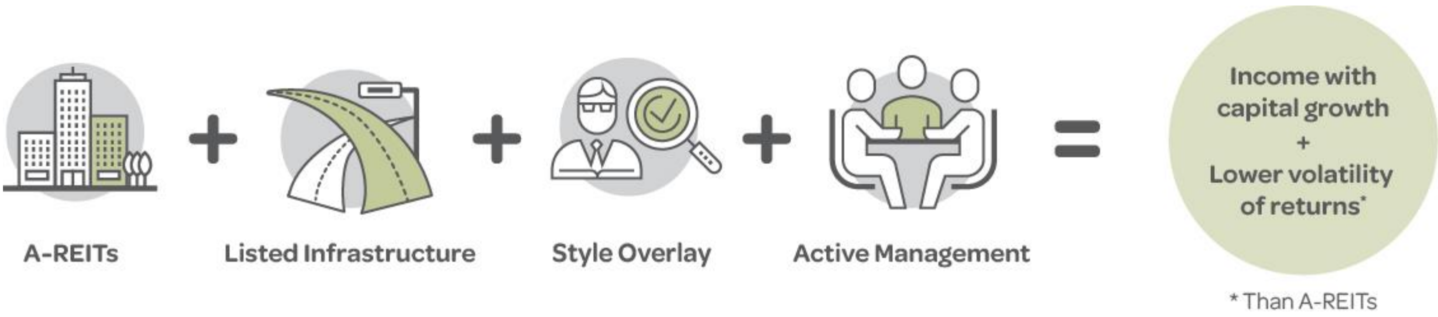
Freehold A-REITs and Listed Infrastructure Fund

Monthly Investment Update

October 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.

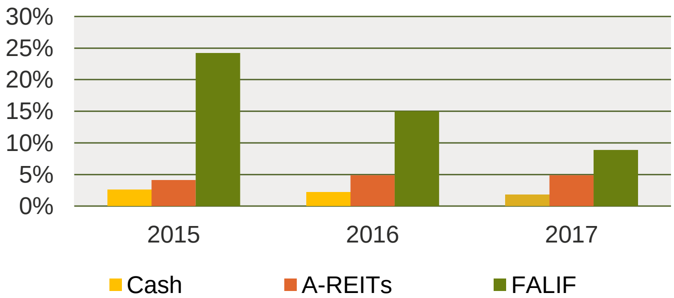


Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	0.9%	(1.7%)	20.6%	11.1%	12.1%	14.8%
A-REITs Index*	1.4%	(0.1%)	23.8%	13.3%	13.2%	13.4%
Listed Infrastructure Index*	2.8%	(0.6%)	32.0%	17.8%	16.9%	19.0%

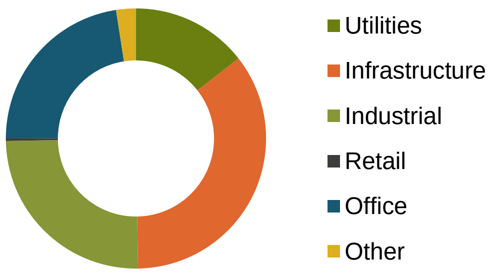
*A-REITs Index is the S&P/ASX 300 AREIT Accumulation index; Listed Infrastructure Index is a subset of S&P/ASX 200 Index infrastructure sub industries, as defined by the Global Industry Classification Standard (GICS).
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume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

Commentary

The Fund increased by 0.9% in October, significantly outperforming the broader equities market for the month. During the period, both the RBA and US Federal Reserve reduced official interest rates by -25bpts to 0.75% and 1.50% respectively, in attempts to stimulate economic activity despite already historically low interest rates.

Domestically, there are emerging signs that the residential market is recovering from its lows with CoreLogic dwelling prices increasing by 1.2% in October, following on from a 0.9% increase in September. These 'green shoots' underpinned solid share price gains in both Mirvac and Stockland given their exposure to the residential sector. Offsetting this strength, retail sales continue to underwhelm with August and September data coming in well below market expectations. This trend was clearly evident in a number of large retail landlords including Scentre Group, Vicinity and GPT Group, where sales growth in their quarterly updates was at the lower end of market expectations.

Looking forward, we expect bond yields to remain low during a sustained period of subdued growth that will be supportive for defensive sectors such as A-REITs and listed infrastructure. Our focus remains on identifying quality companies with earnings stability, given our view that risk has not been priced correctly, and we remain confident that our patience will be rewarded in the future.

Performance Update

Contributors

SYD (OW): The release of the Productivity Commission's final report informed government that Sydney Airport has not been exercising its market power and that there was no justification to alter the current light-handed regulation approach.

CIP (OW): The Group released a solid quarterly update and reaffirmed earnings guidance. We believe that ongoing structural trends will continue to attract capital into the industrial sector.

Detractors

VCX (NH): The Group benefited from expectations that tax refunds would flow through to overall retail sales. We believe the market is not adequately pricing the Group's significant operational headwinds, which will ultimately impact valuations.

BWP (NH): The Group is currently rationalising its portfolio with its major tenant vacating a number of assets. This repositioning process will require capital profits to support the Group's distribution.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	61.6%	(8.4%)
Listed Infrastructure	30%	0–60%	35.5%	5.5%
Cash	0%	0–20%	2.9%	2.9%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Goodman Group	4.1%	4.1%
Centuria Industrial REIT	4.8%	4.0%
Viva Energy REIT	5.3%	4.0%
Vicinity Centres	-	(8.4%)
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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