

ASX ANNOUNCEMENT

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

July 2019 Monthly NTA Announcement

Dear Unitholders,

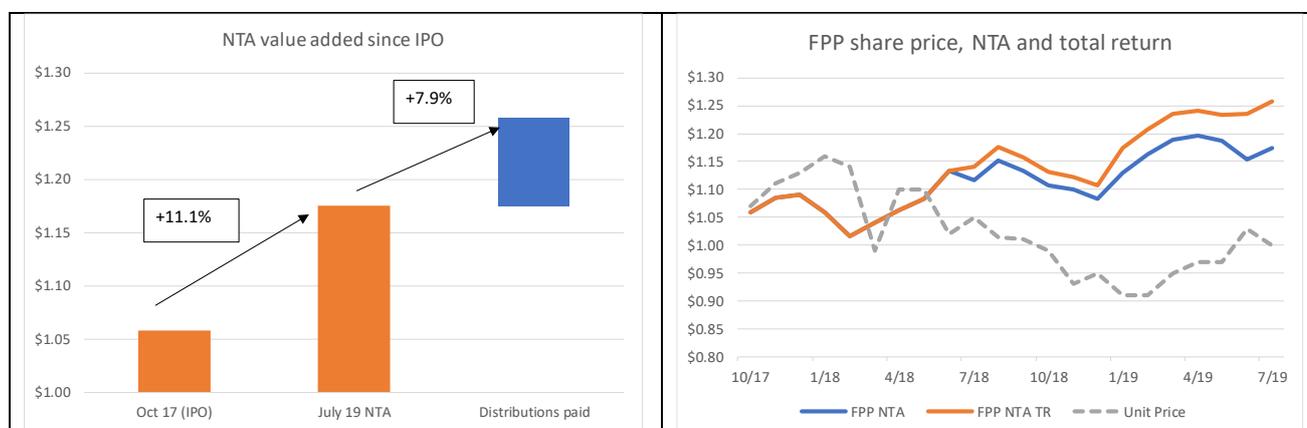
The Fund performance was mildly positive in July 2019, with the NTA increasing by 1.89%. A distribution of 3.64 cents per unit (cpu) was declared in June with the Fund trading ex distribution (XD) this amount at the end of the June. This estimated distribution has since been revised and upgraded to 3.79 cpu. The distribution will be payable at the end of August and full details of distribution and tax elements have been lodged with the ASX.

Total distributions to unitholders over the full year FY19 period equate to 5.95cpu.

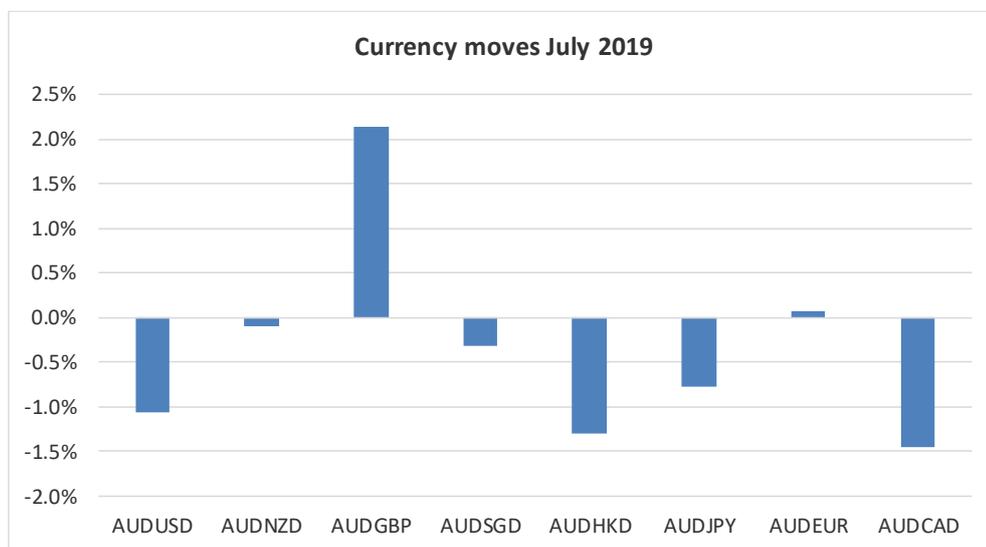
A summary of the change in NTA for the month of July is as follows;

	30-June-19	31-July-19	Change
Last announced NTA per unit	\$1.1911		
Distribution allowance	\$0.038		
Value per unit	\$1.1532	\$1.1750	1.89%

While the NTA remains at a premium level relative to NTA and IPO, the Fund unit price ended the month of July at \$1.00 per unit, reflecting a discount to NTA of 17%. Total returns benefit to NTA since IPO less than two years ago are split between distributions and NTA uplift as demonstrated below.



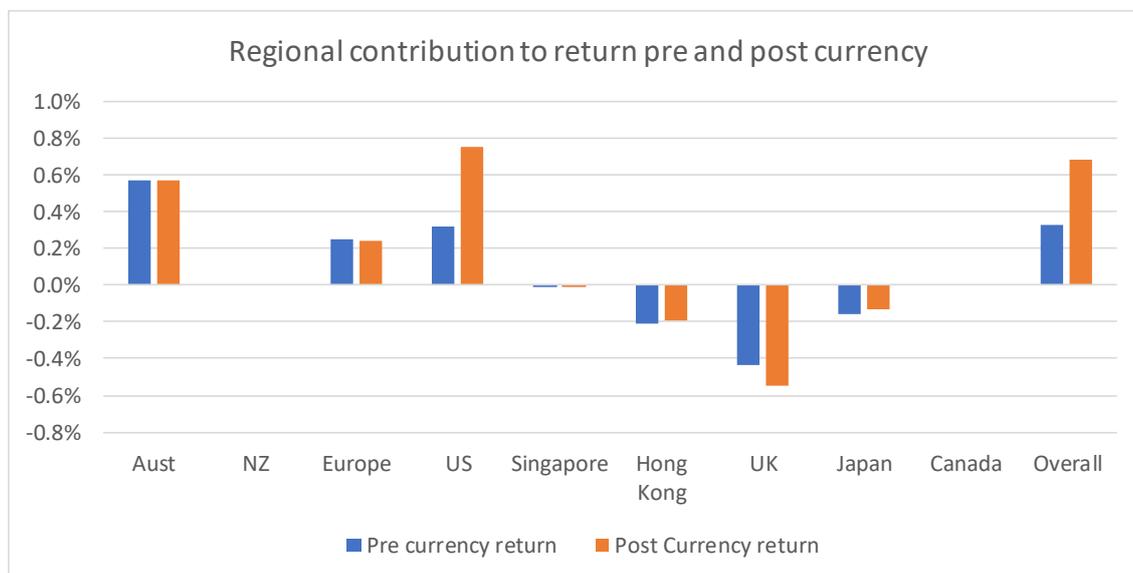
Currency had a positive impact on global returns during July, in all markets except the UK. Currency looks set to be volatile in August as the trade wars (and related currency wars) between the US and China ramp up.



The Fund entered July with a cash holding of 8.8%. This was reduced to 6.5% at the end of July. Around one half of this cash is reserved for the distribution payment at the end of August.

The main investment changes during the month were the sale of the balance of the Fund’s holding in US aged care operator Brookdale Senior Living (BKD) after a recent recovery in share price. On the buy side the Fund increased its exposure to German residential markets, taking an initial investment stake in Deutsche Wohnen (DWNG.DE). DWNG holds over 160,000 apartments worth over 20Bn Euros. The stock price was impacted meaningfully in past months when a 5 year rent freeze was announced for Berlin where skyrocketing rents had been causing social unrest. The Funds investment in DWNG complements and diversifies the existing Fund holding in Vonovia.

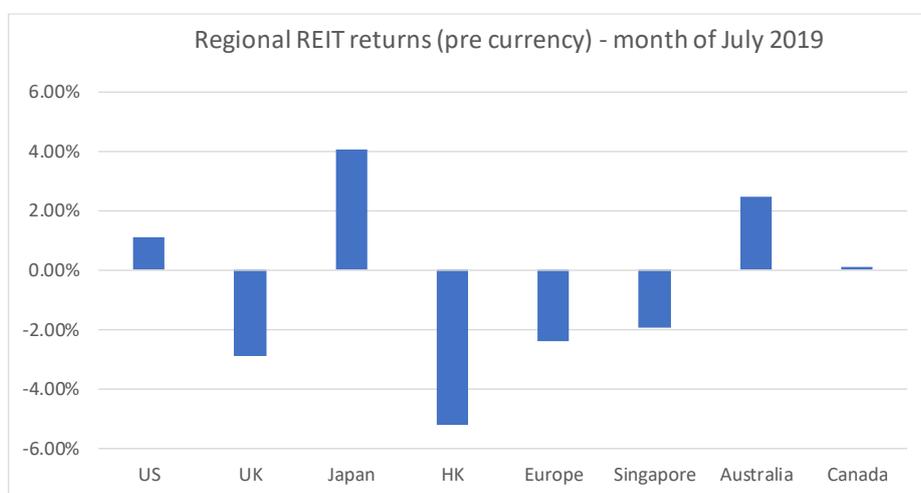
As demonstrated in the following chart, the performance for contribution to return for the Fund in various regions pre and post the impact of currency movements was dominated by Australia and the US, although the US contribution was assisted by the strengthening of the US dollar.



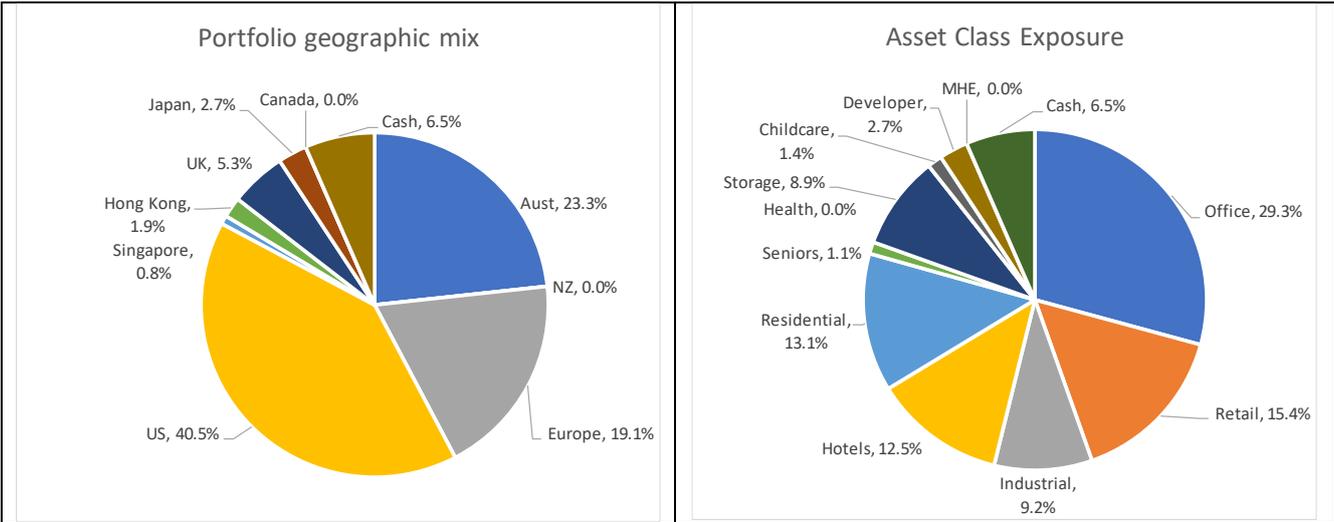
A negligible number of investment holdings in the Fund went ex-distribution during the month with most having traded ex distribution in the prior month.

The Fund traded ex distribution June 2019, recording an estimated distribution of 3.64 cpu; a record high half yearly distribution. The estimated distribution has since been revised and upgraded to 3.79 cpu. This means that unitholders will have received a total distribution over the year of FY2019 of 5.95 cpu. This reflects a yield in the 5-6% gross range which was targeted at IPO. The 2H19 distribution will be paid to investors at the end of August. As the Fund comes up to the two year anniversary since IPO, the expense cap will expire which will result in a higher management expense ratio for the Fund. The manager is assessing options which can mitigate this MER increase and the associated impact on the outlook for fund distributions.

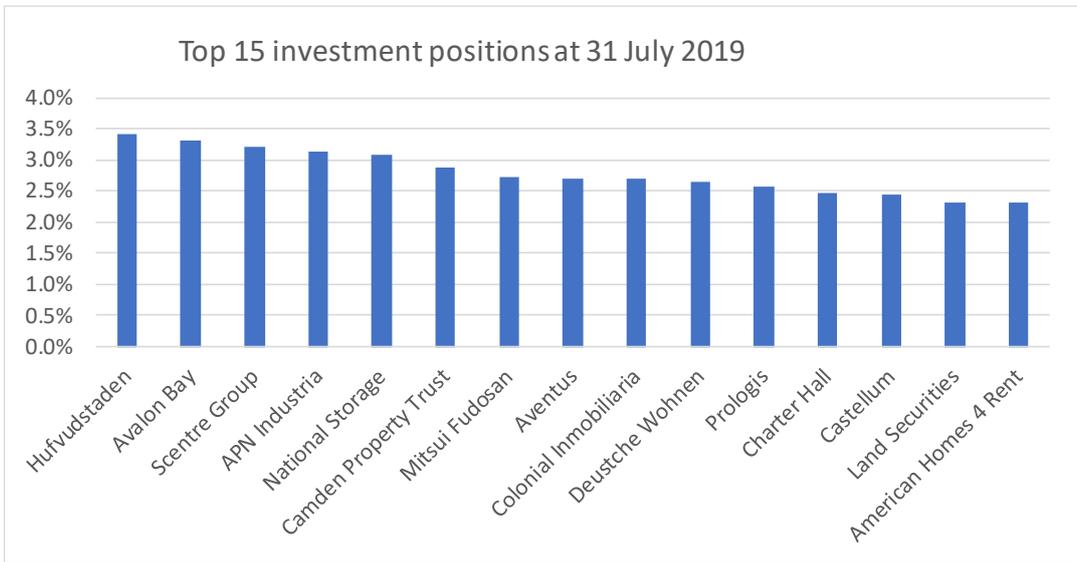
Local currency index movements for Real Estate equities in various Global markets in July 2019 are highlighted in the following chart. Japan had a major rally while Hong Kong suffered declines as civil unrest continued throughout the month with no signs of it de-escalating.



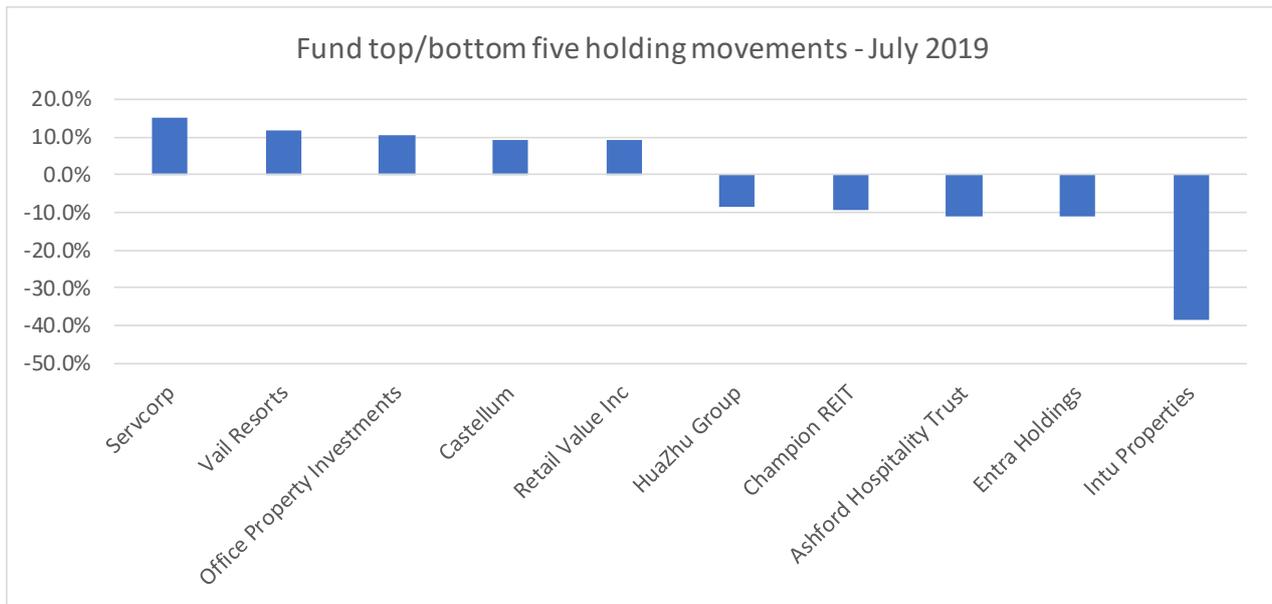
The Fund ended July with a slightly lower exposure to the US and an increased exposure to Europe. The Fund retains an overweight exposure to US by investment. The Fund continued to be substantially underweight to Japan and Hong Kong. The Fund continues to have no weighting to Canada or New Zealand, both of which are very small markets by investment weighting.



The number of investment positions held by the Fund was unchanged at 51 holdings at the end of July. Top holdings in the Fund as at the end of the month are summarised in the following chart. Pricing movements have seen some change in the top holdings. Swedish real estate company Hufvudstaden is now the largest holding after its continued steady share price growth. National Storage REIT in Australia has moved from the largest holding to just being in the top 5. US residential REIT Avalon Bay Communities has risen, as has the value stake we took in Scentre Group recently which owns the Australian Westfield shopping centre portfolio.



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



Positive performance was seen across a broad number of REITs, and the portfolio value excluding currency impact was on average up in July. Servcorp is seeing a rebound on strong Australian office market demand, and Vail Resorts (recently a top holding in the Fund) again saw strong investor support after another positive earnings report.

The investment in UK and European shopping centre REIT Intu Properties was hit hard during July. It is extremely cheap, trading at some 80% below its pricing of 2 years ago and well below where takeover offers were made in 2018. The most recent results for Intu saw valuation reductions in Intu’s assets which resulted in debt leverage increasing to 58%. The falling share price and high LVR are causing investors concern that a deeply dilutionary major equity raising will need to be undertaken to shore up the balance sheet and ensure loan covenants are not breached. This fear is a negative spiral. While the Funds holding in Intu is less than 1% of portfolio value, it was nonetheless a meaningful headwind to performance during the month of July.

Outlook

Global interest rates continue to decline, and interest rate cuts in the US and prospects for more in Australia are increasing demand for investments with yield and income certainty. The short period of global equity market volatility in early August saw the benefits of REITs again shine, with sector beta lower than broader market declines. We expect investors to continue to have a defensive bias in their portfolios with some attraction to the REIT sector.

While 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 the early August market pull back.

Fat Prophets Global Property Fund

Chief Investment Advisor

Simon Wheatley

9 August 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.

ⁱ 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 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.