

## ASX ANNOUNCEMENT

### Fat Prophets Global Property Fund (FPP) announces its NTA pursuant to ASX Listing Rule 4.12<sup>i</sup>

#### July 2018 NTA Announcement

Dear Unitholders,

July was another positive month, with the Fund recording a small gain Net Tangible Asset backing per unit (NTA). As the Fund recently went ex-entitlement to its 2.39c distribution, the NTA now excludes this distribution payable. Accounting for this, the growth in NTA in July continues a consecutive run of positive monthly NTA growth since the broad market downturn in February 2018.

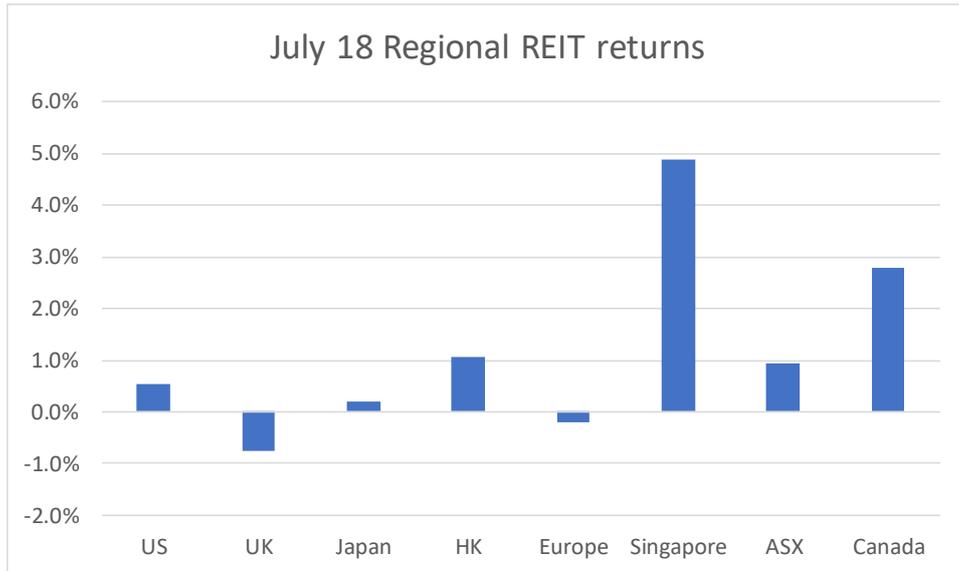
The distribution for the period to 30 June was initially estimated at 2.369c but has been confirmed slightly higher at 2.39c. The payment date for the distribution is 31 August 2018.

During the month of July, the Fund's NTA increased by 0.7%, ending the month at \$1.117 per unit after allowance for the 2.39c distribution. Total value added since IPO including the distribution is \$1.141 per unit.

|                                    | 30-Jun-18 | 31-Jul-18 | Change |
|------------------------------------|-----------|-----------|--------|
| <b>Last announced NTA per unit</b> | \$1.1336  |           |        |
| <b>Distribution allowance</b>      | \$0.0239  |           |        |
| <b>Value per unit</b>              | \$1.1097  | \$1.1172  | +0.7%  |

The month of July was relatively uneventful – it was a period when typically few REITs trade ex-distribution, and forms the very early part of quarterly and half yearly reporting season. The reporting season announcements have provided relatively little in the way of new US related property directions. It is clear that shopping centre data remains very mixed and typically weak (vs a very bearish expectation by investors), and office markets were strong in the Australian markets. REITs continue to announce increases in their NAV and NTA as assets continue to be revalued upward, reflecting a combination of tightening valuation capitalisation rates along with underlying rent growth.

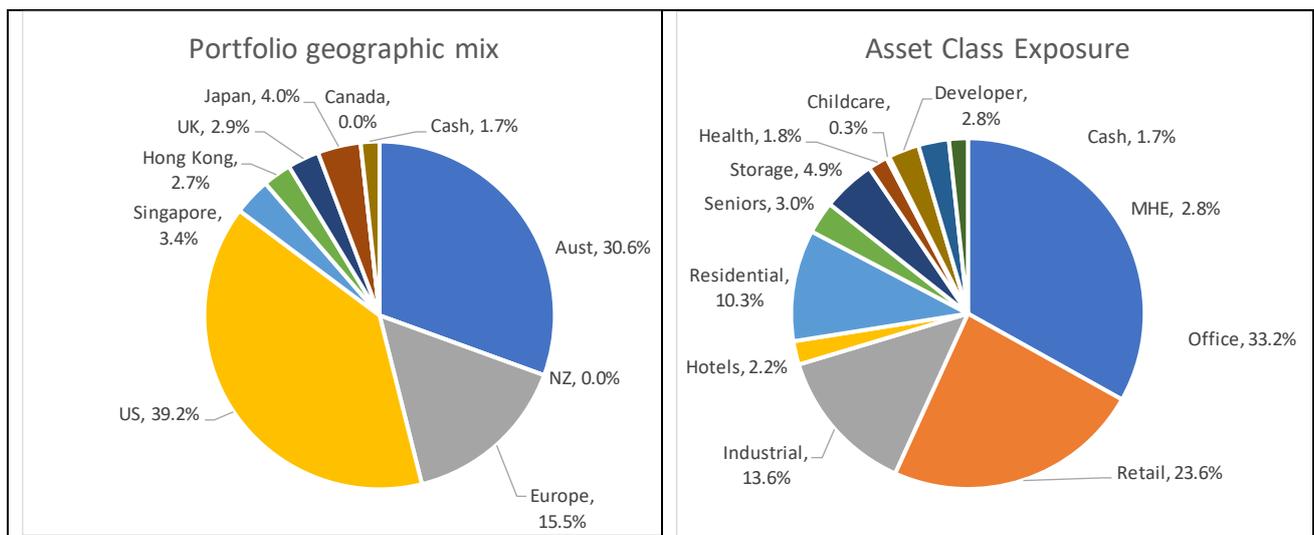
There was no M&A activity which commenced during July which impacted the portfolio, although investors in US Shopping Centre REIT GGP Inc (the largest holding in the Fund) voted in favour of the proposed takeover at US\$23.50 by Brookfield Property Partners; nearly 10% above the current trading price at the end of July. The takeover is scheduled to close at the end of August and we expect this investment position to yield a healthy return in the coming month.



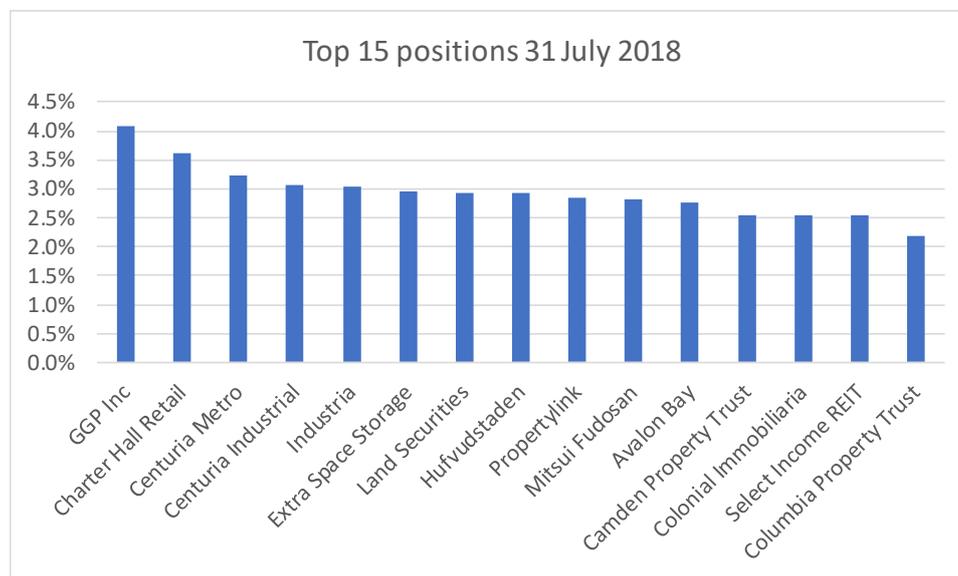
Regionally, performance varied markedly. Singapore performed solidly across a mix of major and obscure stocks. Canada performed well although it is a small part of the global index and the Fund has zero exposure to this market. Hong Kong enjoyed a mild rebound after weakness in June reflecting the declining Chinese share markets. The major global markets of USA, Europe and UK delivered minimal performance and overall currency played as much a role in monthly performance as did stock prices.

Regionally, the Fund ended July with a neutral weight exposure to Australia and to America, overweight to Singapore, and an underweight to Hong Kong and Japan. The Fund remains broadly neutrally weighted to UK and overweight Europe. The Fund continues to be zero weighted to Canada and New Zealand. Post the end of month we have been active in increasing the Fund’s cash position, taking advantage of what we view as some trading and remixing opportunities.

Currency had a relatively neutral impact on the Fund during the month with the value of the US dollar relative to the A\$ (AUD/USD) remaining flat after a significant weakening in the AUD in the prior month of June. The Australian Dollar was also flat relative to the Euro.

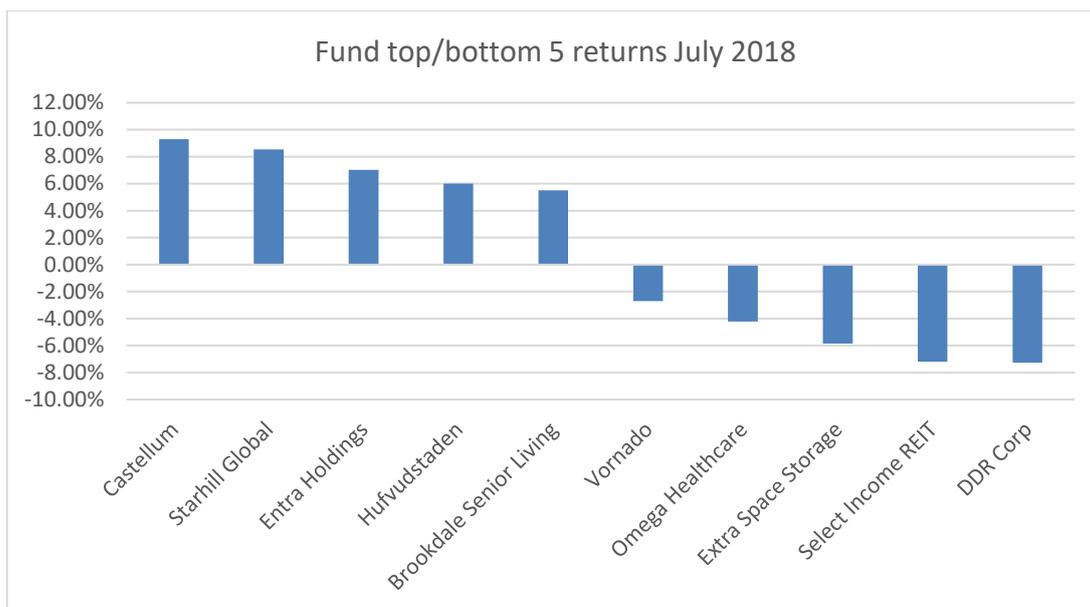


The Fund continues to hold in the order of 50 investment positions globally. Top holdings in the Fund as at the end of July are summarised in the following chart and remain essentially unchanged from the previous month. Several Australian holdings continue to dominate the top 5 positions. The largest overall investment stake remains in GGP Inc ahead of its approved takeover.



The top contributing investment for performance in July were primarily European REITs where the Fund holds an overweight exposure. Deep value US REITs including DDR, Brookdale and CBL, which have rallied solidly into the end of FY18 saw their prices decline during July which held back performance. There is some risk around these stocks going into reporting season, however we reduced our investment weighting to them several months ago in anticipation.

The two weakest performing investments in the Fund were the Select Income REIT and DDR Corp. DDR Corp however did a stock split during the month, carving off its lower quality assets including its Puerto Rico assets into a separate REIT called Retail Value Ince (RVI). The spin off stock with a price of US\$34 per share was based on a 1:10 spin off equating to US\$0.34 share value.



Of the top 5 weakest performing REITs in July, it is notable that all of these were US REITs.

The focus for the Fund in the through August will be around reporting season with volatility anticipated for earnings misses and beats reflecting continuing investor nervousness around the real estate landscape.

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

Chief Investment Officer

Simon Wheatley

13 August 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.

<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.

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

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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.