Freehold A-REITs and Listed Infrastructure Fund

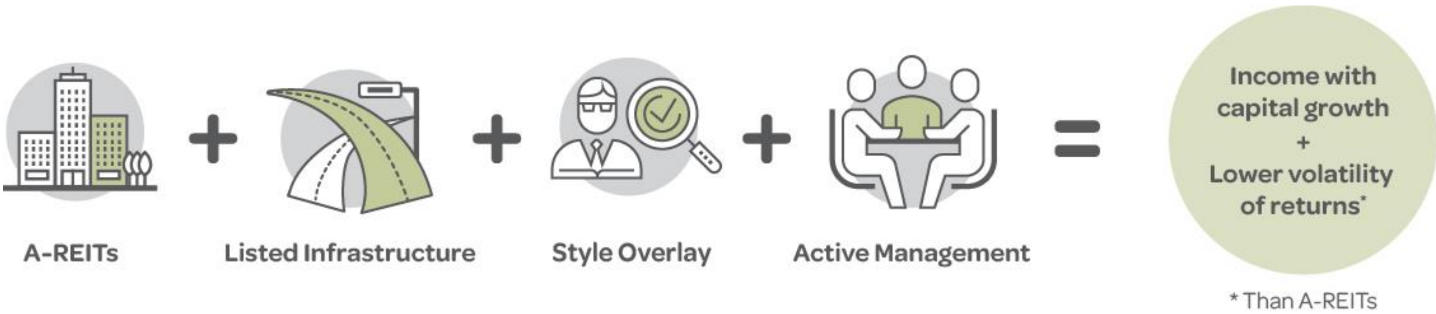
Monthly Investment Update

FREEHOLD Investment Management

February 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.

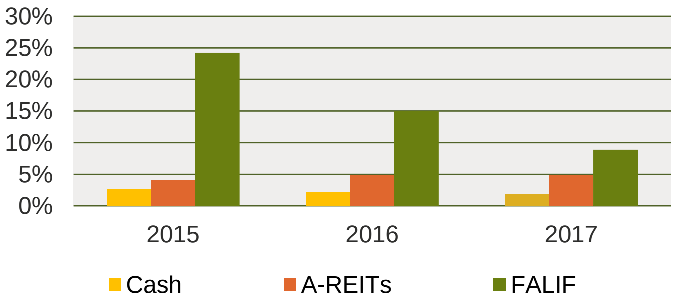


Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	3.0%	9.4%	15.8%	7.0%	13.1%	14.8%
A-REITs Index*	1.8%	9.7%	18.9%	8.8%	13.9%	12.9%
Listed Infrastructure Index*	5.2%	10.9%	17.4%	10.2%	15.2%	18.2%

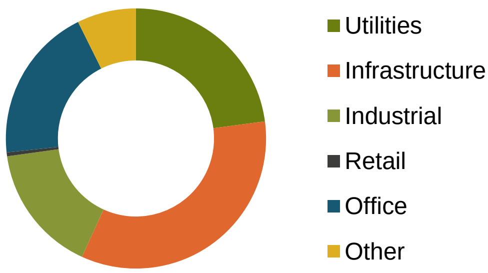
*A-REITs Index is the S&P/ASX 300 AREIT Accumulation index; Listed Infrastructure Index is a subset of S&P/ASX 200 Index infrastructure sub industries, as defined by the Global Industry Classification Standard (GICS).
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume 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 increased by +3.0% in February, underperforming the broader market which continued to rebound following a very difficult December quarter. Australian bond yields continued to rally during February following the release of mixed economic data, which has prompted a shift in leading economist expectations to an RBA easing bias over the course of the year. In the US, despite an increasingly cautious statement from the US Federal Reserve on its outlook for US growth, there was increasing optimism over a trade resolution with China following President Trump's decision to postpone an increase in tariffs citing 'substantial progress' in discussions.

Reporting season dominated the month with a number of very clear themes emerging. Sydney and Melbourne commercial office markets continue to post strong effective rental growth, underpinned by record low vacancy rates. Industrial assets are in high demand with elevated pricing driving capitalisation rate compression, benefiting 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. Weak market conditions were reported in the residential sector, whilst infrastructure stocks posted a solid set of results and the sector's share prices benefited from the recent bond rally.

Looking forward, the cautious optimism from equity investors is in stark contrast to the increasingly difficult economic outlook debt markets are pricing in. Central bank policy and political headlines will continue to influence equity market returns and the Fund's defensive bias should perform in an environment of heightened volatility.

Performance Update

Contributors

VCX (UW): Delivered a result below market expectations and delayed its wholesale fund launch with Keppel Group. Asset values remain under pressure and this remains one of the Fund's largest underweight positions.

SYD (OW): Benefited from a favourable outcome from the Productivity Commission regarding anti-competitive behaviour.

VVR (OW): Undertook a $100m capital raise to fund an accretive pipeline of acquisitions. The Group's triple net lease structure is also driving solid NTA growth.

Detractors

SKI (OW): 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.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	58.8%	(11.2%)
Listed Infrastructure	30%	0–60%	37.1%	7.1%
Cash	0%	0–20%	4.1%	4.1%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Sydney Airport	10.6%	3.4%
Viva Energy REIT	4.4%	3.3%
Transurban Group	17.4%	2.9%
GPT Group	6.9%	(4.1%)
Vicinity Centres	4.3%	(4.0%)
SCA Property Group	-	(2.2%)

*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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