Freehold A-REITs and Listed Infrastructure Fund

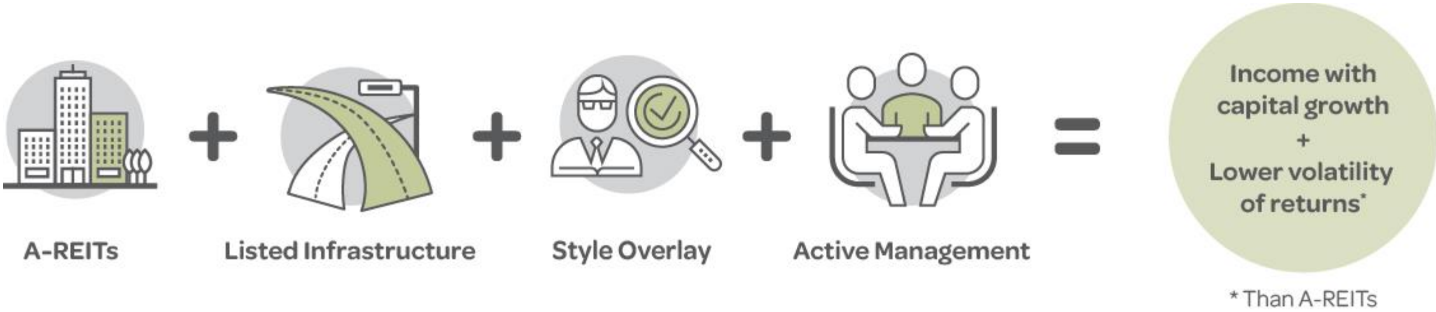
Monthly Investment Update

FREEHOLD Investment Management

November 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.

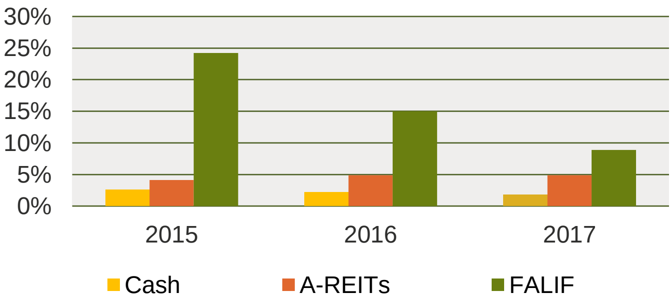


Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	2.2%	(0.1%)	22.9%	11.5%	12.5%	14.9%
A-REITs Index*	2.3%	0.8%	26.9%	13.5%	13.7%	13.5%
Listed Infrastructure Index*	1.7%	2.6%	34.7%	18.1%	17.1%	19.0%

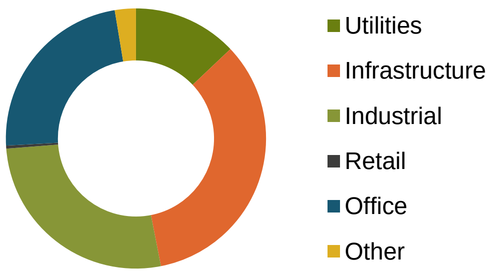
*A-REITs Index is the S&P/ASX 300 AREIT Accumulation index; Listed Infrastructure Index is a subset of S&P/ASX 200 Index infrastructure sub industries, as defined by the Global Industry Classification Standard (GICS).
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume 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 2.2% in November, slightly underperforming the broader equities market for the month. Bond yields in the US and Australia moved in different directions during November. US sentiment towards a potential agreement between the US and China on trade is firming, and a clear message that interest rates are on hold for the foreseeable future saw bonds increase by 10bpts to 1.78%. Conversely, Australian bond yields declined by 10bpts to 1.03% amid increasing sentiment that the RBA will continue to cut official interest rates in the New Year. While the RBA is hopeful that these extraordinary low interest rates will stimulate consumer spending, the latest GDP estimate indicates otherwise. Further, domestic GDP for the September quarter came in at just 0.4% (1.7% annual) implying that the low interest rates together with the tax cuts announced in the last budget are not driving consumer spending patterns.

During the month, news flow typically centred around AGMs where corporates for the most part reaffirmed their earnings guidance. One of the more interesting AGMs was Cromwell Property Group (not owned) with major owner ARA Real Estate Investors attempting to get their own representative onto the Board, however they narrowly failed. Another major event was the voting down by investors in Australian Unity Office Fund of the takeover offer via a combined bid from Abacus and Charter Hall Group. Finally, Sydney Airport Group (SYD) received some positive news following the release of the Productivity Commission's review which concluded that SYD had not systematically exercised market power in commercial negotiations and that the current approach to regulation should continue to be adopted, effectively putting to bed any potential increase in regulatory oversight for SYD.

Looking forward, we expect the sector to continue to be well supported given our expectations of a continued lower for longer interest rate environment. Furthermore, the recent AGM season only reaffirmed that earnings across the board are broadly intact and physical market evidence suggests that there remains continued strong demand for assets with long-term predictable cash flows. Finally, the sector goes 'Ex distribution' at the end of this month which often provides good buying support to the sector.

Performance Update

Contributors

CIP (OW): continues to benefit from the e-commerce thematic and strong demand from investors for industrial property.

VCX (UW): One of the few Groups to soften their full year earnings guidance at their AGM. Also sold 2 assets well below their book value of 12 months prior as they continue to attempt to improve the quality of their portfolio.

Detractors

VVR (OW): No real news flow, rather some investors taking profits after last month's strong gains. Their new CEO also took over the reins during the month.

APA (OW): There has been some speculation in the market that they are getting closer to their first major offshore acquisition while speculation of increased regulatory oversight continues.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	64.6%	(5.4%)
Listed Infrastructure	30%	0–60%	33.4%	3.4%
Cash	0%	0–20%	2.0%	2.0%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Viva Energy REIT	5.9%	4.6%
Centuria Industrial REIT	5.2%	4.4%
Goodman Group	4.3%	4.3%
Vicinity Centres	-	(8.2%)
SCA Property Group	-	(2.3%)
BWP Trust	-	(2.0%)

*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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