



FOLKESTONE MAXIM A-REIT SECURITIES FUND

APRIL 2017 REPORT

MARKET REVIEW

Equity markets remained volatile during the month with a weak first half due to softer U.S. economic data, diminishing reflation trade and rising geopolitical tensions with North Korea and Syria. However, markets rallied into the second half of the month with positive results in the U.S. earnings season and further clarity on the Trump tax reform proposals.

In Australia, economic data released during the month revealed a mixed economy with employment for March growing at 61,000 (consensus 20,000), residential building approvals for February growing 8.3% (consensus -1.5%) but falling retail sales of 0.1% and slightly weaker consumer confidence.

The S&P/ASX 300 A-REIT Accumulation Index returned +2.6% in April outperforming the S&P/ASX 300 Accumulation Index, which returned +1.0%. The A-REIT sector benefited from a rally in bonds the Australian bond yield bottomed intra-month at 2.47% after hitting a high of 2.98% in February.

All the sub-sectors posted positive returns for the month with the highest being the Health Care sub-sector at +5.0% driven by Generational Healthcare REIT (GHC 10.7%), followed by Industrial at 4.4%, Diversified at 3.4%, Office at 3.1%,

Specialised A-REITs at 2.5%, Retail at 1.4% and Residential A-REITs at 1.1%.

ACTIVITY

During the month, Stockland (SGP), Mirvac (MGR) and GPT (GPT) provided March Quarter operational updates. The reports highlighted continued strong residential sales and further softening in retail sales. SGP recorded a 24% increase in residential sales volume in the 12 months to March 17 relative to pcp while MGR has had an 18% increase with pre-sales at record high of \$3bn and a less than 2% settlement default rate. Retail sales growth continued to moderate due to timing of Easter and the increasing competition from e-commerce and international retailers.

Charter Hall (CHC) announced a \$275 million capital raising to fund the majority of \$333 million of identified property opportunities to be made alongside their capital partners.

SECTOR VALUATION

At the end of April, the sector was trading at a 24.9% premium to NTA. The FY17 DPS yield of 4.9% represents a 313 basis point spread to 90 day bank bill rates and 230 basis point spread to 10 year bond yields.

KEY STATISTICS

as at 30 April 2017

<i>Status</i>	Open
<i>Fund Maturity</i>	Open Ended
<i>Investments</i>	Primarily A-REITS
<i>Investment Horizon</i>	3-5 years
<i>Distribution</i>	Quarterly
<i>Frequency</i>	
<i>Fund Inception Date</i>	October 2005
<i>Pricing</i>	Daily
<i>Buy/Sell Spread</i>	0.25%/0.25%
<i>Total MER</i>	0.95% up to \$50m Then 0.85% > \$50m
<i>ARSN</i>	116 193 563
<i>APIR Code</i>	COL0001AU

PLATFORMS

Asgard
BT Wrap
Hub24
Macquarie Wrap Solutions
Netwealth
Powerwrap
Symetry

TOP 5 ACTIVE OVERWEIGHTS (by Portfolio Weight)

Rural Funds Group
APN Property Group
Eureka Group
Folkestone Education Trust
Industria REIT

FUND PERFORMANCE TO 31 APRIL 2017

Folkestone Maxim A-REIT Securities Fund	April 2017 %	3 Months %	1 Year % p.a.	3 Years % p.a.	5 Years % p.a.	7 Years % p.a.	10 Years % p.a.	Since Inception % p.a.*
Growth	+1.38	+6.00	+5.48	+11.98	+10.36	+8.16	-1.17	+1.06
Income Return	+0.00	+1.15	+5.29	+5.35	+6.62	+5.06	+2.96	+3.73
Total Return (After Fees but Before Tax)**	+1.38	+7.15	+10.77	+17.32	+16.98	+13.22	+1.79	+4.79
S&P/ASX 300 A-REIT Accumulation Index	+2.56	+7.55	+6.11	+15.62	+16.23	+12.58	+0.40	+3.65
Value Add	-1.18	-0.40	+4.66	+1.71	+0.75	+0.64	+1.39	+1.14

*Fund inception date October 2005. **Please note the Fund's management fee was reduced on 16 May 2014. The Fund's after fees but before tax performance only reflects the new management fee from this date.



FUND PERFORMANCE

Over the month, the Fund returned +1.38% (after fees, before tax) underperforming the Benchmark return of +2.56%.

Over the 12 month period ended 30 April 2017, the Fund returned +10.77% (after fees, before tax), substantially outperforming the Benchmark return of +6.11% by +4.66%.

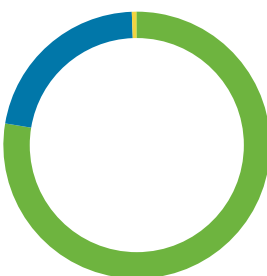
In April, positive contributions to returns came from the Fund's overweight exposure to Industria REIT (IDR +6.1%), Folkestone Education Trust (FET +5.1%) and Asia Pacific Data Centre (AJD +3.3%).

Detracting from performance was the Fund's zero exposure to Stockland Group (SGP +4.5%) and overweight exposures to Eureka Group Holdings (EGH -7.4%) and APN Property Group (APD -4.8%).

At the end of April, the Fund's investments comprised 16 ASX listed securities totaling 99.4% of the portfolio, 10 of which were constituents of the S&P/ASX 300 A-REIT Index, with the remaining 6 holdings being non-index stocks. A 0.1% exposure is held in an unlisted fund (a spin-off from GPT), which we expect to exit in due course. The balance of 0.5% of the portfolio was held in cash/liquid investments.

ASSET ALLOCATION

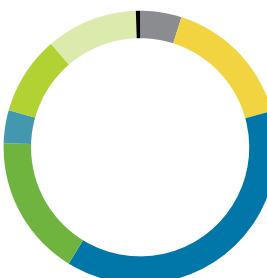
As at 31 April 2017



- S&P/ASX 300 A-REIT - 77.6%
- Ex S&P/ASX 300 A-REIT - 21.8%
- Cash - 0.5%
- Unlisted - 0.1%

SECTOR SPLIT

As at 31 April 2017



- Social Infrastructure - 4.9%
- Industrial - 15.8%
- Retail - 38.0%
- Diversified - 16.7%
- Office - 3.9%
- Developers & Managers - 9.3%
- Other - 10.8%
- Cash - 0.5%
- Unlisted - <0.1%



FUND MANAGER OF THE YEAR

Folkestone Maxim is delighted to be nominated for two awards in the Money Management/Lonsec's 2017 Fund Manager of the Year Awards which will be announced on 24th May.

We are one of three finalists in the Property & Infrastructure Securities category, and the only property securities fund up against two infrastructure funds. We are also a finalist in the Emerging Manager category where we are up against a boutique global long short equities manager and boutique small caps manager.

As Money Management acknowledge "the awards are to acknowledge the best of the best in the funds management industry".



CONTACT US:

Winston Sammut
Managing Director
Folkestone Maxim Asset Management
e: wsammut@folkestone.com.au
t: + 61 2 8667 2825

Harry Horwitz-Rourke
Distribution Manager
e: hhorwitz@folkestone.com.au
t: + 61 2 8667 2830

Disclaimer: Investors should consider the product disclosure statement (PDS) issued by the Responsible Entity, One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) (OMIFL) is the responsible entity of the Folkestone Maxim A-REIT Securities Fund ARSN 116 193 563 (Fund). The information contained in this document was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries. Investors should consider the Product Disclosure Statement ("PDS") dated 11 June 2014 issued by OMIFL before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it is important investors obtain and read a copy of the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. A copy of the PDS may be obtained from <http://oneinvestment.com.au> or <http://folkestone.com.au>, Folkestone Maxim Asset Management Limited (ABN 25 104 512 978) (AFSL 238349) is the investment manager of the Fund (Folkestone Maxim). Neither OMIFL nor Folkestone Maxim guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance. While every care has been taken in the preparation of this document, Folkestone Maxim makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This fact sheet has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this fact sheet, and seek professional advice, having regard to their objectives, financial situation and needs. Information in this fact sheet is current as at 31 April 2017.

The SQM rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the PDS and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from Folkestone Maxim for the research and rating of the Fund.

Morningstar Definition: The Morningstar Rating is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. Morningstar Disclaimer: © 2015 Morningstar, Inc. All rights reserved. Neither Morningstar, nor its affiliates nor their content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. To the extent that any of this information constitutes advice, it is general advice and has been prepared by Morningstar Australasia Pty Ltd ABN: 95 090 665 544, AFSL: 240892 and/or Morningstar Research Limited (subsidiaries of Morningstar, Inc.) without reference to your objectives, financial situation or needs. You should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement (in respect of Australian products) or Investment Statement (in respect of New Zealand products) before making any decision to invest. Neither Morningstar, or Morningstar's subsidiaries, nor Morningstar's employees can provide you with personalised financial advice. To obtain advice tailored to your particular circumstances, please contact a professional financial adviser. Please refer to our Financial Services Guide (FSG) for more information www.morningstar.com.au/fsg.asp.

Atchison Consultants recommend that investors read the detailed information contained in the Product Disclosure Document. Investors should read the Analyst Interest and Certification, Warning (General Advice Only) and Disclosure (Commissioned Research) in the Recommended Ratings Report.

The Lonsec Rating assigned in May 2016 presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445. The Rating is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold Folkestone Maxim Asset Management products, and you should seek independent financial advice before investing in this product. The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document following publication. Lonsec receives a fee from the Fund Manager for researching the product using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: <http://www.beyond.lonsec.com.au/intelligence/lonsec-ratings> The Lonsec Fund Reviews, Ratings, Rating Logos and other Research Reports are for financial services professionals only and are not suitable for retail investors or the general public. If you are a financial planner and would like a copy of the report, please email us: enquiries@folkestone.com.au

