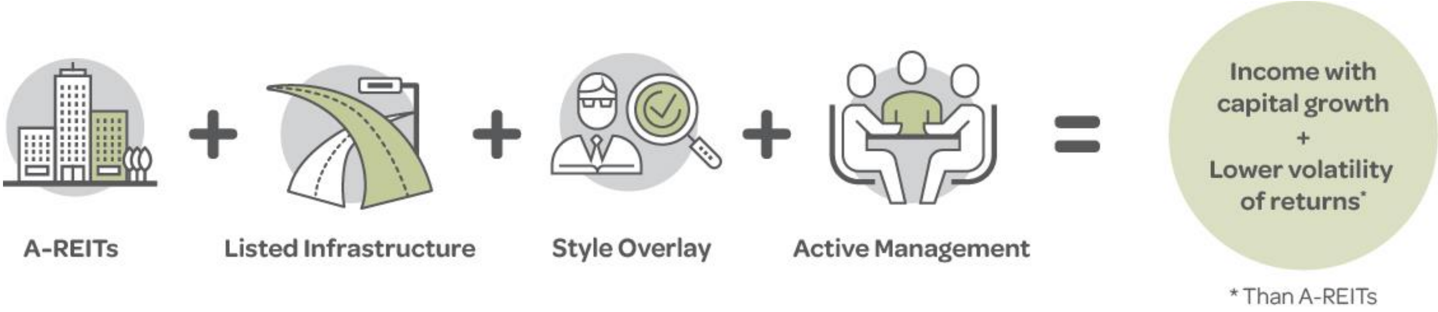
Freehold A-REITs and Listed Infrastructure Fund

Monthly Investment Update

January 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.

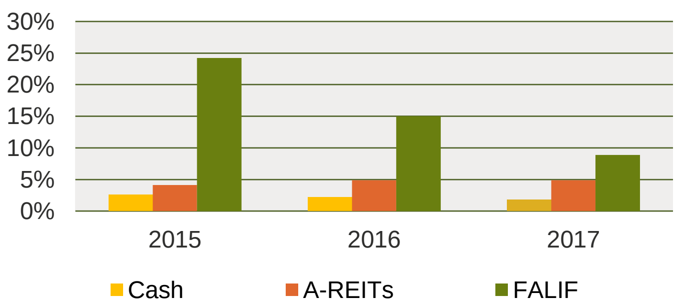


Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	3.7%	6.5%	8.7%	6.9%	12.9%	14.6%
A-REITs Index*	6.0%	7.5%	13.1%	9.3%	14.4%	12.8%
Listed Infrastructure Index*	3.8%	5.2%	9.0%	9.2%	15.1%	17.7%

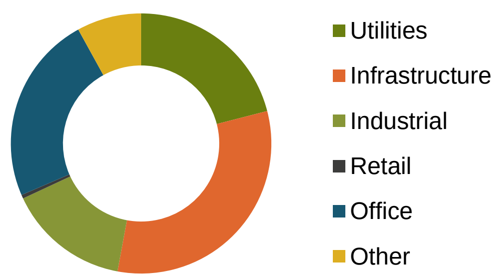
*A-REITs Index is the S&P/ASX 300 AREIT Accumulation index; Listed Infrastructure Index is a subset of S&P/ASX 200 Index infrastructure sub industries, as defined by the Global Industry Classification Standard (GICS).
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume 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 increased by 3.7% in January, in-line with the broader market which rebounded from a very difficult December quarter. Defensive sectors continued to benefit from increased global caution that saw the US Federal Reserve soften its global growth expectations. Bond yields in the US and domestically declined by -6bpts and -8bpts respectively as a result. In the UK, Prime Minister Theresa May's Brexit plan was overwhelmingly rejected by the UK parliament which further fuelled equity market volatility and global growth concerns. Domestically, the focus continues to centre around the housing market with dwelling prices continuing to fall nationally and its impact on consumer sentiment.

Stock specific news was relatively limited during the month given companies are in blackout ahead of reporting season in February. That said, the latest valuations release by Vicinity Centres was topical given it highlighted an NTA decline, with sub-regional and neighbourhood shopping centres bearing the brunt of the devaluations. This is not unexpected, in our view, with the Fund having a significant underweight position across the retail sector given the increasingly challenging trading conditions tenants are encountering. The infrastructure sector also continued to be supported by the low bond yield environment, however Sydney Airport came under pressure as a result of slowing Chinese passenger growth and increasing concerns surrounding the outcome of the Productivity Commission Draft Report on the economic regulation of airports. The Fund took this opportunity to 'top up' its position as it believes this selloff was overdone.

Looking forward, despite the recent strong rally in defensive sectors the macroeconomic environment remains cautious and as a result we expect bond yields to remain supportive. With reporting season upon us, we expect our defensive sectors to deliver a strong set of results, albeit with cautious forward looking outlook statements. Heading into 2019, the Fund remains defensively positioned with a focus on capital preservation, as we do not expect market volatility to dissipate over the near term.

Performance Update

Contributors

VCX (Underweight): Released their latest round of valuations which saw their NTA decline. The market is also questioning their ability to sell assets as they have highlighted given current market conditions.

SCP (Underweight): Like Vicinity, the market is becoming increasingly cautious on the outlook for retail shopping centres given the cautious consumer sentiment.

SKI (Overweight): Rebounded after a period of underperformance. Given its highly regulated cashflows to stock always tends to perform well in risk off environments.

Detractors

GPT (Underweight): The Group saw good buying support from equity funds seeking defensive exposure given the significant volatility recently being experienced across equity markets.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	61.1%	(8.9%)
Listed Infrastructure	30%	0–60%	34.6%	4.8%
Cash	0%	0–20%	4.1%	4.1%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Transurban Group	18.5%	3.7%
Dexus Property Group	15.3%	3.1%
Mirvac Group	2.7%	2.7%
Vicinity Centres	3.0%	(5.9%)
GPT Group	6.8%	(4.1%)
APA Group	2.5%	(2.5%)

*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	0.25% / 0.25%
Responsible Entity	Trustee Partners
ARSN	164 098 855
APIR Code	LAM0042AU
Platforms	BT Wrap, Asgard eWrap, Asgard Infinity Wrap

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