



One Managed Investment Funds Limited
as responsible entity for Fat Prophets Global Property Fund
ARSN 619 970 786 ASX Code: FPP

ASX ANNOUNCEMENT

12 July 2021

FPP NTA June 2021

Please find attached the FPP NTA for June 2021

Authorised for release by One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042 (**Responsible Entity**), the responsibility entity of the Fat Prophets Global Property Fund and Fat Prophets Funds Management Pty Limited ACN 615 545 536 AFSL 229183, the investment manager of FPP.

For additional information on FPP, please refer to:
www.fpproperty.com.au

For any enquiries please contact the Responsible Entity on 02 8277 0000.

ASX ANNOUNCEMENT

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

June 2021 Monthly NTA Announcement

Key Points:

- Fund NTA increased in June for the fifth consecutive month in 2021, rising a further 4.2%
- The Fund increased cash holdings during the month of June ending at 4.9%
- FPP excess return for FY21 was 390 basis points
- A distribution of 2.9c per unit was declared for the 6 months to 30 June 2021

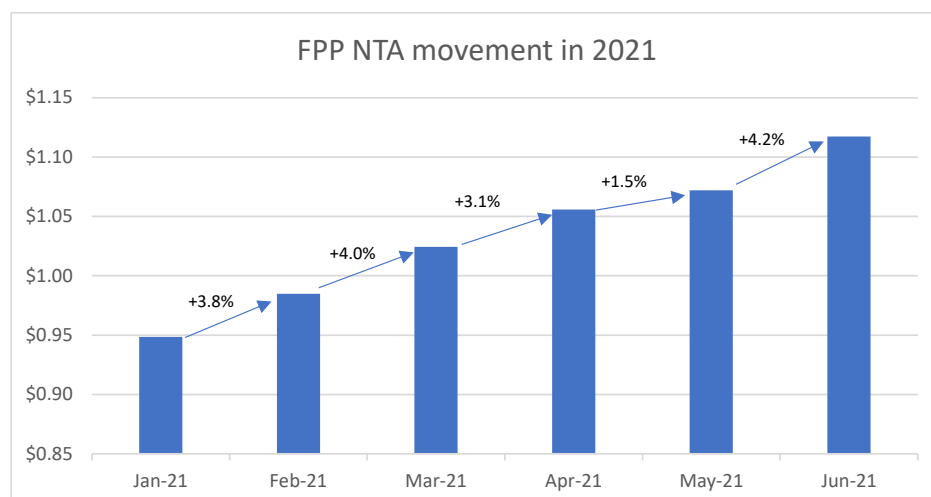
FPP 12M NTA Total Return	Benchmark 12M total return	FPP June21 NTA Total Return	Benchmark June21 return
30.1%	26.2%	4.24%	4.36%

Dear Unitholders,

June 2021 was another positive and strong month for REITs globally. Australian REITs posted a health 5.5% gain while US REITs in US dollar terms rose 1.95%. A weaker Australian dollar assisted global returns in AUD terms for the month although currency was a meaningful headwind for financial year 2021 returns. A summary of the change in NTA for the month of June for the Fund is as follows:

	31-May-21	30-Jun-21	Change
Value per unit (cum distribution)	\$1.0719	\$1.1174	4.24%

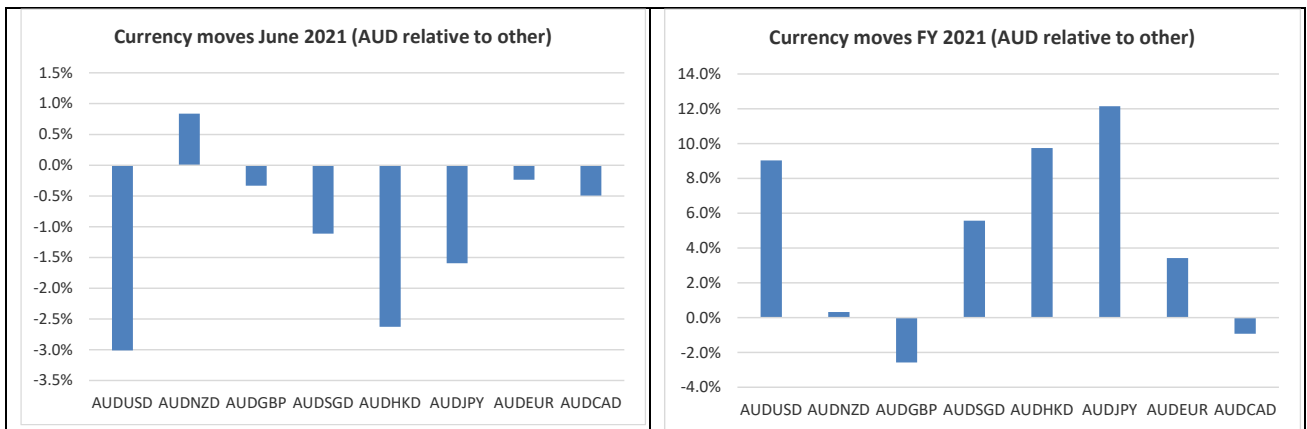
The ex distribution NTA for 30 June is \$1.0884 per unit after allowance for 2.9c distribution.



There has been a strong and consistent rise in NTA for FPP throughout 2021 year to date as the undervaluation of the REIT sector continues to be realised.

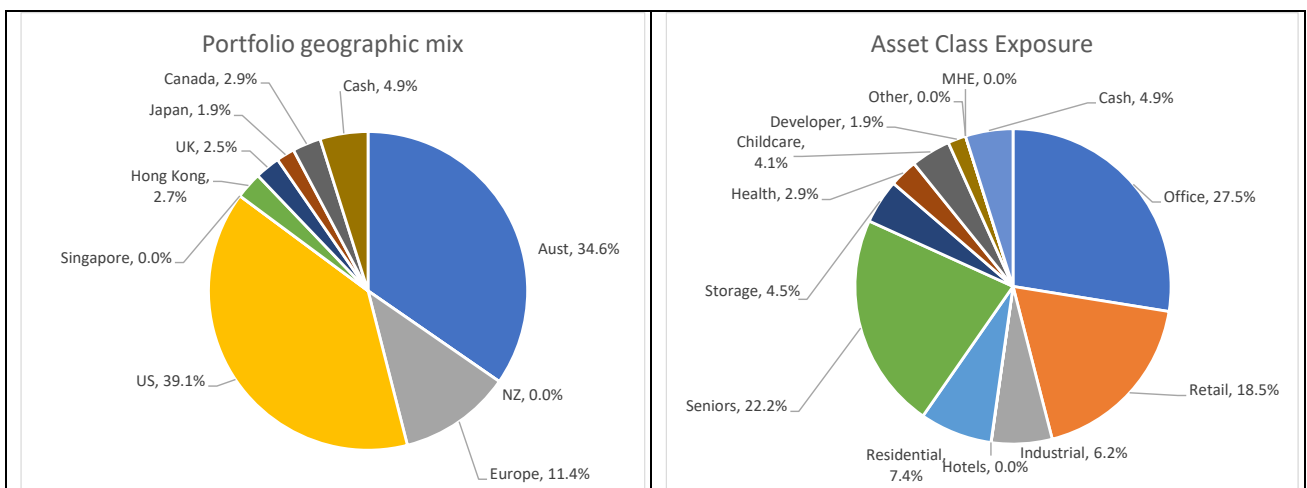
As at the end of June 2021, the Fund NTA had recovered back to levels in line with the beginning of 2020 immediately prior to COVID. Despite this we continue to see meaningful further recovery opportunity for the REIT sector with many REITs still trading well below their prior peak levels, as well as often trading below their net asset value per share. This in part reflects weaker near term income from REITs which have had to rebate rent to tenants affected by COVID. As COVID impacts in US and UK/Europe abate we expect REITs to increase payout ratios and distribution levels, and also expect investors to increasingly have confidence around the outlook for real estate valuations which will translate to further upside for REIT unit pricing.

During June the AUD recorded a meaningful decline vs the USD, providing a positive valuation impact to US investment holdings. The Fund is underweight US and as such missed out on some of this currency related upside. Nonetheless, the Fund performance for the month post expenses was all but in line with the benchmark. The AUD strengthened over the past twelve months vs the USD, causing a significant headwind to the NTA rebound.



The Fund cash balance of 2.8% at the end of May was increased to 4.9% at the end of June.

The current Fund portfolio geographic allocation at the end of June is shown in the following chart on the left. The chart below right shows the exposure by asset class. The Fund remains overweight Australia.



The Fund remains overweight Australia. This proved correct in local currency terms in June with Australia meaningfully outperforming the US, although the stronger US dollar during the month increased the US sector return from 1.95% in local currency terms to 5.1% in AUD translated terms.

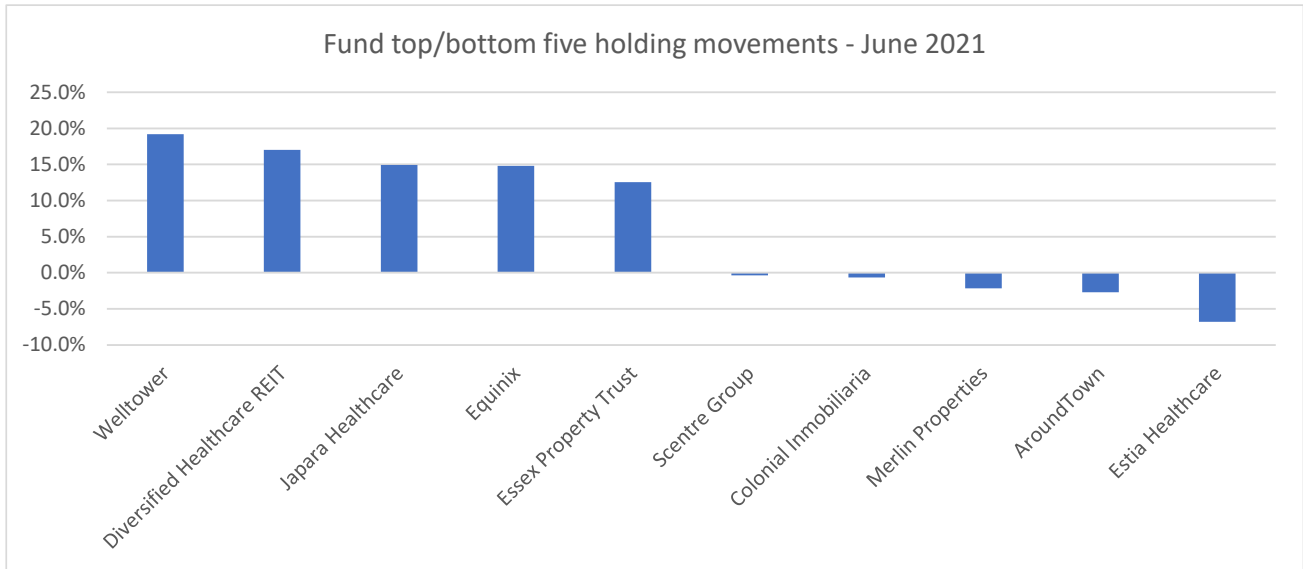
The number of investment positions held by the Fund at the end of June was stable at 38. Top holdings in the Fund as at the end of the month are summarised in the following chart. Cash levels were increased during June as the Simon Property Group position was trimmed after growing meaningfully due to substantial share price recovery over the past year. The Fund holding in Eleanor Investors Group were largely exited, crystallising more than 70% gains. Holdings in Vicinity Centres and Charter Hall Social Infrastructure Fund were also trimmed during the month, locking in gains.



A large number of REITs traded ex distribution at the end of June, providing distribution income for FPP investors on holdings within the Fund. This is typically an interesting investment period where REITs can have a price run up in the weeks prior to trading ex as investors ‘buy’ the distribution.

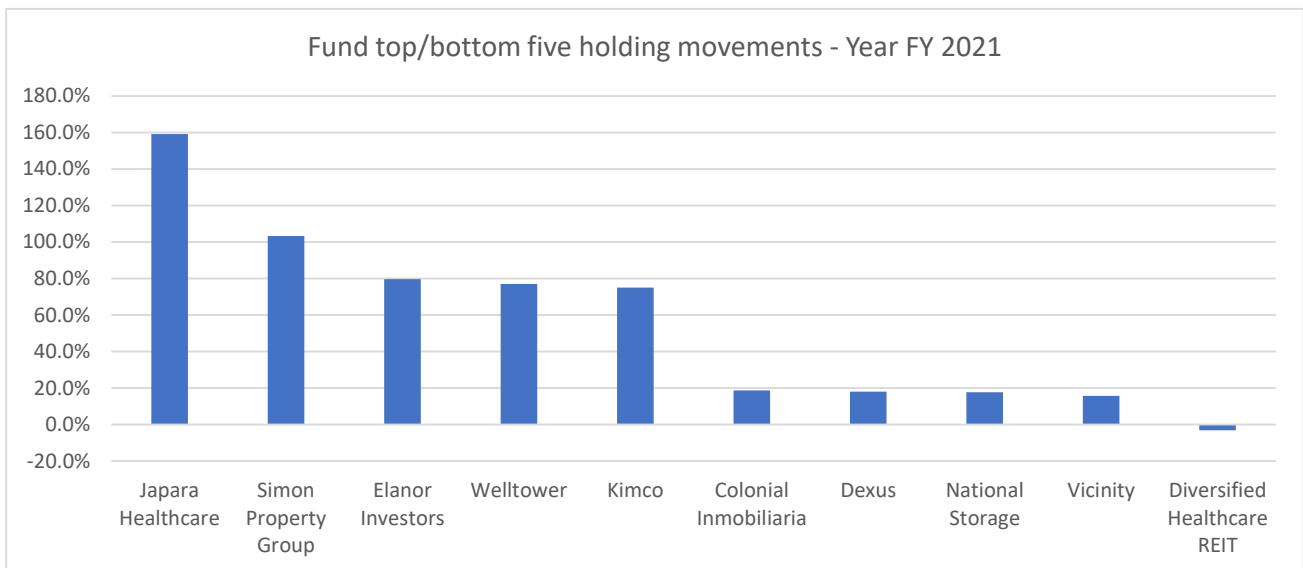
REITs often outperform in the short period after going ex. We are carefully monitoring opportunities around this.

The best and worst five performing Fund holdings for the month of June are highlighted in the following chart. The three best performing holdings were all related to aged healthcare, a sector we believe has been overly impacted through COVID and where we expect meaningful further recovery.



Assessing returns over a longer 12 month period, Japara Healthcare has been the best performing driven by it becoming a takeover target. Behind that, returns for US mall giant Simon Property Group have been very strong, doubling over the past year, and trading at triple the price of \$44 per share where the Fund commenced building its meaningful stake in 2020. The holding in SPG is the largest Fund position, due in part to the large price appreciation. We have recently been trimming the holding to reduce the overweight, although remain convicted toward undervalued shopping mall REITs.

We note some of the weaker 12 month performers in the chart. These are REITs which have not yet properly recovered. Dexu is a holding we have strong conviction around and have been building our investment positioning. National Storage we believe will become subject to takeover again at levels up to 20% above current trading, and its weak 12 month performance is out of line with international self storage REIT peers. Diversified Healthcare is a US large cap seniors and aged care REIT which has lagged the recovery of peers due in part to weak recent quarterly reports. We see near term catalysts for recovery.



Outlook

FY21 was a volatile period for REITs and equities, however we saw the opportunity early for a meaningful recovery and quickly became fully invested again post the onset of COVID and have remained of high conviction since that time around the deep value prevailing for more heavily sold off real estate holdings such as the shopping centre REITs. The Fund NTA has recovered well and comfortably outperformed its benchmark over this timeframe.

There remains some scepticism around the recovery of various real estate asset classes including office. We are of the view that dislocation impacts will not be long lasting and we are investing in undervalued office exposure. Prime office assets including in Australia are transacting at record low yields and high rates per square metre which indicate that NAV and NTAs have negligible downside risk. Similarly, where large discounts prevail for shopping centre REITs we are overweight with the view that while this asset class will continue to see near term discounted pricing, it remains oversold.

Despite strong gains from REITs, they continue to lag the broader equities recovery. We believe this means their defensive attributes in the event of a shorter term market pull back may well be more evident than usual, and the longer term outlook for ongoing recovery of REIT prices bodes well in our view for further upside to REIT indices and to FPP's NTA. We continue to actively manage the portfolio of holdings as we seek to optimise the return opportunity for the Fund and its investors.

Fat Prophets Global Property Fund

Fund Manager

Simon Wheatley

12 July 2021

About Fat Prophets 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.

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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.