

## ASX ANNOUNCEMENT

Fat Prophets Global Property Fund (FPP) announces its NTA pursuant to ASX Listing Rule 4.12i

### November 2018 Monthly NTA Announcement

Dear Unitholders,

During November we saw somewhat of a repeat of the month of October. There was significant volatility in broader equity markets globally with further equity weakness, however REITs by and large held their value through this, and again ended largely as they started. The performance once again proved the sector's worth as a diversifying and defensive asset class relative to equities. The Fund NTA declined by 0.77% to end November at \$1.0989. Over the same period the ASX200 Index declined by a further 2.8%.

	31-Oct-18	30-Nov-18	Change
Value per unit	\$1.1074	\$1.0989	-0.77%

US 30 year treasury yields commenced a retreat during November before snapping sharply lower at the end of November and into December when the short and ten year US yields flattened and became marginally inverse. Long bond yields have a correlation with REIT pricing and the yield decline had the effect of driving increased interest in the US REIT sector, particularly early in the month of December.

Currency had a negative impact on global returns for the Fund and the Index during November, with the AUD strengthening against most major currencies.

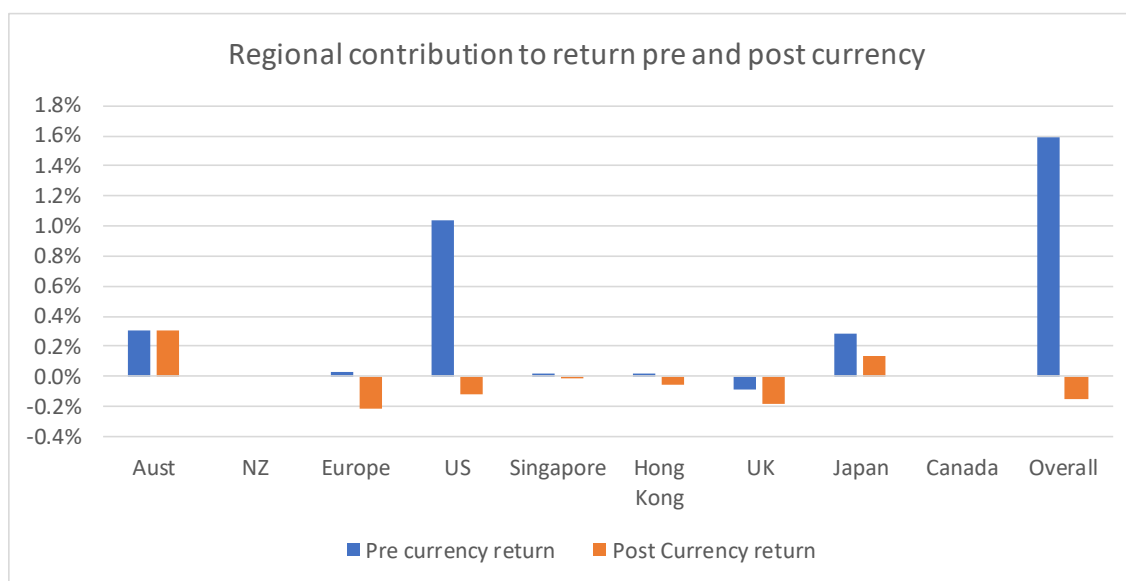
The month of November continued to record a significant increase in global equity market volatility, following on from what was recorded in October. There was a period of strength and stability early in the month as investors anticipated a lowering of trade tensions between China and the US, however by the end of November this was not apparent. November marked the third consecutive month of meaningful declines for the ASX200 Equity Index which is now down a total of 10.3% over this period. The Fund NTA has declined by a much lower 4.66% over the same timeframe, providing the lower beta and higher defensive characteristics that REITs are well known for.

From a strategy perspective, the Fund entered November with a reasonably large 10% cash holding and we moved to a fully invested position relatively quickly early in the month. Toward the end of the month, the Fund again sold off some holdings, mainly in the convenience retailing sector in Australia, and ended the month with 7.6% cash. The Fund additionally holds PropertyLink Group (PLG.AX) as its third largest holding which we view as quasi cash. It is under a board approved takeover proposal which is expected to see the Fund holding convert to cash in the near term.

Key investment actions recently made include;

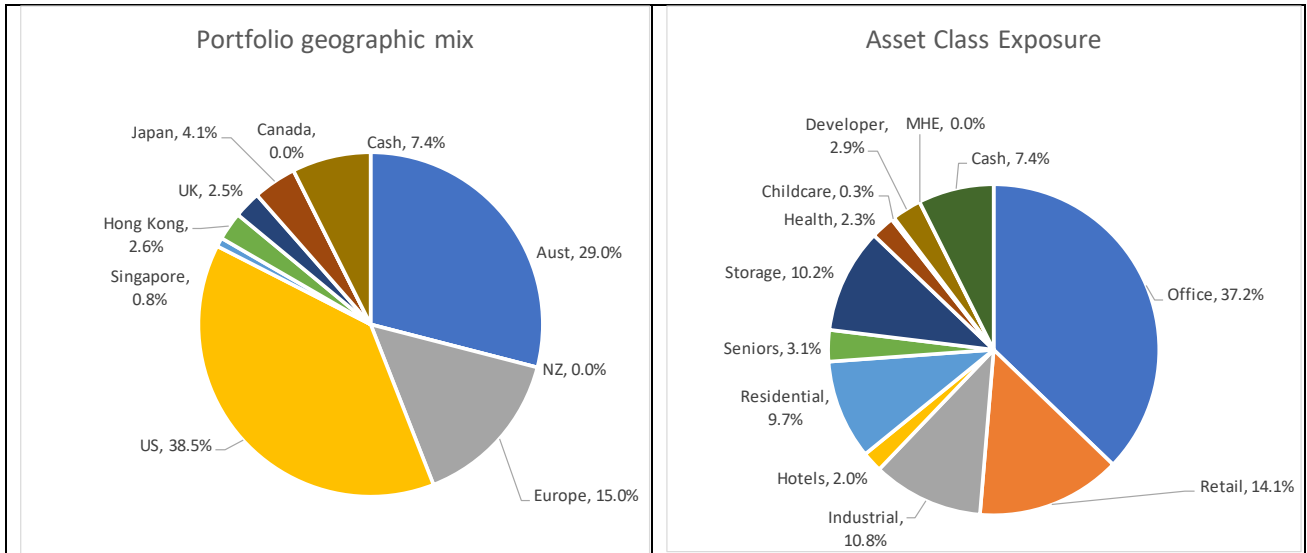
- The sale of the investment stake in Charter Hall Retail Group (CHC.AX), an Australian convenience shopping centre REIT, due to strong price performance of the holding;
- The sale of the investment stake in Shopping Centres Australasia (SCP.AX), another Australian convenience shopping centre REIT, also due to strong price performance of the holding; and
- Topping up our holding in Bulky Goods retail mall owner Aventus Property Group (AVN.AX) on weakness after the arguably expensive internalisation of its management business divided investors and allowed an investment opportunity.

There were once again relatively few dividends received on investments during the month which is typical for this time of the year.

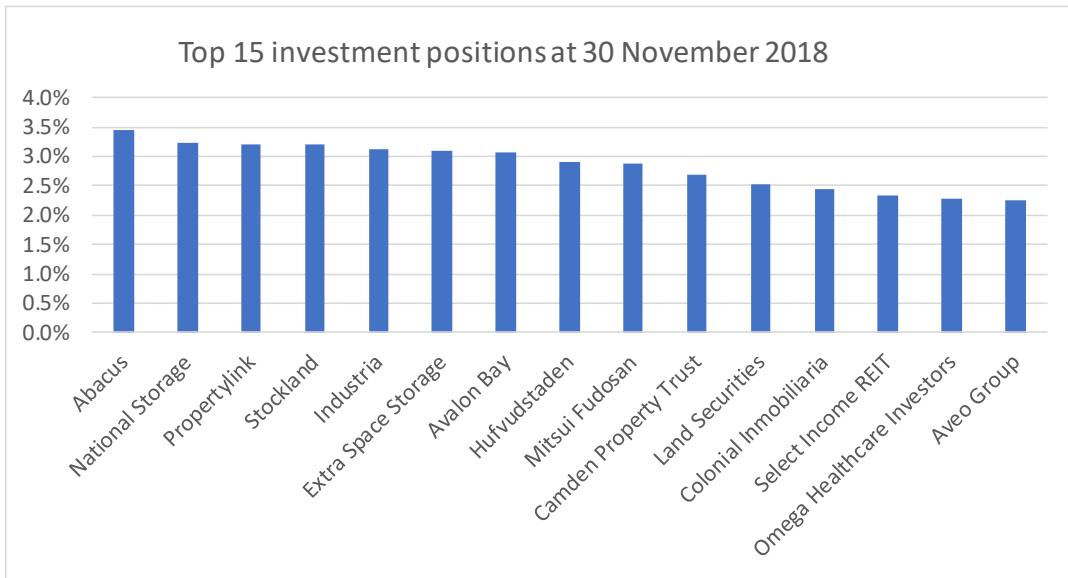


As demonstrated in the chart above, the performance in various regions pre and post the impact of currency movements was meaningful. The gains in the US market were more than offset by the weakness in the US dollar. A minor gain in Europe was also turned negative by currency. The Fund enjoyed small gains in the Australian market during the month.

The Fund ended November back at market weight Australia (down from overweight last month) and remains most underweight to Japan and Hong Kong. The Fund retains a mild underweight to America, and to other regions except Europe where there is an overweight. The Fund continues to have no weighting to Canada or New Zealand, both of which are very small markets by investment weighting.

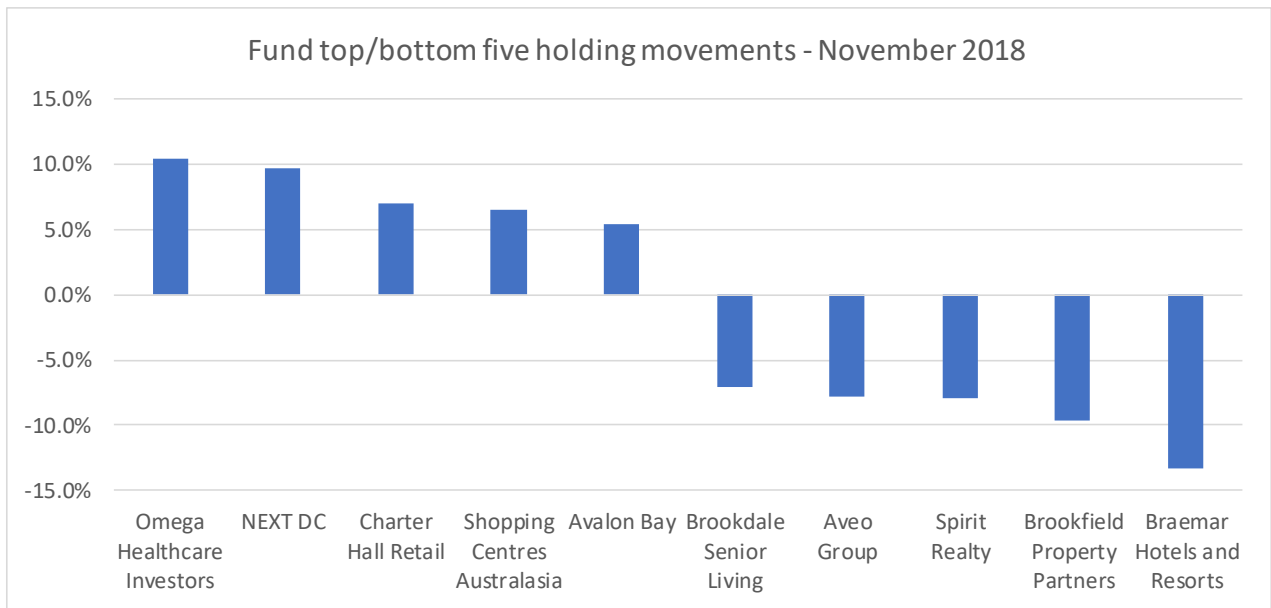


The number of investment positions held by the Fund declined to 48 at the end of November. Top holdings in the Fund as at the end of November are summarised in the following chart. Charter Hall Retail REIT was the largest holding as at last month however this has been exited during November. All of the top five current positions are Australian based as at the end of the month.



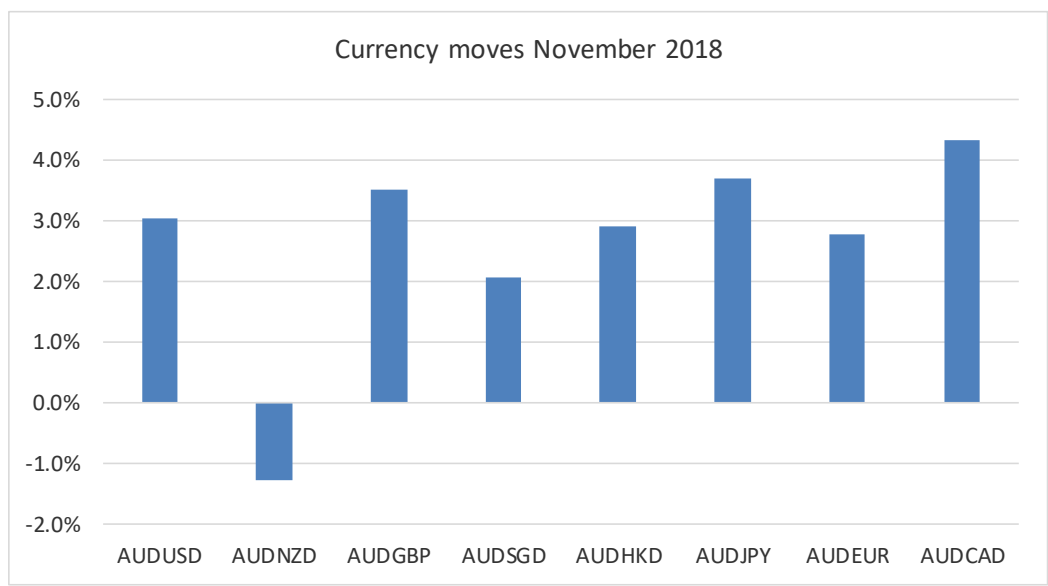
The best returns during November came from the Fund's recent investment in Australian Data Centre owner Next DC, as well as US Healthcare REIT Omega Healthcare Investors. Also within the top 5 performers were Charter Hall Retail and Shopping Centres Australasia; positions we exited on strength.

The majority of the weakest performers for the month were US based REIT investments.



### Currency

Currency played a part in returns during the month of November, holding back what would otherwise have been a positive fund return as most offshore currencies weakened relative the Australian dollar. At the time of writing in early December, this had partly retraced.



### Outlook

The Fund has an element of cash to invest as it enters the end of the calendar year. Including the Propertylink proceeds which will shortly be paid for the takeover, around 10% of Fund capital is available for reinvestment. REITs have held up well in the current market volatility and a number of REITs in the US and in Australia are trading near all time highs. Our investment focus for reinvestment of proceeds however will be

on undervalued opportunities, and will in part reflect the switch we recently made from Simon Property Group to Taubman Centers in the US in order to seek excess relative return.

The Fund has had a focus on deeper value investments since its inception. The major market downturns of February 2018 and then again in September-November has resulted in an investment flight to quality. This has widened the spread between stronger and weaker REITs, as the gap between the two has widened. This has made the investment strategy somewhat challenging, however the overall Fund NTA return relative to broader market returns has been positive since IPO and much better than equity returns.

With a strong rally in Australian and US REITs early in December, judicious reinvestment of cash into attractive opportunities will be important. We will be continuing to employ our detailed quantitative analytical screening of global markets as we seek out the best opportunities for investment, and we will continue to retain the active management process we have employed throughout the year.

Finally, a focus on deriving income returns for distribution to investors of the Fund will remain a key factor. The Fund will trade ex distribution in late December 2018, entitling those investors on the register at that time to receive the distribution for the full 6 month period to 30 December.

### **Fat Prophets Global Property Fund**

Chief Investment Officer

Simon Wheatley

11 December 2018

### About Fat Prophet Global Property Fund (FPP.AX)

The Fat Prophets Global Property Fund is an investment trust listed on the Australian stock exchange and managed by Fat Prophets. It invests its capital into Real Estate Investment Trusts (REITs) listed on stock exchanges in developed markets around the world. REITs own real estate assets and generate the majority of their income from rents on their properties, and capital growth from the real estate investments results in increased NTA. FPP's investment weighting benchmark allocation to Australia REITs is around 30%, with the balance in international markets. FPP aims to generate capital growth and distribution income from its investments and has a value bias to its investment strategy.

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<sup>i</sup> Fat Prophets Funds Management Pty Limited (FPPM) (ACN 615 545 536) has prepared the information in this announcement. One Managed Investment Funds Limited (ACN 117 400 987) (AFSL 297042) (OMIFL) is the Responsible Entity of the Fund. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information in this document cannot be warranted or guaranteed by OMIFL. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of any units in the Fund nor does it constitute financial product advice and does not take into account your investment objectives, tax or financial situation or needs.

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