

Freehold A-REITs and Listed Infrastructure Fund

Monthly Investment Update



January 2020

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.



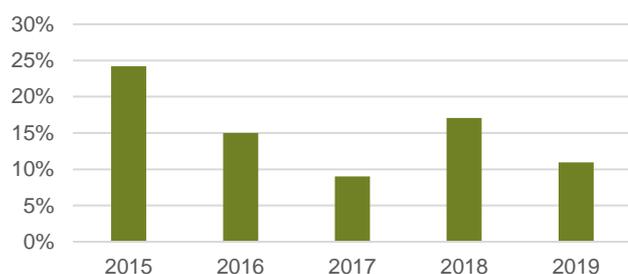
Investment Performance

Investment Performance	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	4.5%	3.8%	17.5%	11.4%	10.4%	14.9%
A-REITs Index*	6.3%	4.1%	19.8%	13.6%	11.7%	13.5%
Listed Infrastructure Index*	2.7%	3.5%	29.9%	17.7%	15.2%	18.9%

*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).

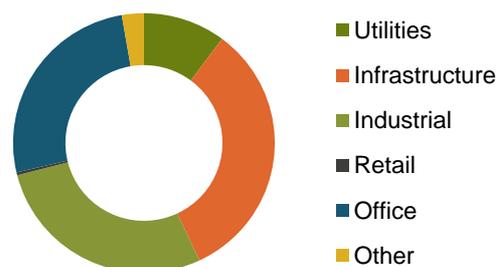
**AREITs/Listed Infrastructure inception date - 1 May 2010. Performance returns assume reinvestment of income and returns greater than 1 Year are expressed as %p.a.

Income Return*



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

Sector Allocation



CONTACT DETAILS

Level 8, 25 Bligh Street
Sydney NSW 2000

P. +61 2 9228 1400
E. enquiries@freeholdim.com.au

www.freeholdim.com.au

Commentary

The Fund increased by +4.5% in January, more than recovering December's losses. There were several major events impacting market returns. Phase One of the trade agreement between China and the US was announced during the month, whereby China has agreed to increase purchases of products and services from the US by at least \$200bn over a two year time frame. Later in the month, the emergence of the Coronavirus increasingly impacted market returns and its unknown impact to global growth. Australian and US bond yields both responded to the uncertainty by sharply rallying during January, which underpinned sector returns from a defensive standpoint.

In stock specific news, National Storage REIT announced that it had received a confidential takeover offer from Hong Kong based Gaw Capital, without disclosing the offer price. The stock rallied +17% in response to the announcement, which in our view is optimistic given the bid's non-binding and opportunistic nature. Starwood Capital Group also announced a conditional all-cash bid for Australian Unity Office Fund at \$2.98. We believe this offer is unlikely to succeed given a previous takeover offer by Charter Hall Group and Abacus Property Group was rejected by unit holders, priced at a similar level when factoring in distributions paid to investors. Within the infrastructure space, passenger numbers at Sydney Airport are anticipated to be impacted by recent domestic bushfires, as well as the ongoing threat from the Coronavirus, given Chinese passengers are the highest foreign nationality that travel through Sydney Airport.

Reporting season will dominate February, where we expect continued strength in national commercial and industrial markets, whilst we expect retail results will reinforce the ongoing deterioration in operating conditions. Any risk-off momentum associated with global pandemic fears should benefit the Fund's defensive strategy and positioning.

Performance Update

Best Performers

NSR (Not held): Received a non-binding confidential takeover offer from Gaw Capital, resulting in the stock rising by over +17% for the month.

CQR (Not held): Charter Hall Retail REIT's strong monthly performance is contrary to announcements in January that retailers such as Jeanswest, Bardot, EB Games, Bose and Harris Scarfe are either rationalising their store count or entering administration.

Worst Performers

SYD (overweight): As previously mentioned, passenger numbers through the airport are expected to be impacted by domestic bushfires and lower international travellers as a result of the Coronavirus.

RFF (Not held): The Group's eastern coast properties across six agricultural sectors may be impacted by recent bushfires.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	64.7%	(5.3%)
Listed Infrastructure	30%	0–60%	30.0%	0.0%
Cash	0%	0–20%	5.4%	5.4%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Dexus Property Group	18.3%	5.3%
Goodman Group	4.8%	4.8%
Viva Energy REIT	5.6%	4.4%
Vicinity Centres	-	(7.7%)
SCA Property Group	-	(2.5%)
Charter Hall Long WALE	-	(2.3%)

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

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