

GLOBAL DISRUPTION FUND

DECEMBER 2017 QUARTERLY INVESTMENT UPDATE

All data is at 31 December 2017 and in Australian dollars (AUD), unless otherwise indicated.

PORTFOLIO COMMENTARY

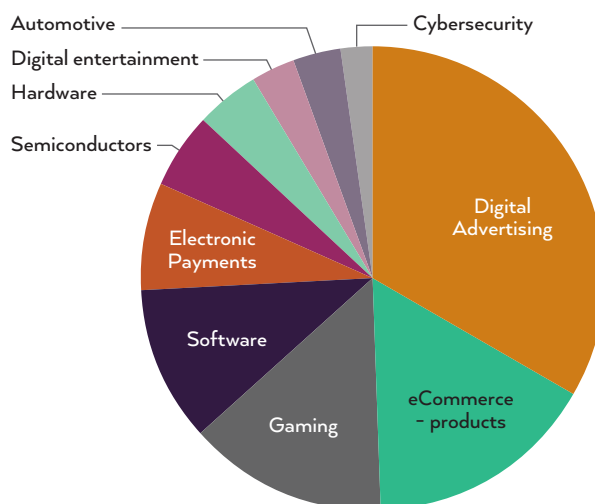
The Fund performed well again during the December quarter (Q4), returning 6.2% on a net tangible asset basis (NTA) and in line with global markets. Equity markets were positive in Q4, buoyed by positive global economic data and the passing of U.S. tax reform legislation in December. The MSCI AC World Index rose 5.4%, trailing both the S&P 500 Index (up 6.1%) and the NASDAQ Index (up 6.3%). On an NTA basis, the Fund has returned 10.3% since inception.

Amazon (up 21.6%), Tencent (up 20.8%) and NetEase (up 30.8%) contributed strongly to returns after releasing third quarter (Q3) earnings ahead of market expectations. Following strong price moves in the prior quarter, Baidu (down 5.4%) and Activision Blizzard (down 1.8%) detracted from Fund returns.

The Fund's Investment Committee chose to exit the position in Priceline, based on reduced margin guidance from management, and added Adobe Systems to the portfolio during the quarter.

During Q4, two capital raisings were conducted (October and December) raising a further \$18.8 million in aggregate. The Fund remained close to fully invested during the quarter, reporting an equity exposure of 93.6% as at 31 December 2017.

SECTOR BREAKDOWN



TOP 10 HOLDINGS

Indicative look-through stock exposure derived from portfolio of underlying funds:

IN ALPHABETICAL ORDER	SECTOR EXPOSURE
Activision Blizzard	Gaming
Alibaba	eCommerce
Alphabet	Digital Advertising
Amazon	eCommerce
Baidu	Digital Advertising
Facebook	Digital Advertising
Microsoft	Software
NetEase	Gaming
Tencent	Digital Advertising, Gaming
Zillow	Digital Advertising

FUND PERFORMANCE

	1 MONTH	3 MONTH	6 MONTH	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Unit price (%)	-4.52%	12.43%	N/A	N/A	N/A	N/A	18.75%
NTA ² (%)	-3.39%	6.21%	N/A	N/A	N/A	N/A	10.32%

Notes

1. All returns beyond one year are annualised.

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

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MARKET REVIEW

In general, equity markets performed well during the quarter, buoyed by positive global economic growth and US tax reform.

Investors reacted positively to Amazon's Q3 earnings announcement. Q3 earnings exceeded consensus figures and highlighted an acceleration in revenue growth in its core business and continued strong growth in Amazon Web Services. We remain positive on the outlook for the cloud providers, with Microsoft (up 14.8%) and Alphabet (up 8.2%) also reporting strong growth in cloud revenues in Q3.

Following a strong share price performance in Q3, Tencent had another impressive quarter, with Q3 revenue and earnings beating consensus estimates. These results showed strong growth across most operating segments, including mobile and PC gaming, online advertising, payments, and cloud services.

During Q4, Tencent announced it had received exclusive licensing rights in China for PC game PUBG ('PlayerUnknown's Battlegrounds'), one of the most popular games globally in 2017 further enhancing the outlook for the company.

NetEase rose strongly during the quarter, following a better-than-expected profit result, consistent good performances from its core games, and promising monetisation potential from some of its newer titles.

Chinese digital advertising giant Baidu also reported a better-than-expected quarterly result, however sales guidance for the December quarter came in below market expectations. The disappointment was largely due to one-off factors: divestment of Baidu deliveries and a self-imposed advertising restriction on its iQiyi platform during China's Communist Leadership conference in October. We remain confident in the outlook for the company given its dominant position in the internet search segment, investments in artificial intelligence which should drive future revenues in its core business, as well as future opportunities such as its autonomous driving system platform, Apollo.

Despite reporting a stronger-than-expected result, Activision Blizzard slid modestly in Q4 after making strong gains in prior quarters. We believe the company remains well placed with a strong portfolio of games, continued transition to digital, increasing player engagement and future opportunities in eSports.

The Fund exited its position in Priceline following a weaker-than-expected Q3 result. The company indicated its margins would be under pressure over the next few quarters as it reinvests a greater portion of operating cashflow into increased advertising, new technology and customer service. While the long-term growth outlook for the online travel segments remains strong, there are near-term headwinds across the industry as a result of increased competition.

During Q4, the Fund initiated a position in Adobe Systems – a leading provider of software solutions for creative and marketing professionals. Adobe has transitioned to a cloud-based recurring revenue model and is delivering strong top and bottom-line growth. We believe it is exposed to a number of structural and disruptive thematic. Adobe is enabling the digital transformation of businesses, its products are powering the proliferation of online video and it has one of the most comprehensive platforms for digital marketing.

FUND FACTS

KEY FUND DETAILS

ASX ticker	EGD
Structure	Listed unit trust
Inception	25 July 2017
Currency	AUD (unhedged)
Unit price	\$1.90
NTA	\$1.71
Market capitalisation	\$228.2 million
Units outstanding	120.1 million

ONGOING FEES (EXCLUSIVE OF GST)

Responsible Entity fee	0.08% p.a.
Administration fee	0.25% p.a.
Investment Management fee	0.95% p.a.

DISTRIBUTIONS ANNOUNCED (LAST 12 MONTHS)

N/A	N/A
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INVESTMENT OBJECTIVE

The objective of the Fund is to provide investors with capital growth over the long-term through exposure to companies that will benefit from disruptive innovation.

INVESTMENT STRATEGY

Evans and Partners Investment Management Pty Limited (**Investment Manager**) will target a concentrated portfolio of global investments (primarily listed companies) which may exhibit some or all of the following characteristics:

- A proven ability to disrupt, and the potential to continue to disrupt, existing markets and businesses.
- The ability to utilise new technology to disrupt existing industries.
- Demonstrated growth potential and scalability.
- An appropriate capital structure to fund research and development, as well as growth.

Complementing a relatively large exposure to major listed global companies will be a selection of smaller positions identified by the Investment Manager that have the potential to successfully disrupt existing industries and companies.

The Investment Manager may seek to identify and source opportunities in unlisted Australian and international companies that are typically at an earlier stage in their business life-cycle than the Fund's listed investments, but which have a disruptive business model or technology that the Investment Manager believes has the potential to be successful. This may involve participation in pre-IPO fund raisings but will not encompass early stage or venture capital-type investments.

The investment process is conducted by the Investment Manager who coordinates with the Investment Committee and Portfolio Consultant 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 investor assets under management across global equities, residential and commercial property, private equity, fixed income and sustainable and social investments.

We provide investors access to unique investment strategies that are not otherwise readily accessible to investors and focuses on building high-quality, diversified portfolios.

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INVESTMENT COMMITTEE



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Committee Member



JEFFREY COLE
Committee Member



RAYMOND TONG
Portfolio Consultant

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 the Evans & Partners Global Disruption 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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