Freehold A-REITs and Listed Infrastructure Fund

FREEHOLD Investment Management

February 2021 Investment Update

OVERVIEW

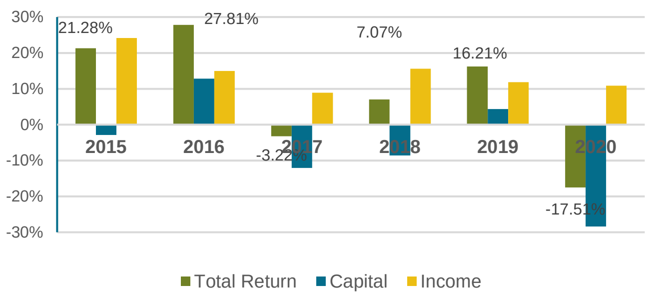
An open-ended fund that provides sustainable income and long-term capital growth from a portfolio of Australia's leading listed real estate and infrastructure securities. Our style overlay screens for core property and infrastructure characteristics and results in minimal exposure to development, currency risk and other 'active' earnings.

Investment Performance

	Month	Quarter	1 Year	3 Years	5 Years	Since inception**
Freehold A-REITs & Listed Infrastructure Fund (net of fees)	(0.7%)	(5.0%)	(12.7%)	3.2%	3.1%	11.4%
Australian Listed Real Assets Index*	0.6%	(3.9%)	(14.7%)	2.7%	3.2%	11.0%
Value Add	(1.3%)	(1.1%)	2.0%	0.5%	(0.1%)	0.4%

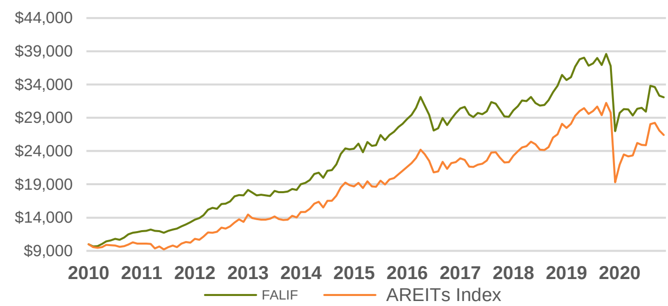
*The Australian Listed Real Assets Index is a subset of the S&P/ASX 300 AREIT Accumulation index and a subset of S&P/ASX 200 Index infrastructure sub industries, as defined by the Global Industry Classification Standard (GICS), combined on 70/30 basis. The index was previously known as A-REITs and Listed Infrastructure Customised Index and was changed on 7th July 2020.
**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.

Return Split by Financial Years

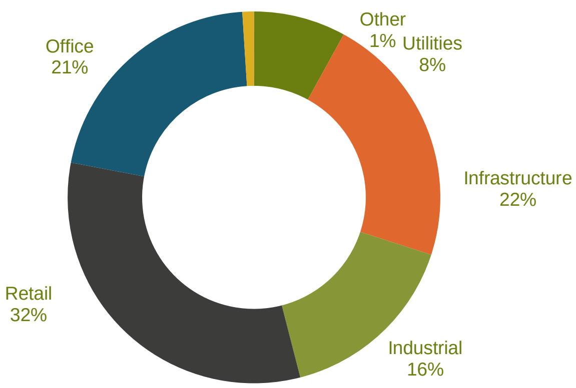


*Income distribution include net realised capital gains

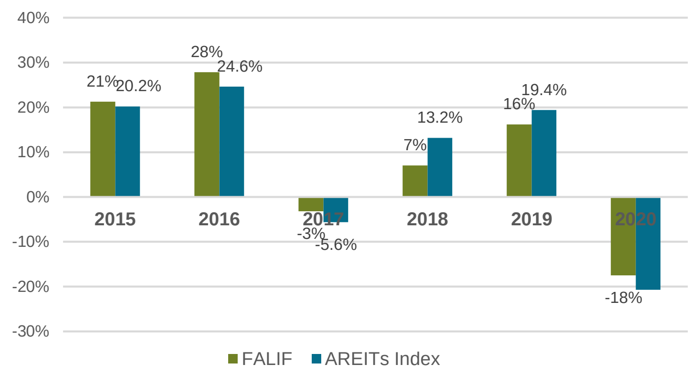
Since Inception Return



Sector Allocation



Financial Year Returns



Level 8, 25 Bligh Street
Sydney NSW 2000

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

www.freeholdim.com.au

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Monthly Commentary

The Fund declined by -0.7% during February, underperforming the broader market for the third consecutive month. This underperformance has been driven by a sell-off in long term bonds amid renewed inflationary fears. Expectations of a global economic recovery saw domestic 10-year government yields increase from 1.10% to 1.88% by month end, which is the highest level since April 2019.

February was dominated by reporting season, with investors keen to get a sense as to what the 'new normal' looks like. Whilst this is perhaps still too early to call, our observation is that key structural trends appear to be accelerating. Private capital demand chasing industrial exposure continues to be exceptionally strong, whilst the challenges confronting large mall owners are manifesting in lower income and occupancy levels. The strong residential market was evident during reporting season, as too, was the flow on effect to household goods and large format retailers. CBD office markets are slowly but surely seeing people return to the office. As previously discussed, there is currently a significant price dislocation between publicly listed markets and the private market where assets are transacting at book values, which drives our conviction in listed office landlords.

Whilst recent unprecedented bond movements have proven to be a short-term headwind for yield-sensitive sectors, we believe that current pricing represents attractive relative value underpinned by stable yields, sound balance sheets and predictable growth.

Quarterly Performance Update

Contributors

COF (overweight): Centuria Office Fund reported improving rent collection from its tenants in affordable metropolitan markets, with a diverse mix to predominately government, ASX-listed and multi-national corporates.

AST (not held): AusNet Services was impacted by the significant sell off in bonds as investors switched from defensive names to cyclicals leveraged to the reopening trade.

Detractors

SCG (underweight): Scentre Group is a major beneficiary of the 'reopening trade' as COVID-19 restrictions ease, however re-leasing spreads are tracking materially lower and distributions have been rebased to address the Group's capital position.

WPR (overweight): Waypoint REIT delivered a solid result, with no surprises and earnings growth of 4.25% at the top end of prior guidance.

Current & Active Weights

Asset Class	Benchmark	Range	Current	Active Weight
A-REITs	70%	40–100%	69.3%	(0.7%)
Listed Infrastructure	30%	0–60%	28.8%	(1.2%)
Cash	0%	0–20%	1.9%	1.9%

Top 6 Active Positions

Security	Portfolio Weight	Active Weight*
Centuria Industrial REIT	5.1 %	3.5%
Dexus	14.6%	3.4%
Goodman Group	3.3%	3.3%
Vicinity Centres	3.3%	(4.0%)
Charter Hall Long WALE	-	(2.7%)
GPT Group	7.2%	(2.4%)

Fund Details	
Fund Inception Date	Model Portfolio – 1st May 2010 Fund – 20th August 2013
Objective	To outperform the benchmark index over rolling 3-year periods
Benchmark	Comprises a subset of 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	Responsible Entity Partners Ltd
ARSN	164 098 855
APIR Code	LAM0042AU
Platforms	BT Wrap, Asgard eWrap, Asgard Infinity Wrap

Important Notice

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