For personal use only

Fat Prophets Global Property Fund

ARSN 619 970 786

Interim report for the half-year ended 31 December 2019

Table of Contents

Directors' Report 1

Auditor's Independence Declaration 3

Investment Manager's Report 4

Directors' Declaration 6

Auditor's Independence Declaration 7

Independent Auditor's Review Report 8

Condensed Statement of Profit or Loss and Other Comprehensive Income for half-year ended 31 December 2019 10

Condensed Statement of Financial Position as at 31 December 2019 11

Condensed Statement of Changes in Equity for half-year ended 31 December 2019 12

Condensed Statement of Cash Flows for half-year ended 31 December 2019 13

Notes to financials Statements

1. Summary of Significant Accounting Policies 14
2. Adoption of New and Revised Accounting Standards 15
3. Investments in Financial Instruments 15
4. Net Gains/(Losses) on Financial Instruments Held at Fair Value through Profit or Loss 17
5. Net Assets Attributable to Unitholders 17
6. Distribution 18
7. Segment Information 18
8. Related Party Transactions 18
9. Commitments and Contingencies 19
10. Subsequent Events 19

Corporate Information 20

For personal use only

For personal use only

Directors' Report

The directors of One Managed Investment Funds Limited (ABN: 47 117 400 987; AFSL: 297042) ("OMIFL" or the "Responsible Entity"), the responsible entity of Fat Prophets Global Property Fund (ARSN 619 970 786) (the "Fund"), submit their report together with the interim financial report for the Fund for the half-year ended 31 December 2019.

Responsible Entity

The responsible entity of the Fund is OMIFL.

The registered office and principal place of business of the Responsible Entity is Level 11, 20 Hunter Street, Sydney NSW 2000.

Investment Manager

The investment manager of the Fund is Fat Prophets Funds Management Pty Ltd (ACN 615 545 536) (the "Investment Manager").

The principal place of business of the Investment Manager is Level 3, 22 Market Street, Sydney NSW 2000.

Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity, during the financial half-year and up to the date of this report are:

Name	Title
Frank Tearle	Executive Director & Company Secretary
Sarah Wiesener	Executive Director & Company Secretary
Justin Epstein	Non-executive Director (resigned as a director on 1 October 2019)
Michael Sutherland	Executive Director (appointed as a director on 1 October 2019)

Principal Activities

The Fund is a registered managed investments scheme domiciled and registered in Australia and listed on the Australian Securities Exchange ("ASX"). The Fund was constituted on 23 June 2017 and commenced operations on 10 October 2017.

The principal activity of the Fund during the period was to invest in accordance with the provisions of the Fund's constitution and the Product Disclosure Statement ("PDS") dated 11 July 2017 as varied by the supplementary PDSs dated 28 July 2017 and 21 September 2017 (together, the "PDS").

The Fund invests primarily in a diversified but high conviction portfolio of global real estate securities. The Fund only invests in equities in developed markets and the Fund does not use leverage, shorting or derivatives and as such is simple in structure, targeting capital growth and distributions.

The Fund did not have any employees during the period.

Review of Operations

Results

The results of the operations of the Fund are disclosed in the Condensed Statement of Profit or Loss and Other Comprehensive Income included in these financial statements. The net gain attributable to unitholders for the period ended 31 December 2019 was $851,838 (31 December 2018: loss $393,719).

Distributions

A distribution of $404,088 (0.026609 cpu) for the period ended 31 December 2019 (31 December 2018: $327,570 (0.021599 cpu)) has been declared in December 2019. The final amount was confirmed in February 2020.

Directors' Report (continued)

Value of Assets and Units Issued

The following units of the Fund were on issue as at 31 December 2019:

	As at 31 December 2019		As at 30 June 2019	
	No. of Units	**Fair value ($)**	**No. of Units**	**Fair value ($)**
	15,185,556	17,958,540	15,175,556	17,499,790
Total	**15,185,556**	**17,958,540**	**15,175,556**	**17,499,790**

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Fund.

Subsequent Events

There was a 1 for 2 rights issue that closed on 31 December 2019. The issue was fully underwritten by the Fund's largest shareholder, Lanyon Asset Management Pty Ltd. Cash raised from the issue was $6,985,356. Units for the issue were allotted on 7 January 2020.

Other than as described above, there has been no matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Likely Developments

The Fund will be managed in accordance with the Constitution and investment objectives as detailed in the Product Disclosure Statement ("PDS") dated 11 July 2017 as varied by the supplementary PDS dated 28 July 2017 and 21 September 2017 and any public announcements made in respect of the Fund during the interim reporting period.

Environmental Regulation and Performance

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Indemnification of Directors, Officers and Auditors

During the financial period, the Responsible Entity paid premiums in respect of contracts insuring the directors of the Responsible Entity against a liability incurred as a director or executive officer to the extent permitted by the Corporations Act 2001. The contracts of insurance prohibit disclosure of the nature of the liability and the amount of the premiums.

The Fund has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Fund or of any related body corporate against a liability as such an officer or auditor.

Rounding

The amounts contained in this report and in the financial statements have not been rounded to the nearest thousand dollars under the option available to the Fund under ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191. The Fund is an entity to which the legislative instrument applies.

Auditor

PKF (NS) Audit & Assurance Limited Partnership was appointed as auditor of the Fund and continues in that office in accordance with *Section 327 of the Corporations Act 2001*.

For personal use only

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 7.

This directors' report is signed in accordance with a resolution of directors of the Fund made pursuant to Section 306(3) of the Corporations Act 2001.

Frank Tearle

Frank Tearle
Director
28 February 2020

For personal use only

fatPROPHETS
GLOBAL PROPERTY FUND

For personal use only

Half Year Report for 2020

Dear Unitholders,

The past two years since IPO have been positive for the Fund, with meaningful gains and growth in NTA of 11.9% to the end of 2019, plus a further accumulation of 10.4% of distributions paid out unitholders. The Fund has retained its strategy of investing in listed Real Estate Investment Trusts (REITs) in developed markets across the globe which means it has no investment exposure to developing markets such as Africa, Brazil and China.

These REITs provide FPP unitholders an indirect exposure to the performance of assets held by those REITs which include a wide variety of sectors including office, industrial, shopping centres, residential, hotels, self storage, student accommodation, retired living, medical properties, data centres and lifestyle villages. These assets are typically backed by long term leases, as well as annual structured rent increases.

It has been a positive past couple of years for REITs as investors globally have continued to seek out asset rich real estate companies which have dependable and regular distributions and a strong level of tangible assets to underpin their prices. Similarly, the low global interest rate environment has continued to drive direct real estate asset values higher which in turn is driving NTA growth of the investments we review and hold for the Fund.

We take a value preference approach to investing, seeking to identify attractive investment opportunities where the REITs are trading below their asset backing. This has become more difficult over the past couple of years as REIT share prices have rallied in anticipation of asset revaluations which tend to lag the market by at least a year. During this period of growth, the REITs which have traded below their NTA have tended to be weak and the discount posits more risk than opportunity in this environment. Going forward we will continue to seek out mispriced opportunities and retain a value investing approach.

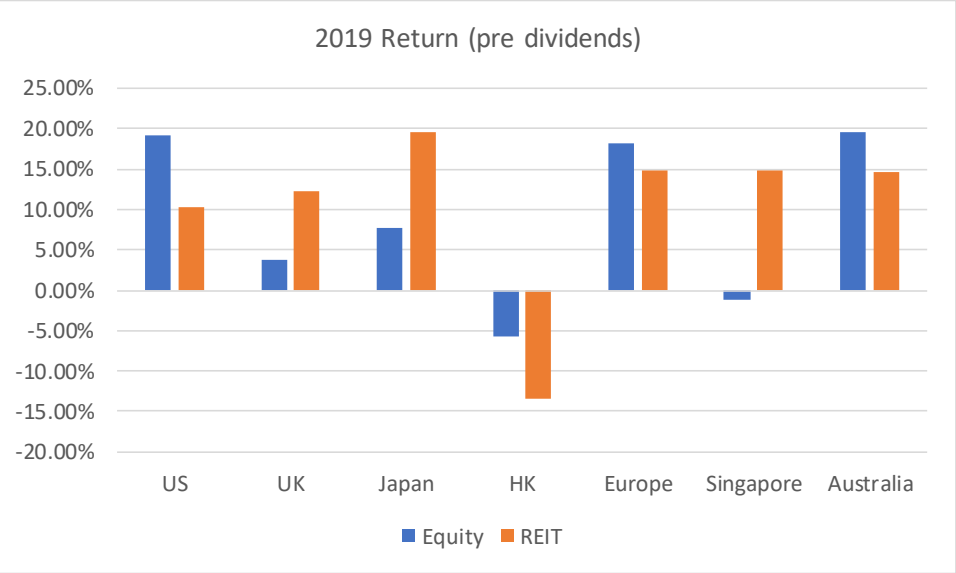
The Fund NTA for the month to the end of January 2020 was the first month post the effect of the 1 for 2 rights issue undertaken in 2019 to increase the size of the Fund for the benefit of liquidity and the management expense ratio. The issue had a dilutionary effect on NTA, although the entitlement basis of the raising allowed all unitholders to participate equally to offset dilution. It is notable however that the Fund recorded a strong 4.6% increase in NTA in January alone, offsetting a meaningful level of the dilution immediately post the raising completion. As at the end of January 2020 the NTA stood at $1.1338 per unit.

While the growth in portfolio value during January was very strong at +4.6%, it was held back by two factors being:

1. A high proportion of cash which came in from the rights issue during the month at a time when REIT equities were enjoying strong growth, and;
2. A short term underweight to the US relating to the large Australian dollar cash from the rights issue during a period when the US dollar appreciated.

Given one third of the Fund's assets were in cash during part of January, we are very pleased with the overall growth achieved from the balance of the invested portfolio which drove the 4.6% upside. While we have invested additional cash in February, we retained a relatively high cash balance on our view that a market correction was pending, and also maintaining some caution around increasing investment allocation to the US while the Australian Dollar was at decade low levels.

Global returns over the past year as highlighted in the following chart show most markets were strong except for Hong Kong where civil unrest followed by Corona virus fallout have doubly impacted. REITs have outperformed equities in a number of markets including Japan, Singapore and the UK. The returns shown are pre distribution or dividend yield which typically also adds additional return vs equities given the high yield and high earnings payout ratio of the REIT sector.



The Fund equity raising in December 2019/January 2020 has increased the Fund assets by 50%. We retain a positive outlook for the REIT sector as equity market volatility remains unpredictable and interest rates domestically and globally remain very low. This is causing investors to seek to diversify holdings through exposure to lower volatility and higher yielding assets such as the REIT sector. Real estate sectors by and large are well positioned with minimal levels of occupancy, rising rents and limited levels of new supply. We will continue to seek out the best opportunities within these numerous markets and subsectors globally.

Fat Prophets Global Property Fund
Chief Investment Advisor
Simon Wheatley

Fat Prophets Funds Management Pty Ltd
Chief Executive Officer
Angus Geddes

28 February 2020

For personal use only

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

(a) The interim financial statements and notes set out on pages 10 to 19 are in accordance with the *Corporations Act 2001*, including:

- compliance with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- giving a true and fair view of the Fund's financial position as at 31 December 2019 and its performance for the financial half-year ended on that date.

(b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.

Frank Tearle

Frank Tearle
Director
28 February 2020

For personal use only

For personal use only

Fat Prophets Global Property Fund

Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

28 FEBRUARY 2020
SYDNEY, NSW

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

PKF(NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.
For office locations visit www.pkf.com.au

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE UNITHOLDERS OF FAT PROPHETS GLOBAL PROPERTY FUND

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Fat Prophets Global Property Fund (the Fund), which comprises the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fat Prophets Global Property Fund is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the Fund's financial position as at 31 December 2019, and of its financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the Directors of the Responsible Entity a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors' of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Fund's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Fat Prophets Global Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

PKF(NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.
For office locations visit www.pkf.com.au

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

28 FEBRUARY 2020
SYDNEY, NSW

For personal use only

Condensed Statement of Profit or Loss and Other Comprehensive Income for half-year ended 31 December 2019

	Note	Half-year ended 31 December 2019 $	Half-year ended 31 December 2018 $
Income			
Net gains/(loss) on financial instruments held at fair value through profit or loss	4	679,108	(1,261,623)
Foreign exchange gain		267	18,306
Interest income		1,358	822
Dividend income		337,031	935,976
Other income		-	22,000
Total income		**1,017,764**	**(284,519)**
Expenses			
Administration fees		(13,433)	-
Management fees	8	(94,359)	(87,672)
Other expenses		(58,134)	(21,528)
Total operating expenses		**(165,926)**	**(109,200)**
Operating gain/(loss) attributable to unitholders		**851,838**	**(393,719)**
Distributions to unitholders		(404,088)	(327,570)
(Increase)/decrease in net assets attributable to unitholders	5	(447,750)	721,289
Profit/(loss) for the period		-	-
Other comprehensive income		-	-
Total comprehensive income for the period attributable to unitholders of the Fund		**-**	**-**
Basic and diluted earnings per unit (cents per unit)		**5.61**	**(2.60)**

The above condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

For personal use only

Condensed Statement of Financial Position as at 31 December 2019

	Note	31 December 2019 $	30 June 2019 $
Assets			
Cash and cash equivalents		82,089	1,512,768
Distribution/dividend receivables		165,729	120,100
GST receivables		12,901	8,651
Prepayments		38,500	-
Financial assets at fair value through profit or loss	3	18,080,332	16,489,346
Total assets		**18,379,551**	**18,130,865**
Liabilities			
Distribution payable		404,088	575,524
Management fees payable		16,847	50,963
Other management fees payable		76	4,588
Total liabilities (excluding net assets attributable to unitholders)		**421,011**	**631,075**
Net assets attributable to unitholders - liability	5	**17,958,540**	**17,499,790**
NTA per unit		**1.18**	**1.15**

The above condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

For personal use only

Condensed Statement of Changes in Equity for half-year ended 31 December 2019

	Half-year ended 31 December 2019 $	Half-year ended 31 December 2018 $
Total equity at the beginning of the period		
Profit/(loss) for the period	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as equity holders	-	-
Total equity at the end of the financial period	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as liability rather than equity. As a result, there was no equity at the start or end of the financial period.

The above condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

For personal use only

Condensed Statement of Cash Flows for half-year ended 31 December 2019

	Note	Half-year ended 31 December 2019 $	Half-year ended 31 December 2018 $
Cash flows from operating activities			
Dividends received		290,859	966,367
Interest received		1,358	822
Management fees paid		(68,081)	(67,736)
Other payments		(183,725)	(59,359)
Other receipts		4,493	752
Net cash provided by operating activities		44,904	840,846
Cash flows from investing activities			
Payments for purchase of investments		(3,675,244)	(3,547,324)
Proceeds from sale of investments		2,757,887	4,014,780
Payments from spot FX trades		9,711	(4,305)
Net cash (used in)/provided by investing activities		(907,646)	463,151
Cash flows from financing activities			
Proceeds from issue of units to unitholders	5	-	-
Payments related to the initial public offering	5	11,000	-
Distribution paid to unitholders		(575,516)	(362,339)
Net cash used in financing activities		(564,516)	(362,339)
Net (decrease)/increase in cash and cash equivalents		**(1,427,259)**	**941,658**
Cash and cash equivalents at the beginning of the period		1,512,768	346,335
Effects of exchange rate changes on the balance of cash held in foreign currencies		(3,420)	14,285
Cash and cash equivalents at the end of the period		**82,089**	**1,302,278**
Non cash activities		**-**	**-**

The above condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

For personal use only

Notes to the Financial Statements

General Information

Fat Prophets Global Property Fund (the "Fund") is a listed real estate investment trust ("REIT") and its units are quoted on the Australian Securities Exchange (ASX: FPP) registered and domiciled in Australia. The Fund was constituted on 23 June 2017 and commenced operations on 10 October 2017.

The responsible entity of the Fund is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 20 Hunter Street Sydney NSW 2000.

Fat Prophets Funds Management Limited (the "Investment Manager") is the investment manager of the Fund.

The financial statements were authorised for issue by the directors on 28 February 2020. The directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

1. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed financial statements are the same as those applied in the Fund's financial statements as at and for the year ended 30 June 2019.

a) Basis of Preparation

This general purpose interim financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board (the "AASB"), and the Corporations Act 2001 in Australia. For the purposes of preparing financial statements, the Fund is a for-profit entity.

This general purpose interim financial report has been prepared on an accruals basis using historical cost convention, except for the revaluation of investments in financial assets and liabilities, which have been measured at fair value through profit or loss.

The condensed Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

Other than the items detailed in the accounting policies below there are no differences in actual and estimated results.

These half-year financials statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial postion and finacing and investing activities of the company as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corportations Act 2001*.

b) Statement of Compliance

The interim report is a general purpose financial report in accordance with the Corporations Act 2001 and AASB 134 *"Interim Financial reporting".* Compliance with AASB 134 ensures compliance with International Financial Reporting Standards ("IFRS") IAS 34 *"Interim Financial reporting".*

For personal use only

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

c) Reporting Currency

All amounts are presented in Australian dollars as the functional and presentational currency of the Fund. All the global investments are converted to AUD.

d) Going Concern Basis

This financial report has been prepared on a going concern basis.

2. Adoption of New and Revised Accounting Standards

New or amended Accounting Standard and Interpretations adopted in the current period

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These Standards and Interpretations did not have any material impact on these financial statements.

New standards and interpreations not yet adopted

There were no new standards or interpretations applicable that would have a material impact for the Fund.

3. Investments in Financial Instruments

a) Financial Assets at Fair Value through Profit or Loss

	31 December 2019	30 June 2019
	$	$
investment in listed equity securities	18,080,332	16,489,346
Total financial assets at fair value through profit or loss	**18,080,332**	**16,489,346**

b) Disclosed fair values

For all financial instruments their carrying value approximates fair value.

c) Fair Value Hierarchy

AASB 7 *"Financial Instruments Disclosures"* requires entities to provide disclosures in their financial report that enable users to evaluate the significance of financial instruments for the entity, and the nature and extent of risks arising from financial instruments to which the entity is exposed to. Below is an analysis of the financial instruments of the Fund.

Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

For personal use only

3. Investments in Financial Instruments (continued)

c) Fair Value Hierarchy (continued)

Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

The following table shows an analysis of financial instruments, recorded at fair value and presented by level of the fair value hierarchy:

Financial Assets at Fair Value through Profit or Loss

	31 December 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Investment in listed equity securities	18,080,332	-	-	18,080,332
Total financial assets designated at fair value through profit or loss	**18,080,332**	**-**	**-**	**18,080,332**

	30 June 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Investment in listed equity securities	16,489,346	-	-	16,489,346
Total financial assets designated at fair value through profit or loss	**16,489,346**	**-**	**-**	**16,489,346**

There were no transfers between levels 1, 2 and 3 during the period ended 31 December 2019. The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques used to derive level 1 fair values

Level 1

The fair value of financial instruments that are traded in an active market (for example, listed equities) is determined using the last traded quoted price in an active market. As at 31 December 2019 the Fund had $18,080,332 (30 June 2019: $16,489,346) financial assets held at fair value through profit or loss included in level 1.

For personal use only

Notes to the Financial Statements

4. Net Gains/(Losses) on Financial Instruments Held at Fair Value through Profit or Loss

	Half-year ended 31 December 2019 $	Half-year ended 31 December 2018 $
Unrealised gains/(loss)on financial instruments designated at fair value through profit or loss	310,496	(697,813)
Realised gains/(loss) on financial instruments designated at fair value through profit or loss	368,612	(563,810)
Net gains/(losses) on financial instruments designated at fair value through profit or loss	**679,108**	**(1,261,623)**

5. Net Assets Attributable to Unitholders

	Half-year ended 31 December 2019		As at 30 June 2019	
	No. of Units	$	No. of Units	$
Opening balance	15,175,556	17,499,790	15,166,056	16,829,721
Proceeds from issue of units to unitholders	10,000	11,000	9,500	10,452
Increase in net assets attributable to unitholders	-	447,750	-	659,617
Closing balance	**15,185,556**	**17,958,540**	**15,175,556**	**17,499,790**

	Half-year ended 31 December 2019	As at 30 June 2019
	No. of Units	No. of Units
Opening balance	10,948,306	-
Options issued	-	10,948,306
Options exercised	(10,000)	-
Options forfeited	(10,938,306)	-
Closing balance	**-**	**10,948,306**

The options were structured on a loyalty basis. This means that investors who participated in the IPO were eligible for options at the Vesting Date which reflect how many units they continued to own at Vesting Date up to a maximum of their IPO allocation.

For every 1 unit in the Fund, the unitholder receives an entitlement to 1 loyalty option. The option vesting period commenced in October 2018 and has lapsed in October 2019. 10,000 options were exercised during the period from 1 July 2019 to 31 December 2019.

For personal use only

6. Distribution

The Fund will seek to pay ongoing half-yearly distributions reflecting up to a 100% payout ratio of the distributable income of the Fund, derived from distributions it received from its investments.

A distribution of 2.661c was declared for the half year. Out of the distribution amount of A$ 404,088 declared during the half year, there is a distribution payable of A$ 404,088 payable to unitholders.

7. Segment Information

The Fund has only one reportable segment. The Fund operates predominantly in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the investment portfolio.

8. Related Party Transactions

The responsible entity of the Fund is OMIFL.

The Fat Prophets Global Contrarian Fund is one of the investors in the Fund.

a) Management fees paid and payable to the investment manager

In return for the performance of its duties as investment manager of the Fund, the Investment Manager is entitled to be paid a management fee payable monthly in arrears, equivalent to 1.0% per annum (plus GST) of the net asset value calculated at the end of the month. For the half year ended 31 December 2019, the management fee expense incurred by the Fund was $94,359 (2018: $87,672).

b) Other fees paid to related parties

OMIFL also acts as custodian for the Fund and receives a fee for doing so. OMIFL has not received any remuneration directly from the Fund in relation to these services and is remunerated out of the management fee up until 10 October 2019. To the extent there was a short fall to these expenses, they were paid by the Investment Manager until 10 October 2019, and thereafter from the assets of the Fund ($7,476).

c) Key management personnel

(i) Directors

The key management personnel of the Responsible Entity, during the period and up to the date of this report are:

Name	Title
Frank Tearle	Executive Director & Company Secretary
Sarah Wiesener	Executive Director & Company Secretary
Justin Epstein	Non-executive Director (resigned as a director on 1 October 2019)
Michael Sutherland	Executive Director (appointed as a director on 1 October 2019)

Key management personnel of the Responsible Entity and their associated entities did not hold any units in the Fund during the period ended at 31 December 2019.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel at any time during the period ended at 31 December 2019.

For personal use only

Notes to the Financial Statements

8. Related Party Transactions (continued)

c) Key management personnel (continued)

(ii) Key Management Compensation

Key management personnel of the Responsible Entity have not been compensated out of the Fund for the period ended 31 December 2019.

No key management personnel have entered into any other transactions with the Fund during the financial period and there were no material balances involving key management personnel's interests outstanding at the end of the financial half-year.

d) Other Key Management Personnel

The key management personnel of the Investment Manager during the period and up to the date of this report are:

Name	Title
Simon Wheatley	Chief Investment Officer
Angus Geddes	Chief Executive Officer
Robert Dardano	Chief Financial Officer
Richard Fabricius	Compliance Officer

(i) Other Key Management Personnel Unitholdings

Unitholder	Number of Units held opening	Number of units acquired	Number of units disposed	Number of Units held closing	Fair value of investment ($)	% Interest held	Distributions paid/payable by the Fund
Simon Wheatley	23,000	-	-	23,000	24,429	0.15%	264
The Fat Prophets Global Contrarian Fund	736,806	-	-	736,806	782,589	4.86%	15,914
Total	**759,806**	**-**	**-**	**759,806**	**807,018**	**5.01%**	**16,178**

Except as disclosed above, no key management personnel have entered into any other transactions with the Fund during the financial half-year and there were no material balances involving key management personnel's interests outstanding at the end of the financial half-year.

(ii) Other Key Management Compensation

Key management personnel of the Investment Manager have not been compensated out of the Fund during the half-year ended 31 December 2019 (31 December 2018: $nil).

9. Commitments and Contingencies

There are no commitments or contingencies at 31 December 2019.

10. Subsequent Events

There was a 1 for 2 rights issue that closed on 31 December 2019. The issue was fully underwritten by the Fund's largest shareholder, Lanyon Asset Management Pty Ltd. Cash raised from the issue was $6,985,356. Units for the issue were allotted on 7 January 2020.

Other than as described above, there has been no matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

For personal use only

Corporate Information

Name	Title
Frank Tearle	Executive Director & Company Secretary
Sarah Wiesener	Executive Director & Company Secretary
Justin Epstein	Non-executive Director (resigned as a director on 1 October 2019)
Michael Sutherland	Executive Director (appointed as a director on 1 October 2019)

Registered Office
Level 11
20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8277 0000

Investment Manager
Fat Prophets Funds Management Pty Limited
Level 3
22 Market Street
Sydney NSW 2000
(Australian Financial Services Licence Number: 229183)
Telephone: (02) 9024 6788

Share Registry
Link Market Services
Level 12
680 George Street
Sydney NSW 2000
Telephone: 1300 554 474
Facsimile: (02) 9287 0303

Auditor
PKF (NS) Audit & Assurance Limited Partnership
Level 8
1 O'Connell Street
Sydney NSW 2000

ASX Code: FPP
Website: **www.fpproperty.com.au**
Corporate Governance Statement link: **https://fpproperty.com.au/announcements**

For personal use only