

SEPTEMBER 2018 QUARTERLY INVESTMENT UPDATE

All data is as at 30 September 2018 and in Australian dollar (AUD) terms, unless otherwise indicated.

PORTFOLIO COMMENTARY

During the September quarter (Q3), we successfully implemented the restructure of Emerging Markets Masters Fund from an emerging markets fund-of-funds to a global direct equities trust: the Evans & Partners Global Flagship Fund (Fund or EGF). At 6 July 2018, the Fund was substantially invested in a diversified portfolio of global stocks that we believe represents the best investment opportunities, regardless of geography and sector. Since the Fund's inception on 6 July 2018, the Fund returned 4.5% on a Net Tangible Assets (NTA) basis.

The Fund is overweight Healthcare, which was the best performing sector since Fund inception, up 11.6%. Stock selection in the sector was also positive. Our Healthcare picks HCA Healthcare (up 36.0%), Pfizer (up 22.9%), AstraZeneca (up 17.0%), Novartis (up 14.8%) and Johnson & Johnson (up 13.5%) outperformed the sector as a whole since the Fund's inception.

Apple (up 23.7%) was the second best performing stock in the portfolio, as the company beat market expectations by reporting the strongest third quarter results in its history. TSMC, a global leader in semiconductor manufacturing, gained 21.6% as the company reported better results than the market had anticipated.

The fast food companies in the portfolio also made a significant contribution to performance, with Starbucks up 19.9% and Yum! Brands (the owner of Pizza Hut, KFC and Taco Bell) up 19.7% since EGF's inception.

On the other hand, Facebook's shares declined 17.0% since Fund inception, as the stock plummeted almost 20% after the company projected declining revenues and rising costs. We had been underweight Facebook and Information Technology on valuation grounds.

Applied Materials, a maker of equipment used to make semiconductors, declined 13.6% following concerns over chip demand. Anheuser Busch (down 13.5%) and Vodafone Group (down 13.1%) also made negative contributions to the Fund's performance.

FUND PERFORMANCE^{1,2}

	1 MONTH	3 MONTH	6 MONTH	1 YEAR	3 YEARS	SINCE INCEPTION
Unit price (%)	0.0%	-	-	-	-	3.0%
NTA (%)	-2.5%	-	-	-	-	4.5%
MSCI World Index ³ (%)	-0.1%	-	-	-	-	6.5%

Notes

1. All returns beyond one year are annualised. Inception date 6 July 2018.

2. All performance numbers are total returns, with distributions reinvested and net of fees and costs.

3. Index net total returns are sourced from Bloomberg.

FUND FACTS

KEY FUND DETAILS	
ASX ticker	EGF
Asset class	Global equities
Structure	Listed investment trust
Inception	July 2018
Currency	AUD (unhedged)
Targeted no of securities	20-40
NTA	\$1.58
Unit price	\$1.55
Market capitalisation	\$188 million
Units outstanding	121 million
Ongoing fees ¹	
Investment Management Fee	1.25% p.a.
Responsible Entity Fee	0.10% p.a.
Performance Fee ²	10% of the excess return over Index Return Hurdle and Absolute Return Hurdle

1. Inclusive of GST and net of RITC

2. MSCI World Net Total Return Index (measured in USD and converted to AUD) (**Index Return Hurdle**) and the 10-year US Government Bond yield (**Absolute Return Hurdle**), subject to a High Water Mark and overall cap

For more information on ongoing fees and costs associated with the product, please refer to Section 3.3 of the Notice of Meeting dated 28 May 2018.

DISTRIBUTIONS

The target distribution yield for EGF is 4% p.a.

MARKET REVIEW

The MSCI World Index rose 7.3% (up 5.0% in USD terms) in Q3 (noting the index was up 6.5% since EGF's inception date of 6 July), with gains led by the US (up 9.9%), followed by Japan (up 6.0%), Europe (up 3.0%) and the UK (up 0.5%).

A strengthening US economy and robust corporate earnings pushed US stocks to record highs in Q3, despite an escalation of trade tensions with China. Economic data continued to exceed expectations, with an upward revision of Q2 annualised GDP growth to 4.2%, while unemployment reached the lowest level in two decades. In September, the Fed raised interest rates by 25 basis points as expected and indicated it planned for another hike before year end.

Concerns over trade weighed on Japanese equities, but the market rallied towards the end of the quarter as the yen weakened against the USD. European equities rose 1.4% in EUR terms in Q3, as investor sentiment remained subdued due to a combination of slower growth, political risks and rising bond yields. The UK equity market declined 0.5% in local currency terms over the quarter, as little progress was made by Theresa May to reach an agreement with the EU over Brexit.

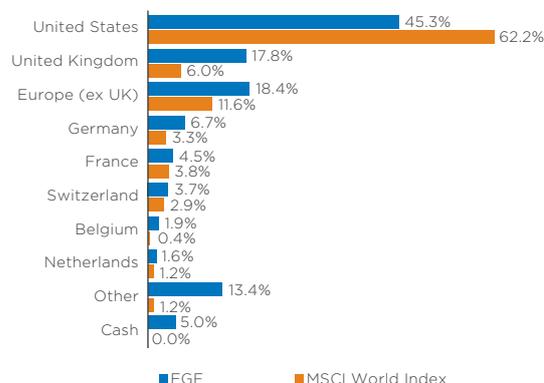
Healthcare (up 14.1%) was the best performing sector in Q3, followed by Information Technology (up 10.6%) and Industrials (up 8.5%). Real Estate (up 1.3%), Materials (up 1.8%) and Energy (up 3.2%) finished at the bottom but were still positive over the quarter.

RESTRUCTURE UPDATE

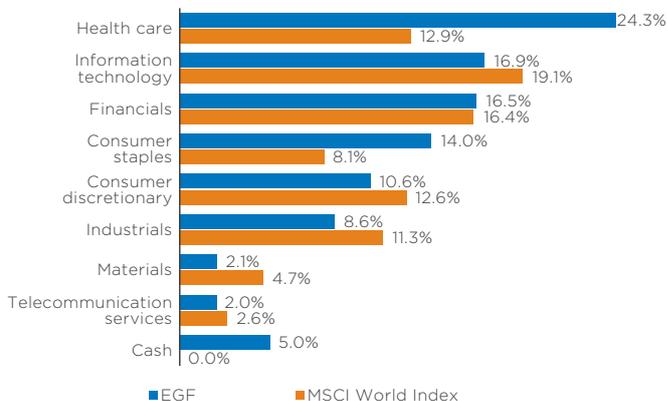
On 22 June 2018, investors voted in favour of the restructure of the Fund from an emerging markets fund-of-funds to a global direct equities trust. As outlined in the May 2018 Notice of Meeting, we believe the value case for our investors was compelling, so we implemented the restructure without delay following the vote. Throughout the process, we endeavoured to communicate with investors to help them understand the process and rationale for the restructure. However, we have received feedback from some investors who felt that more time and communication would have been helpful. As always, we appreciate feedback from our investors and continue to strive to provide effective communication with them.

PORTFOLIO PROFILE

Country allocation



Sector allocation (GICS)



TOP 10 PORTFOLIO HOLDINGS

LISTED A - Z	SECTOR (GICS)
Aon PLC	Financials
Apple Inc	Information Technology
AstraZeneca PLC	Healthcare
HCA Healthcare Inc	Healthcare
Johnson & Johnson	Healthcare
Novartis AG	Healthcare
Pfizer Inc	Healthcare
Unilever NV	Consumer Staples
UnitedHealth Group Inc	Healthcare
US Bancorp	Financials

INVESTMENT OBJECTIVE

The objective of the Fund is to provide investors with capital growth and attractive risk-adjusted returns over the medium to long-term through exposure to a portfolio of global listed equities.

INVESTMENT STRATEGY

Evans and Partners Investment Management Pty Limited (the **Investment Manager**) will target a concentrated portfolio of 20–40 global securities.

Securities are assessed against the following key criteria:

- quality management and good corporate governance standards
- sound business model
- solid financial position
- sufficient growth to justify a premium over the current price.

The portfolio will be overweight countries and sectors which the investment team believes offer greater potential for higher risk-adjusted returns. The investment team will actively manage the risk profile of the Fund to provide Unitholders with an appropriate level of downside protection and upside gain as broader investor sentiment in the market fluctuates.

The investment process is conducted by the Investment Manager who coordinates with the investment team to assist with investment decisions.

ABOUT THE INVESTMENT MANAGER

Evans and Partners Investment Management Pty Limited is a subsidiary of the Walsh & Company Group. The Walsh & Company Group is a Sydney-based specialist global fund manager established in 2007. The Company has around \$5 billion of assets under management across global equities, residential and commercial property, private equity, fixed income and sustainable and social investments. The team provides investors with access to unique investment strategies that are not otherwise readily accessible to investors, with a focus on building high-quality, diversified portfolios.

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INVESTMENT TEAM

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Kunal Valia – Assistant Portfolio Manager

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IMPORTANT INFORMATION

This Quarterly Update (Update) has been prepared by Walsh & Company Investments Limited as Responsible Entity (ACN 152 367 649, AFSL 410 443) of Evans & Partners Global Flagship Fund (Fund). An investment in the Fund is subject to various risks, many of which are beyond the control of the Investment Manager and the Fund. The past performance of the Fund is not a guarantee of the future performance of the Fund. This Update contains statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. None of the Responsible Entity and the Fund, their officers, employees, agents, analysts nor any other person named in this Update makes any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. This Update may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs, and consider obtaining advice from a financial advisor. You should obtain a copy of the relevant PDS or offer document before making any decisions to purchase the product.

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