

Freehold A-REITs and Listed Infrastructure Fund

Monthly Investment Update



July 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.



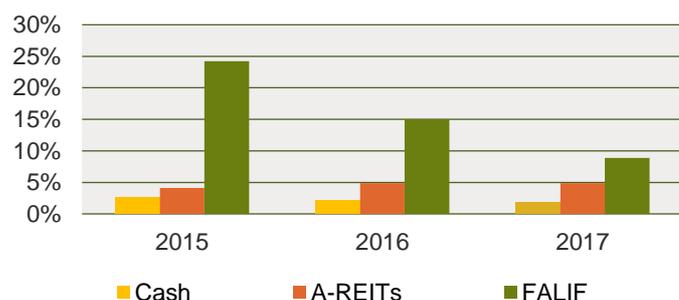
Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	3.0%	9.1%	20.1%	5.6%	13.0%	15.5%
A-REITs Index*	2.5%	9.2%	21.2%	7.1%	13.8%	13.8%
Listed Infrastructure Index*	3.7%	15.2%	29.9%	11.2%	17.5%	19.6%

*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).

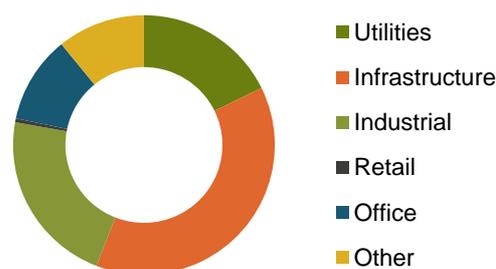
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume reinvestment of income and returns greater than 1 Year are expressed as %p.a.

Income Return*



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

Sector Allocation



CONTACT DETAILS

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Commentary

The Fund increased by +3.0% in July, performing in-line with the broader equities market over the month. The ongoing trade dispute between China and the US continues to gain momentum with neither side looking to back down from their respective views. Meanwhile in the UK, Boris Johnson became the new Prime Minister replacing outgoing Theresa May. With Johnson perceived as a hardliner towards Brexit, the uncertainty as to how this plays out continues to be a headwind for the market. This ever increasing uncertainty is being reflected in the ongoing bond yield rally – with Aussie 10yr bonds declining by a further -14bpts in July. Central banks around the world are also reacting, cutting official interest rates in the hope of stimulating an increase in economic activity and to generate upward inflationary pressures. To date this has been met with mixed success.

Domestic headwinds also continue to intensify. The housing market remains sluggish with anecdotal evidence suggesting a number of property developers are finding it difficult to sell completed stock. This is being further fuelled by potential purchasers' cautious tone, given the backdrop of tight lending restrictions and anaemic wages growth. As a result, we, and the market are forecasting further domestic rate cuts over the remainder of the calendar year which should continue to support both the A-REIT and infrastructure sectors.

During the month, news flow was limited given companies were in 'black-out' ahead of reporting season that will dominate August. This reporting season will be a litmus test for underlying operational conditions and the associated outlook. In our view, the market will continue to pay a premium for high quality defensive companies with predictable earnings, whilst remaining keen to avoid downgrades to earnings or outlook statements. These themes are consistent with our thoughts heading into August, and the team remains comfortable the fund is positioned comfortably up the quality end of the curve across the portfolio.

Performance Update

Contributors

NSR (UW): Experienced selling pressure following its recent capital raising, with earnings guidance also at the lower end of market expectations.

AST (UW): Failed to rally in line with the sector, with regulatory headwinds confronting the stock.

Detractors

VCX (UW): Recent share price performance has been supported by an above average dividend yield, despite the portfolio's increasing operational challenges.

DXS (OW): Has been one of the best performing stocks over the financial year and was subject to profit taking. We anticipate a strong August financial result with strong earnings guidance continuing into FY20.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	63.7%	(6.3%)
Listed Infrastructure	30%	0–60%	32.7%	2.7%
Cash	0%	0–20%	3.6%	3.6%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Charter Hall Education Trust	4.7%	3.7%
Centuria Industrial REIT	4.4%	3.7%
Viva Energy REIT	4.6%	3.5%
Vicinity Centres	3.5%	(4.6%)
SCA Property Group	-	(2.1%)
BWP Trust	-	(1.7%)

*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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