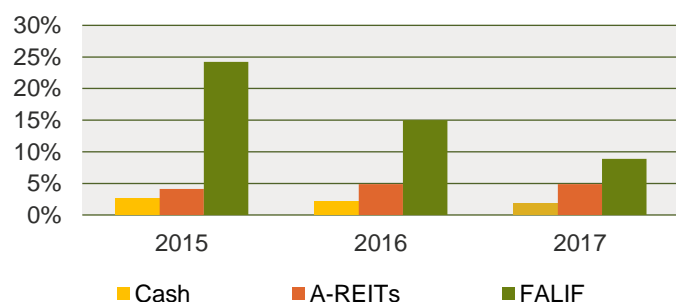
Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	0.3%	(3.7%)	(1.4%)	6.4%	11.7%	14.1%
A-REITs Index*	(0.3%)	(4.9%)	1.6%	8.7%	12.6%	12.1%
Listed Infrastructure Index*	(0.3%)	(5.3%)	(2.4%)	8.2%	14.6%	17.3%

*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).

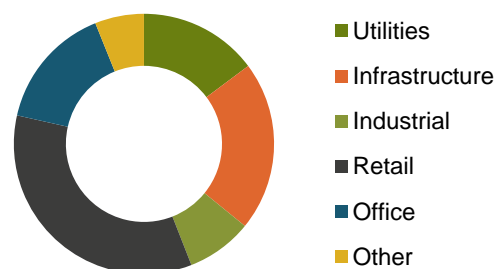
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume reinvestment of income and returns greater than 1 Year are expressed as %p.a.

Income Return*



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

Sector Allocation



CONTACT DETAILS

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Commentary

The Fund increased by +0.3% in November, significantly outperforming both the broader market and AREIT Index for the second consecutive month, reinforcing the portfolio's strong defensive characteristics. Global equity markets continued their retreat as investors increasingly question the global growth outlook, whilst Brexit and the trade dispute between China and the US both remain unresolved. This investor caution was reflected in US bond yields, which fell by 14bps to close November back below the psychological 3% level. Domestic bonds remained unchanged with a barrage of increasingly negative residential sentiment and ongoing political uncertainty impacting consumer sentiment.

During the month, Growthpoint (\$135m) and Cromwell (\$300m) undertook capital raisings for acquisitions and balance sheet support. The Fund does not hold exposure to either company. Stockland Group also successfully announced the sale of two subregional assets for \$113m. This price represents a -5.3% discount to current valuations and confirms the difficulty of selling retail assets in the current environment. Domestically, there is rumoured to be in excess of \$10Bn of retail assets for sale, reinforcing the Fund's underweight bias to the retail sector.

Within infrastructure, the proposed takeover by CK Group for APA Group was terminated following a decision by the Federal Treasurer that the transaction was contrary to the national interest. The Fund was positioned for this decision and benefitted from its underweight holding in APA. Additionally, Sydney Airport reported a continuation of solid international passenger growth, whilst Spark Infrastructure was a strong performer with investors attracted to its strong defensive characteristics.

For the second consecutive month, the Fund's defensive bias and focus on preserving capital was evident by posting a positive monthly return, in comparison to both the broader equity and AREIT markets which declined in absolute terms. Should current market volatility persist, the high level of earnings predictability within the Fund's defensive sectors will remain highly sought after by investors.

Performance Update

Contributors

DXS (overweight): Announced it had entered into a joint venture with global giant GIC to create a new \$2Bn wholesale logistics trust.

APA (underweight): CK Group's takeover offer was terminated following a decision by the Federal Treasurer that it was not in the national interest.

Detractors

SCG (overweight): Despite reporting an increase in annual store sales, the challenging operational and leasing environment weighed on the stock.

QCR (No holding): Reiterated guidance at its AGM of +2% earnings growth and found valuation support following recent underperformance.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	61.9%	(8.1%)
Listed Infrastructure	30%	0–60%	34.5%	4.5%
Cash	0%	0–20%	3.6%	3.6%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Scentre Group	25.6%	3.8%
Viva Energy REIT	4.5%	3.5%
Transurban Group	17.8%	3.5%
Vicinity Centres	3.6%	(5.4%)
GPT Group	6.9%	(3.0%)
Investa Office Fund	-	(2.9%)

*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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