



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

ASX ANNOUNCEMENT

10 October 2023

FPP NTA September 2023

Please find attached the FPP NTA for September 2023

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) September 2023 NTA update

September 2023 Monthly NTA Announcement

Key Points:

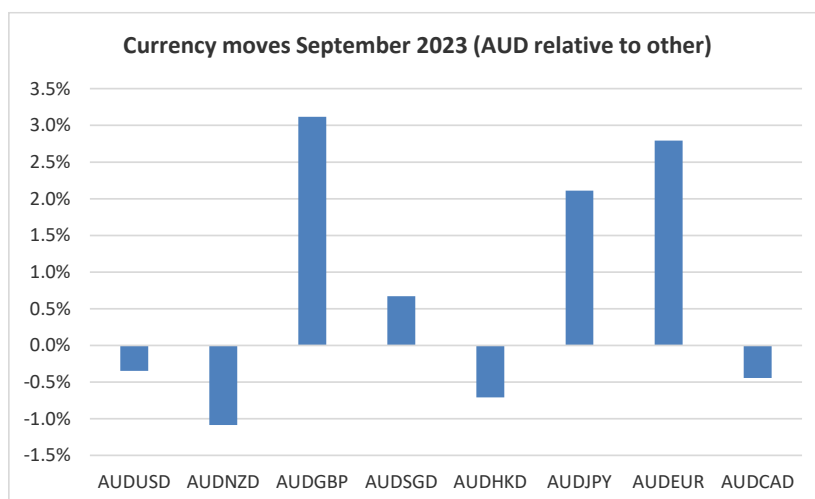
- **Fund NTA decreased 5.03% post fees during September post fees and expenses**
- **The global REIT index declined 5.8% in AUD terms during September whilst the Australian REIT Index declined a more substantial 8.7%**
- **Weakness was driven by rising global bond yields**

Dear Unitholders,

REIT markets globally recorded another sell off late in the month of September as bond yields rose on hawkish commentary from the US Federal Reserve. There was a similar decline in equity markets which have retraced back to lows of a year ago. The impact of higher bonds on interest rate sensitive sectors such as REITs and infrastructure however has been more substantial in the immediate term.

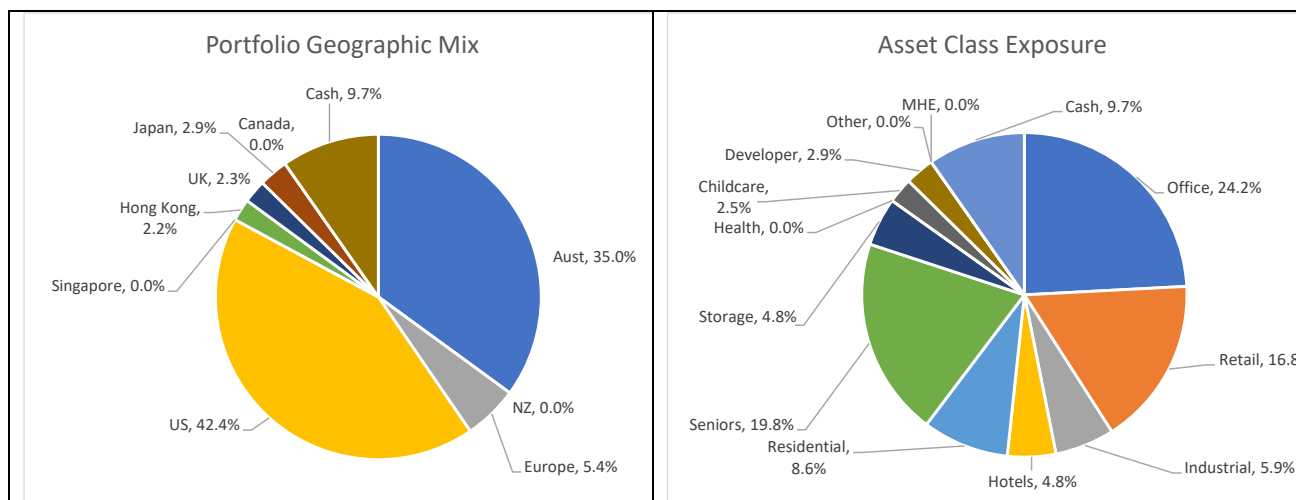
| | 31 Aug-23 | 30 Sep-23 | Change |
|---|-----------|-----------|--------|
| Value per unit (ex distribution) | \$0.8435 | \$0.8011 | -5.03% |

Currency in AUD terms relative to USD was broadly neutral in September. This means no net impact or benefit for the Fund from currency movements. The Fund however, is overweight Australia; meaning the fact the Fund meaningfully exceeded its benchmark return during September despite Australia being one of the worst geographies (down 8.7%) is a positive.



The Fund cash balance increased slightly to 9.7%. We have remained cautious around a pull back and as such, cash in recent months has been the largest position within the Fund. This has proven to be a positive holding given the declines in the REIT and equity sectors in recent months.

The current Fund portfolio geographic allocation at the end of September is shown in the following chart on the left. The chart below right shows the exposure by asset class. The number of Fund core investment holdings sits at 32.



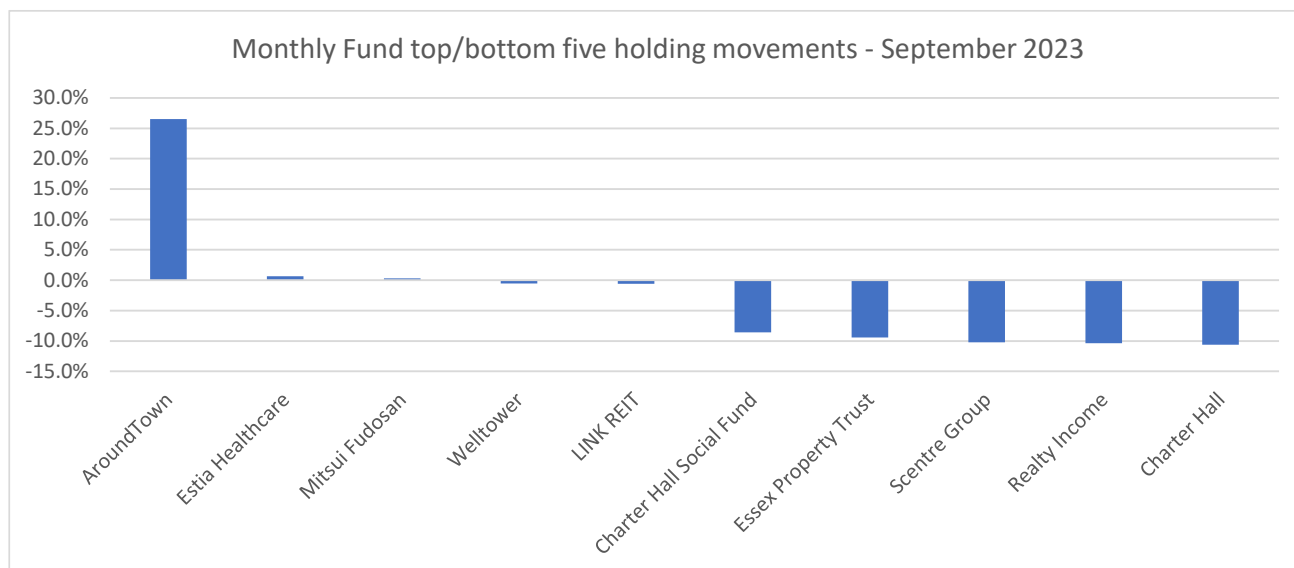
Top holdings in the Fund as at the end of September are summarised in the following chart.

Simon Property Group (SPG) remains the largest holding at 7.8% of the portfolio followed by other US REITs Ventas, Essex and Welltower. A minimal portion of the top 10 holdings are exposed to office sectors globally which have been recording meaningful headwinds from lower demand due to elevated work from home trends changing the nature of office space usage, combined with higher capitalisation rates due to rising bond yields.



The best and worst contributors to return for the month of September are summarised in the following chart.

Aside from the strong performance from European holding AroundTown (AT1), the majority of holdings struggled to post any positive performance during a month which was very challenging for global REIT markets and marked the worst month this year for REIT sectors in both Australia and the US. Charter Hall Group was the most heavily impacted holding in September.



Outlook

The rising bond yield trend has been a key driver of performance for the REIT sector globally, highlighting an ongoing strong linkage. The worst performing REIT sub sector in the US during September was the Towers sector which is highly reflective of infrastructure; a significantly interest rate sensitive sector. Office and self storage have also struggled, whilst retail and shopping centres, industrial and residential/apartments have outperformed.

Despite the increase in long bond yields, futures relating to shorter term interest rates have not materially moved, highlighting that the shift in yields has been more of a shift toward a higher for longer view, pushing out the expectation for any future potential cuts in official interest rates.

We have been watching consensus earning adjustments for REITs post reporting season and have noted around three quarters of stocks we monitor have been subject to downgraded consensus earnings since 30 June 2023, as higher interest rates impact on costs and top line growth outlook has been moderated. This has also been a headwind to performance.

The recent declines in global REIT sectors are however, increasingly flagging the value in the sector with some analysts highlighting REITs as the most undervalued sector in Australia. Discounts to net asset values are at historically deep levels suggesting underlying value, even as earnings multiples are suggesting lower value opportunity. The Australian REIT sector is getting close to the lows of a year ago in October 2022 – excluding this period the current pricing of the REIT sector was last seen in September 2020 and is 26% below the highs of the beginning of 2022.

Fat Prophets Global Property Fund

Fund Manager

Simon Wheatley

10 October 2023

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.