

## ASX ANNOUNCEMENT

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

### May 2019 Monthly NTA Announcement

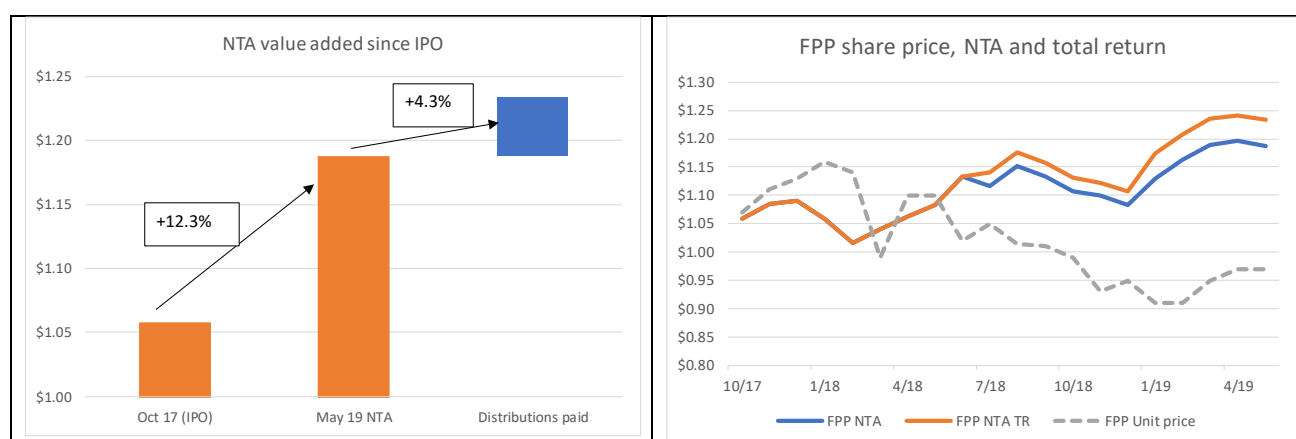
Dear Unitholders,

The Fund performance stagnated in May 2019, with the NTA declining by 0.69%, ending the month at essentially the same level it was at two months ago for the end of March. The share price continues to remain at a discount to NTA of around 20%.

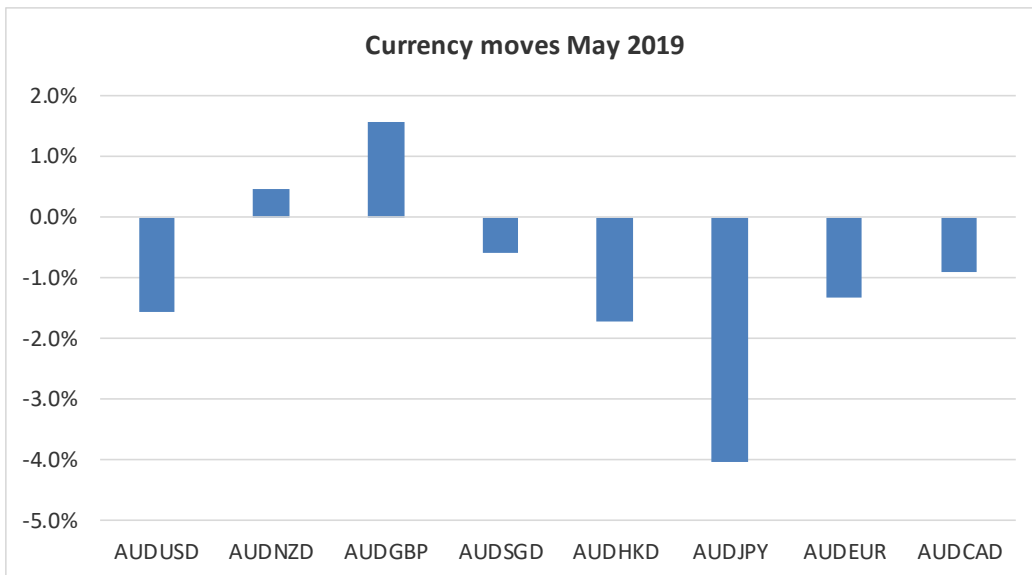
A summary of the change in NTA for the month of May is as follows;

	30-Apr-19	31-May-19	Change
<b>NTA per unit</b>	\$1.1960	\$1.1878	-0.69%

While the NTA remains at a premium level relative to NTA and IPO, the Fund underperformed during May vs its benchmark index due primarily to hotel exposure in the US with two investments declining around 20% over the month.

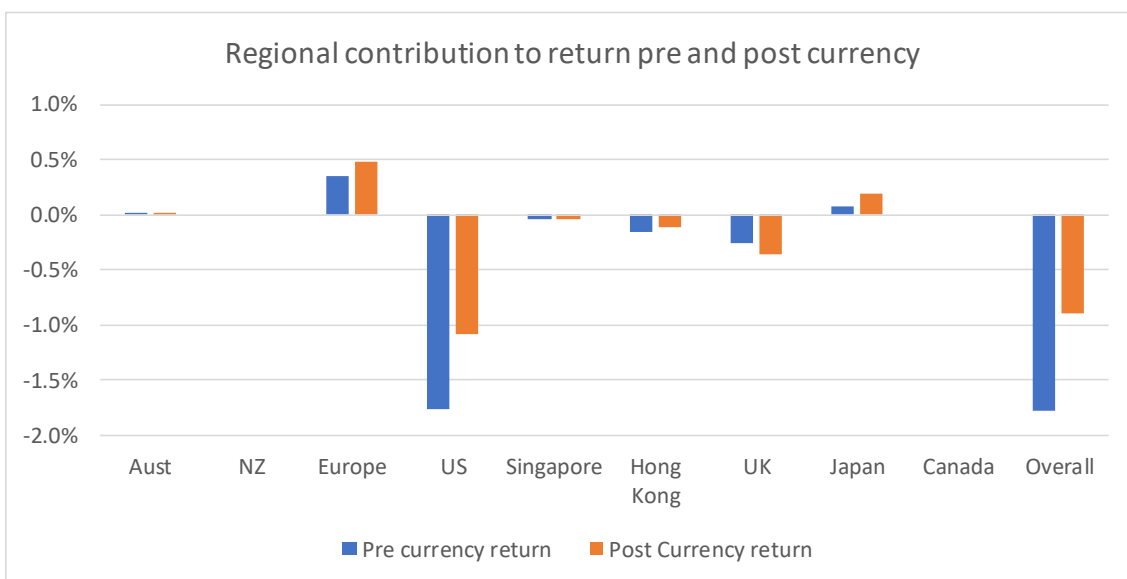


Currency had a positive impact on global returns during May. The most meaningful move was the weakening Australian dollar relative to the Japanese Yen and also to the US dollar. The Fund is underweight in its exposure to Japan, and overweight US for an overall mild Fund benefit in currency terms.



The Fund entered May with a cash holding of 7.75%. This was largely unchanged at the end of May. The main investment change during the month was an increased exposure to Arena REIT (ARF.AX), an Australian REIT with large exposure to childcare centres.

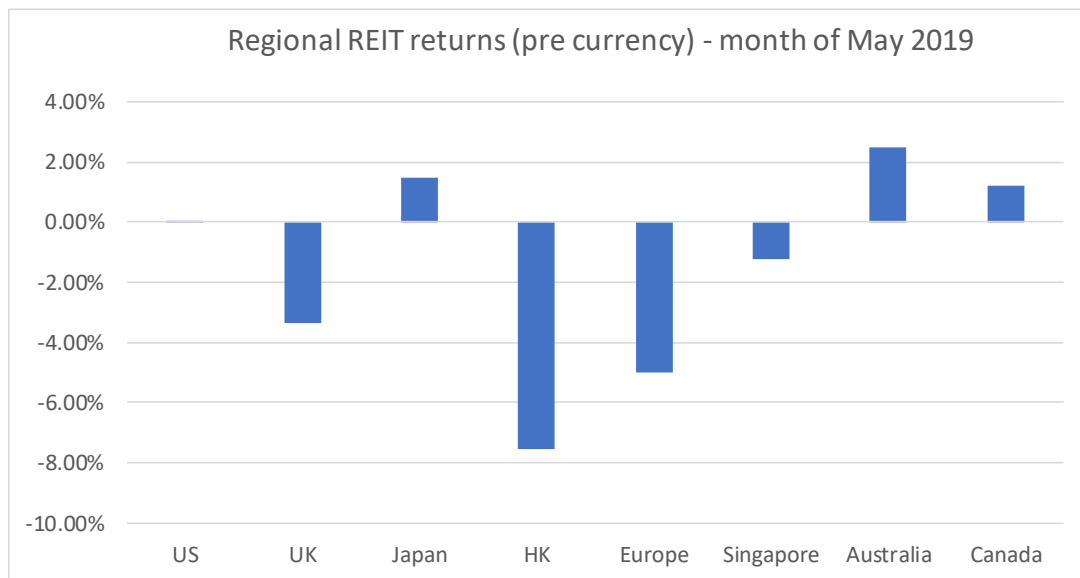
As demonstrated in the following chart, the performance for contribution to return for the Fund in various regions pre and post the impact of currency movements was negligible this month and again was most evident in the US.



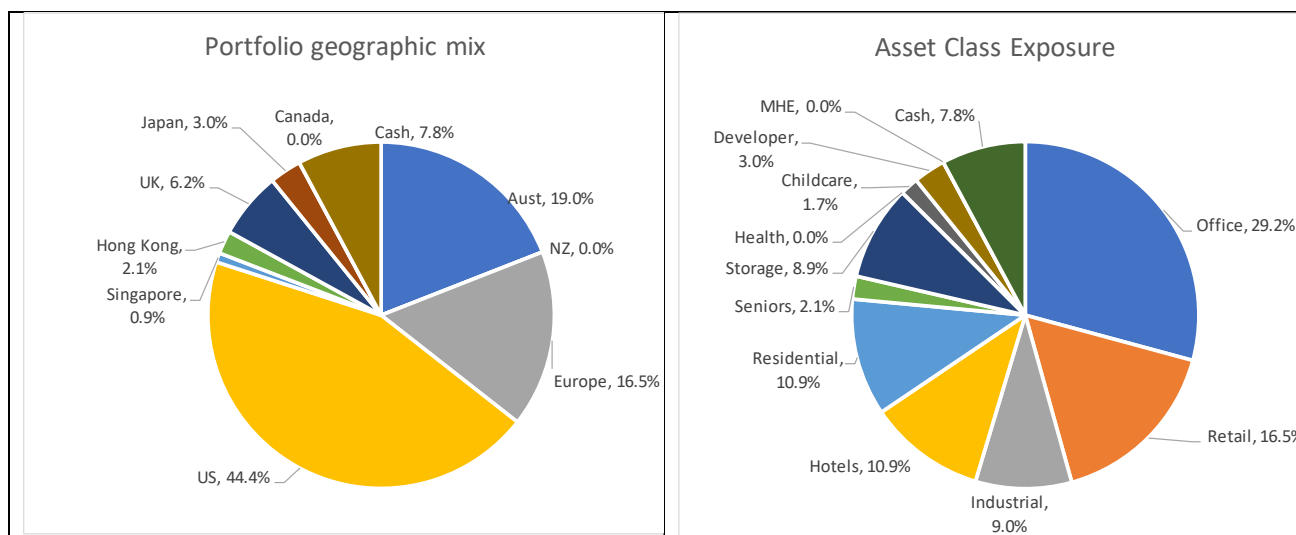
Once again only a minor number of investment holdings in the Fund went ex-distribution during the month, contributing gross pre-tax estimated income to the Fund of just over A\$40,000. A large number of investment holdings are expected to trade ex-distribution at the end of June, which will contribute toward the distribution opportunity in the second half of 2019 (1H FY20) when these distributions are received as cash by the Fund.

Local currency index movements for Real Estate equities in various Global markets in May 2019 are highlighted in the following chart. There was a significant spread of returns during the month. Most notably

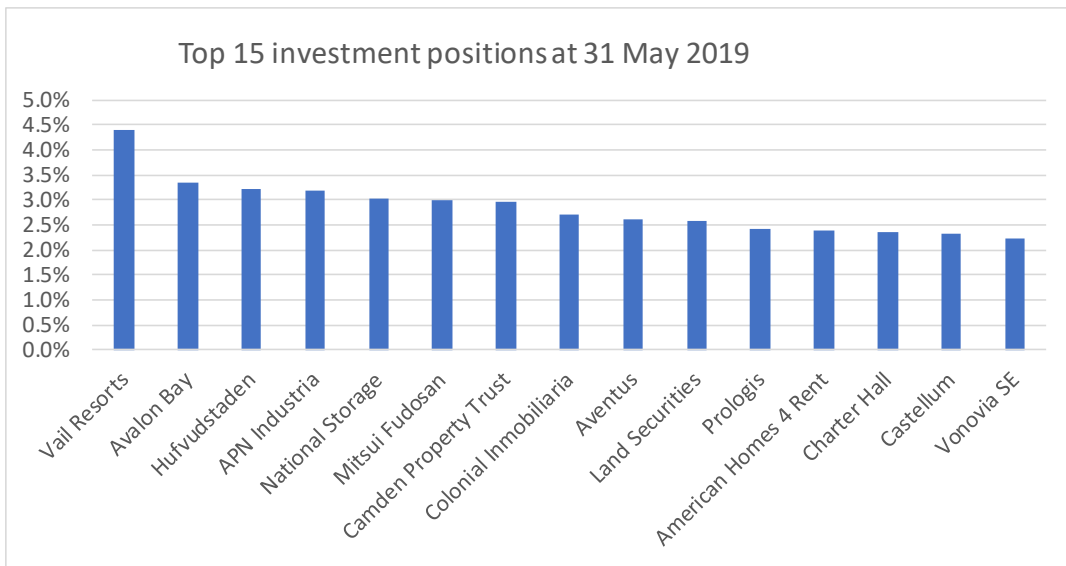
Hong Kong declined by nearly 8%, and Europe was down by 5%. At the same time, Australia was the best performing global market.



The Fund ended May with an increased exposure to Australia after the investment stake in Arena REIT, following on from an increased exposure to Australia in April as well. The Fund retains an overweight exposure to US by investment. The Fund continued to be substantially underweight to Japan and Hong Kong. The Fund continues to have no weighting to Canada or New Zealand, both of which are very small markets by investment weighting.

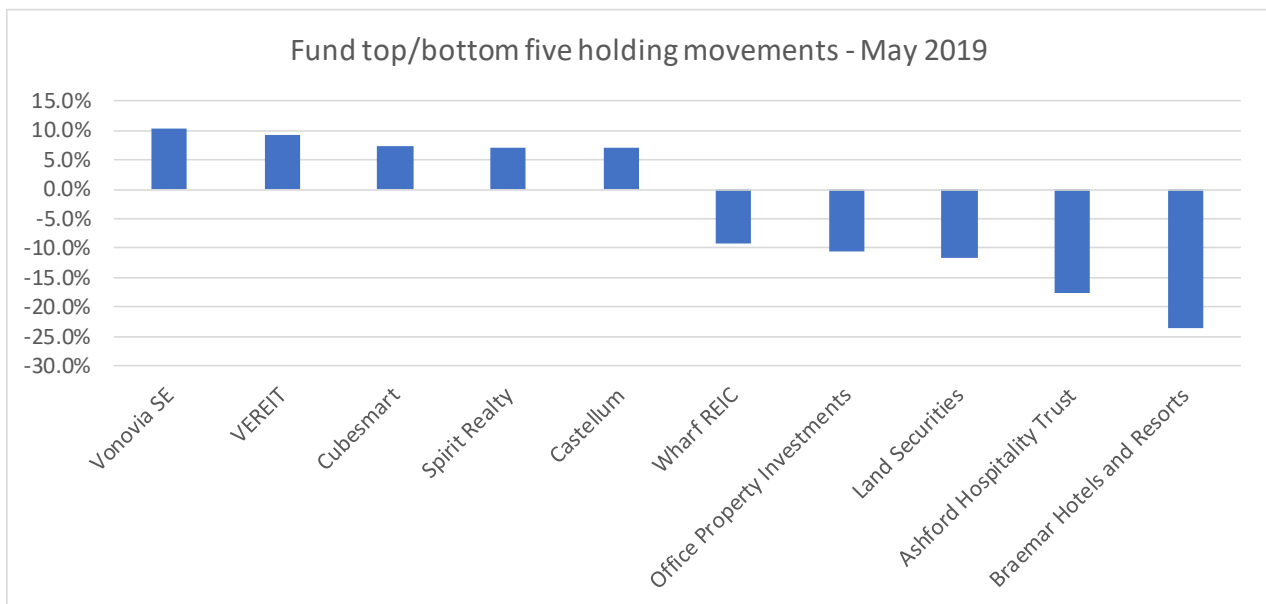


The number of investment positions held by the Fund was increased slightly to 51 holdings at the end of May. Top holdings in the Fund as at the end of the month are summarised in the following chart. US listed Vail Resorts remains the top holding and saw its price decline during May as the northern hemisphere ski season ended. The strongest start to the Australian ski season in decades may assist reigniting recent momentum.



One of the major contributors to performance in April was from US listed Ashford Hospitality Trust (AHT) which the Fund made an investment stake in during late March, however this was the second worst performing holding for the Fund during May, now giving up all of its gains since acquisition. US listed Braemar Hotels (BHR) was the worst performer for the Fund, at the end of May with no meaningful catalyst and we see an opportunity to increase exposure. We expect to continue our investment exposure to this name, anticipating a recovery.

The best and worst five performers for the past month are highlighted in the following chart.



## Outlook

Australian fundamentals for office and industrial property remain sound. Shopping centres continue to be an area of concern, in Australia and globally as e-commerce retailing continues to take share from spending in shopping centres. In the US, the annual NAREIT conference in New York saw 55 major companies present

to investors over a week long event, broadly highlighting positive fundamentals however with some concern from management around the risk of macro uncontrollables at the economic and political level.

The larger factor potentially driving the REIT sector and its outlook is that of interest rates. Long bond yields have declined over the past two months, Australia has reduced official interest rates to the lowest on record, and in the US there is increasing speculation of more than one interest rate cut by the Federal Reserve. Low interest rates benefit valuations of annuity style business such as REITs, and the recent outlooks for rates arguably provides a positive backdrop for the REIT sector. Whereas we have held a relatively high cash balance in recent months in anticipation of protection in a market decline, we expect to put more of the Fund capital to work in June as a result of this change in backdrop.

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

Chief Investment Advisor

Simon Wheatley

11 June 2019

#### 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.

---

<sup>i</sup> Fat Prophets Funds Management Pty Limited (FPFM) (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.

Anyone receiving this information must obtain and rely upon their own independent advice and enquiries. Investors should consider the Product Disclosure Statement (PDS) 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. Past performance is not indicative of future performance.