



## INVESTMENT OBJECTIVE

To provide investors with capital growth, attractive risk-adjusted returns, and stable distributions over the long term through exposure to quality Australian equities that are well positioned to deliver sustainable earnings growth and returns on capital.

## PORTFOLIO UPDATE

The Evans & Partners Australian Flagship Fund (Fund) decreased 5.6% for the financial year ended 30 June 2020 (FY20), 2.1% ahead of the benchmark S&P/ASX 200 Accumulation Index (Index), which was down 7.7%.

The 12-month period was dominated by the impact of COVID-19, and the ASX was in no way immune to the sharp sell-off in February and March. From the market peak in late February, the Index fell approximately 36%. Since that trough we have seen a 30% recovery (23 March to 30 June), driven by the positive impact of unprecedented government stimulus and investor optimism about a shorter than expected economic lockdown. Central bank comments indicate that low interest rates will be a feature of global markets for much longer, meaning that valuation metrics will likely continue to remain elevated when assessed against historical averages.

Healthcare was the strongest performing sector (+27%) in FY20, with the largest stock in the sector, CSL, up 35% as it continued to increase usage of its therapies and positioned itself as one of the few global companies capable of manufacturing a vaccine on a large scale. Information Technology was also up strongly (+19%), with Afterpay recording share price growth of 143%, following strong take-up rates and expansion into the larger US and UK markets.

During the financial year we exited positions in Reliance Worldwide (-42%) and Unibail-Rodamco-Westfield (-47%) where we thought the long-term investment case had changed. Several positions were also exited on the basis of valuation where we still like the business model, REA Group being the best example. Gold producer, Newcrest was added on the basis that rates will be lower for longer, and as the pandemic played out we positioned the Fund more defensively, raising cash and adding Telstra. Oil was extremely volatile throughout the year and Oil Search (-66%) exposure was switched to the more domestically focussed Beach Petroleum.

Information Technology (overweight) and Real Estate (underweight) were the most significant contributors to Fund outperformance. Afterpay (+143%), Xero (+50%) and James Hardie Industries (+48%) were the three best performing investments in the Fund. All three in our view have significant long-term structural growth stories. Large cap investments in CSL (+35%) and Wesfarmers (+29%) also performed strongly and remain established high returning businesses with significant barriers to entry.

Throughout 2020 the Responsible Entity (RE) has maintained active buyback and capital management initiatives. As COVID-19 unfolds across global markets, the RE will continue to explore strategies to enhance the Fund's efficiency and liquidity. Further updates will be provided to investors as appropriate.

NTA per unit  
**\$1.49**

Unit price (EFF)  
**\$1.39**

Gross assets  
**\$23.0 MILLION**

12-month distribution  
yield (target: 5%)  
**5.7%**

## FUND PERFORMANCE<sup>1</sup>

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	2 YEARS	5 YEARS	SINCE INCEPTION
NTA (%)	4.1%	19.9%	-10.4%	-5.6%	2.9%	-	2.9%
S&P/ASX 200 Accumulation Index	2.6%	16.5%	-10.4%	-7.7%	1.5%	-	1.3%
Excess Return	1.5%	3.4%	0.0%	2.1%	1.4%	-	1.6%

Note: Numbers may not sum due to rounding.

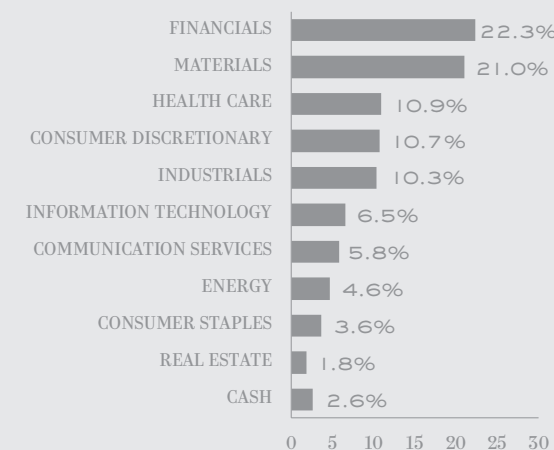
## TOP 10 HOLDINGS

ANZ Banking Group	National Australia Bank
BHP Group Ltd	Rio Tinto Limited
Commonwealth Bank of Australia	Transurban Group
CSL Ltd	Wesfarmers Ltd
Macquarie Group Ltd	Woolworths Group

## PERFORMANCE CHART<sup>1</sup>



## SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

Notes: Data at 30 June 2020 unless stated. Numbers may not sum due to rounding. 1. All returns are total returns, inclusive of reinvested distributions. NTA returns are net of fees and costs. Past performance is not a reliable indicator of future performance. Inception 21 June 2018. Chart data range: 21 June 2018 to 30 June 2020. Initial index value 1,000. Index Source: Bloomberg.



## ABOUT WALSH & COMPANY

Walsh & Company, part of the Evans Dixon Group, is a multibillion-dollar global funds management firm founded in 2007, with assets under management across global equities, residential and commercial property, private equity, fixed income, and sustainable and social investments. It provides access to unique investment strategies not readily accessible to investors and focuses on building high-quality, diversified portfolios.

### TELEPHONE

1300 454 801

### EMAIL

[info@walshandco.com.au](mailto:info@walshandco.com.au)

### ADDRESS

Level 15, 100 Pacific Highway  
North Sydney  
NSW 2060

## PORTFOLIO MANAGERS



Ben Chan  
Portfolio  
Manager

Adam Alexander  
Portfolio  
Manager

## IMPORTANT INFORMATION

This report has been authorised by Walsh & Company Asset Management Pty Limited (Walsh AM) (ACN 159 902 708, AFSL 450 257) as investment manager for the Australian Governance & Ethical Index Fund (AGM) (ARSN 625 826 646), together with Evans and Partners Investment Management Pty Limited (EaP IM) (ACN 619 080 045, CAR No. 1255264), as investment manager for the Evans & Partners Asia Fund (EAF) (ARSN 624 216 404), Evans & Partners Australian Flagship Fund (EFF) (ARSN 625 303 068), Evans & Partners Global Flagship Fund (EGF) (ARSN 158 717 072) and Evans & Partners Global Disruption Fund (EGD) (ARSN 619 350 042). EaP IM and Walsh AM are together referred to as 'Investment Manager'. AGM, EAF, EFF, EGF and EGD are together referred to as 'Funds'.

This report 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.

Past performance of the Funds is not a reliable indicator of the future performance of the Funds.

This report may contain statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Investment Manager and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make 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. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information.

The Parties give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this report. The Parties do not accept, except to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this report. Any recipient of this report should independently satisfy themselves as to the accuracy of all information contained in this report.

MSCI indices source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representation with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

The S&P/ASX 100 and S&P/ASX 200 ("Index") are products of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by the Investment Manager. Copyright © 2018 S&P Dow Jones Indices LLC, a division of S&P Global, Inc., and/or its affiliates. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit [www.spdji.com](http://www.spdji.com). S&P® is a registered trademark of S&P Global and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.