Freehold A-REITs and Listed Infrastructure Fund

Monthly Investment Update

April 2019

Overview

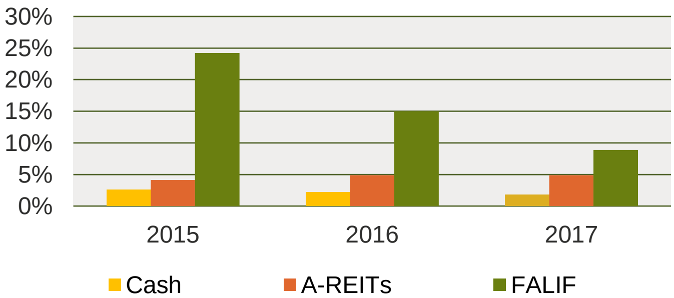
The Fund comprises a portfolio of A-REITs and Listed Infrastructure securities that exhibit income and growth characteristics. Our style overlay screens for pure property and infrastructure characteristics and results in minimal exposure to development, currency risk and other 'active' earnings. Investable 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)	(2.2%)	5.5%	15.1%	6.3%	12.8%	14.8%
A-REITs Index*	(2.3%)	5.5%	18.0%	7.9%	13.7%	13.1%
Listed Infrastructure Index*	0.6%	9.7%	17.7%	10.8%	15.6%	18.3%

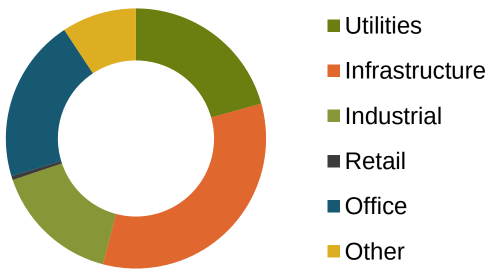
*A-REITs Index is the S&P/ASX 300 AREIT Accumulation index; Listed Infrastructure Index is a subset of S&P/ASX 200 Index infrastructure sub industries, as defined by the Global Industry Classification Standard (GICS).
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume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



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FREEHOLD
Investment Management

Commentary

The Fund decreased by -2.2% in April, underperforming the broader market which posted its fourth consecutive positive month following a challenging December quarter. A rebound in US retail sales and a GDP reading coming in above expectations saw bond yields in the US increase slightly over the month, despite recent rhetoric by the Federal Reserve that any interest rates likely remain on hold. Domestically, the housing sector continues to see valuation declines impacting consumer sentiment. Furthermore, inflation for the quarter was well below expectations leading many market participants to speculate an interest rate cut may be imminent. Finally, the outcome of the upcoming Australian federal election may be a catalyst for markets given proposed changed to negative gearing and capital gains tax relief.

A number of quarterly updates were released during the period, highlighting varying operating conditions. Sydney and Melbourne commercial office markets continue to be underpinned by record low vacancy rates, which are driving effective rental growth. This strength was highlighted by the significant acquisition of 80 Collins Street, Melbourne by Dexus which undertook a $900m capital raising to fund the purchase. On the flip side, retail landlords continue to face increasing structural headwinds from a slowing sales environment and declining rents. With over $11bn of retail assets reportedly on the market, investors are seeking price discovery. The Fund remains significantly underweight retail landlords.

Looking forward, we continue to remain confident in our long held view of 'lower for longer' and see no clear catalyst for this to change. Global headwinds remain prevalent and the yield curve continues to imply a low inflation outlook, which is supportive of defensive sectors such as AREITs and infrastructure. At this point in the cycle, the Fund continues to invest in quality businesses with valuation support and a focus on preserving capital.

Performance Update

Contributors

CQE (OW): Successfully undertook a $120m capital raising to support further growth opportunities for the Group. We have been supporters of the name for some time, and the stock is now getting to a sufficient size to attract larger investors.

GPT (UW): Despite reaffirming earnings guidance at the recent quarterly update, the market is increasingly concerned about the Group's significant exposure to the retail sector, which is facing significant challenges.

TCL (OW): A key beneficiary of the low bond yield environment. The Group's annual investor day reaffirmed the long-term outlook and opportunities from technology to add capacity to its network.

Detractors

SCG (OW): Despite reaffirming earnings guidance during the month, the underlying sales numbers were mixed, highlighting the sluggish retail environment. This is the Fund's only overweight exposure within the Retail sector, which the Team is currently reviewing.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	61.4%	(8.6%)
Listed Infrastructure	30%	0–60%	34.7%	4.7%
Cash	0%	0–20%	3.9%	3.9%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Charter Hall Education Trust	4.6%	3.6%
Viva Energy REIT - Stapled Securities	4.0%	2.8%
Centuria Industrial REIT	3.2%	2.6%
GPT Group	7.7%	(3.0%)
Vicinity Centres	5.8%	(2.7%)
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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