

GLOBAL EQUITIES –

MAY 2020 RESULTS

Stock markets had a strong month in May, with the MSCI World Index rising 3% in Australian dollar terms. In local currency terms, global stock markets are at a similar level to December 2019. This is very good for investors, considering the current volatile economic environment has the potential to cause a significant decline in markets. Our funds were cautiously positioned in May, but we managed to perform broadly in line, and outperformed in our Evans & Partners Asia Fund (EAF), Evans & Partners Global Disruption Fund (EGD) and Evans & Partners Australian Flagship Fund (EFF). We remain cautious in June, and so we may be expected to underperform if the market continues to rise.

From a medical and economic perspective, the world has evolved much as expected since the spread of COVID-19. Economies have been shut down by restrictions, resulting in a slowing spread of the disease in developed markets. We do not anticipate a vaccine in 2020, and we are dubious that we will see mass vaccinations in 2021. The shutdown has resulted in recessions across the world and for many companies has translated to a substantial hit to profits, which reduces the value of owning stocks.

Nevertheless, we have not seen a stock-market crash of the magnitude expected, which is a bit of a mystery. The positives for stock markets have been government and central bank support for the economy and debt markets. Central banks are committed to support financial market liquidity, which increases financial asset values. In addition, the news on the virus has been improving, which has calmed investor concerns, reducing market volatility. So there have been some positives that support recent market strength.

The major risk to stock markets is a continuing recession, with higher unemployment reducing income, and increased economic concern leading to lower spending. An important factor for the economy is what is known as the “velocity of money”. Essentially \$100 sitting in your wallet creates no economic growth, it has no velocity.

But if you spend that \$100, and the beneficiary then immediately spends it, as does the next recipient, then this high velocity money has enormous power to create wealth and prosperity. When we enter a recession, the velocity of money slows down. Individuals quite naturally reduce spending out of concern over future income, the economy contracts and the recession deepens.

Total economic activity can be viewed as the amount of money in the economy multiplied by the velocity of money. This means that if there is a lower velocity of money, there is less impact when the government or central bank adds more money to the economy. Which is why we should be cautious of being too enthusiastic about government stimulus packages or central banks providing liquidity. If consumer confidence is low, people save more and spend less, and the impact from the fall in the velocity of money overwhelms the influx of money. Our expectation is that the global economy will contract, company profits will fall, and stock market volatility will continue.

The Australian dollar rose 2.4% in May. The fundamentals now suggest the Australian dollar should rise against the US dollar. We have been advocating a falling Australian dollar for some years, but in April we saw a fundamental shift. For the last two years, Australian interest rates have been lower than US interest rates, which caused the Australian dollar to fall. In April the relationship flipped, and Australian interest rates are now higher, attracting money flows and causing the currency to appreciate. However, we would caution that a fall in stock markets may hit the Australian dollar hard, so we are currently neutral on the Australian dollar, which is trading just below 70c.

We are pleased by the recent strength in stock markets and are pleased to have delivered positive performance to our investors, but we remain cautious about equity market volatility over the coming months and have positioned the funds accordingly.



A stylized, handwritten signature in dark ink, appearing to read 'T Alexander'.

Ted Alexander
Head of Investments



INVESTMENT OBJECTIVE

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

PORTFOLIO UPDATE

The MSCI World Index rose by 3.0% in Australian dollar (AUD) terms during May, continuing the bullish momentum seen in April, despite the strong AUD headwind. Market participants started to shift their focus to the prospect of economic recovery, with COVID-19 infections declining in major economies, and people heading back to work. Nonetheless, the underlying economic data continues to be of some concern, with record unemployment claims in the US and industrial production continuing to suffer in Europe.

Despite holding a significant cash position and maintaining a cautious stance in the current volatile economic environment, the Evans & Partners Global Flagship Fund (Fund) performed well in the buoyant market, which was up almost 5% in local currency terms. Orsted (+14%), Aon (+12%) and Siemens (+16%) were the best performing stocks, all reporting better than expected quarterly results.

Detractors from performance included Danone (-3%), following underwhelming quarterly results, Beazley (-7%) as it raised US\$300 million to bolster its balance sheet and cover losses from COVID-19, initially estimated at US\$170 million, and the depreciation of the US dollar.

PORTFOLIO MANAGERS



Ted Alexander
Portfolio Manager

Jumana Nahhas
Assistant Portfolio Manager

Kunal Valia
Assistant Portfolio Manager

NTA per unit \$1.69	Unit price (EGF) \$1.61	Gross assets \$166.2 MILLION	12-month distribution yield (target: 4%) 7.0%	Annualised performance since inception (6 July 2018) ¹ 11.3%
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FUND PERFORMANCE¹

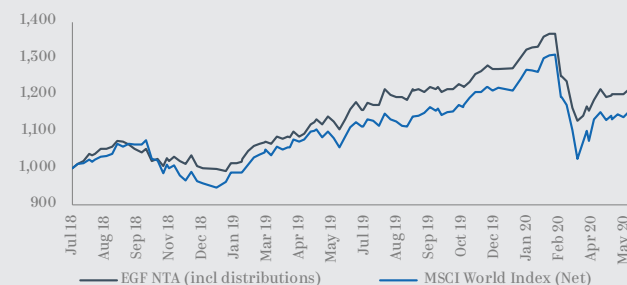
	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION (P.A.)
NTA	2.2%	-2.0%	-4.3%	10.8%	-	-	11.3%
MSCI World Index (Net, AUD)	3.0%	-1.4%	-3.7%	11.5%	-	-	8.9%
Excess Return	-0.8%	-0.6%	-0.6%	-0.7%	-	-	2.3%

Note: Numbers may not sum due to rounding.

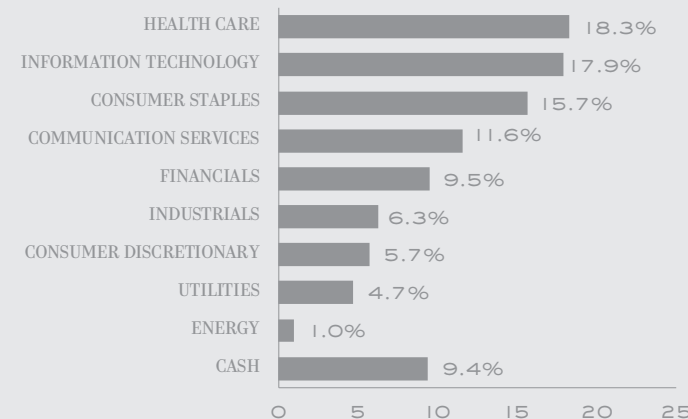
TOP 10 PORTFOLIO HOLDINGS

Alphabet Inc	Microsoft Corp
Aon PLC	Novartis AG
Coca-Cola	Orsted A/S
Danone SA	RELX PLC
Facebook Inc	Unilever NV

PERFORMANCE CHART¹

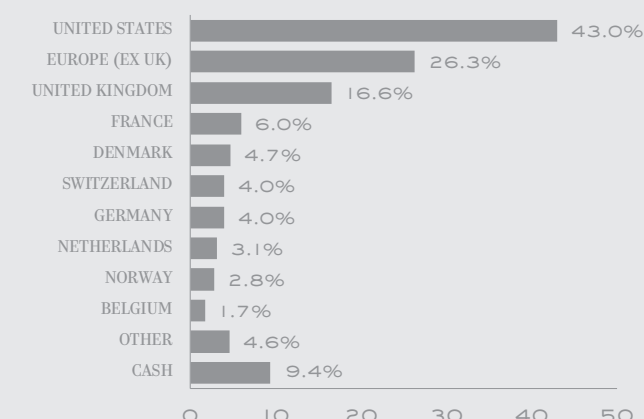


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data at 31 May 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 6 July 2018. Chart data range: 6 July 2018 to 31 May 2020. Initial index value 1,000. Index Source: Bloomberg.



EVANS & PARTNERS
**GLOBAL
DISRUPTION
FUND**

INVESTMENT OBJECTIVE

To provide investors with capital growth over the long-term through exposure to companies that will benefit from disruptive innovation.

PORTFOLIO UPDATE

The Evans & Partners Global Disruption Fund (Fund) returned 4.7% in May, ahead of the global equities market which rose 2.5%, despite AUD strength. Strong performers in the Fund were PayPal (+23.0%), Afterpay (+52.0%), Zoom Video (+30%) and Spotify (+16.5%). Tencent (-3.6%), TSMC (-7.5%), and Amazon (-3.6%) were weaker.

We continued to see further evidence that COVID-19 has accelerated a number of disruption thematics. PayPal reported a sharp acceleration in customer growth – adding 7.5 million new customers in April, compared to a record 10 million customers in the March quarter. PayPal CEO, Dan Schulman, stated “There are clearly secular shifts that have accelerated by two, three years.” The accelerated shift to video conferencing has driven stunning growth in one of our recent investments, Zoom Video – in early June it reported 354% growth in customers with revenues up 169%. Spotify also outperformed, announcing it had signed popular podcast The Joe Rogan Experience to an exclusive deal.

Tencent, which disclosed a 5% investment in Afterpay, reported a strong result with revenues growing 26% and EPS up 29%, both ahead of market expectations. However, Hong Kong listed stocks came under pressure, with the Hang Seng Index down 7.8%, as China announced new security laws.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

NTA per unit	Unit price (EGD)	Gross assets	12-month distribution yield	Annualised performance since inception (25 July 2017) ¹
\$2.71	\$2.57	\$268.8 MILLION	N/A	22.5%

FUND PERFORMANCE¹

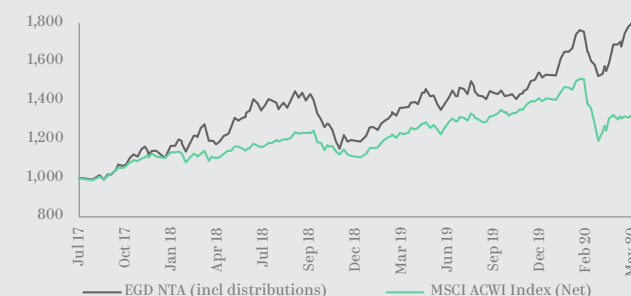
	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	2 YEARS	5 YEARS	SINCE INCEPTION (P.A.)
NTA	4.7%	8.3%	15.5%	31.9%	16.4%	-	22.5%
MSCI AC World Index (Net, AUD)	2.5%	-2.3%	-4.2%	10.1%	8.9%	-	11.1%
Excess return	2.2%	10.6%	19.7%	21.8%	7.5%	-	11.4%

Note: Numbers may not sum due to rounding.

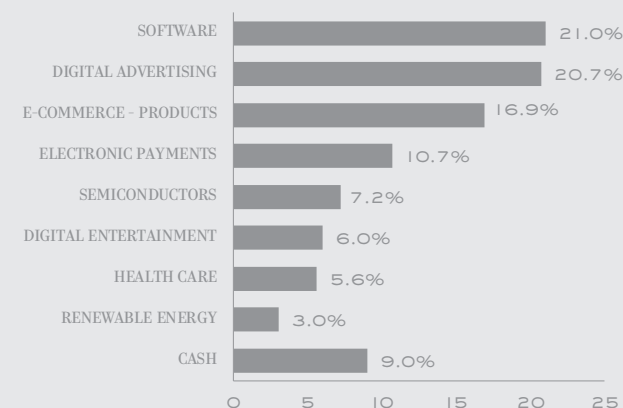
TOP 10 PORTFOLIO HOLDINGS

Adobe	Facebook Inc
Alibaba	Microsoft Corp
Alphabet Inc	PayPal Holdings Inc
Amazon.com Inc	Salesforce.com Inc
ASML Holding	Tencent Holdings Ltd

PERFORMANCE CHART¹

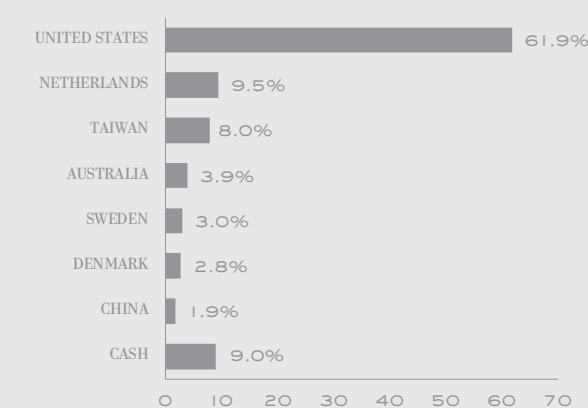


SECTOR EXPOSURE



Source: Investment Manager, internal classification

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data at 31 May 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 25 July 2017. Due to the change in the composition of the Fund and of the MSCI ACWI Information Technology Index over the prior 12 months, it is no longer shown as a comparable index. Chart data range: 25 July 2017 to 31 May 2020. Initial index value 1,000. Index Source: Bloomberg.



INVESTMENT OBJECTIVE

To provide investors with attractive risk-adjusted returns over the long-term by investing in high quality companies in the Asia ex Japan region.

PORTFOLIO UPDATE

The MSCI Asia ex Japan Index (Index) declined 2.9% in AUD terms in May, amid ongoing concerns over the pandemic's prolonged impact on Asian economies and the heightened tension between the US and China over the Hong Kong national security law. Hong Kong (-10.0%) was the worst performing market in the region, whilst Southeast Asian markets such as Thailand (+2.9%), Malaysia (+2.9%) and Indonesia (+2.3%) outperformed with the gradual easing of lockdown.

The Evans & Partners Asia Fund (Fund) returned -2.4% in NTA terms, benefitting from its lower risk position and outperforming the Index by 0.5%. The Fund's overweight position in Techtronic Industries (+12.1%) contributed most to performance due to the company's resilient performance during the pandemic. Ayala Corp (+26.1%) also contributed positively to performance following President Duterte's more supportive stance towards the group alongside hopes of economic resumption as the government eases restrictions. Detractors from Fund performance included Singtel (-13.8%), after reporting weak FY20 results, and Hang Seng Bank (-14.3%), which underperformed amid concerns over Hong Kong's free trade status as the National People's Congress of China approved the controversial proposal of national security laws for Hong Kong.

PORTFOLIO MANAGERS



Ted Alexander
Portfolio Manager

Ying Luo
Assistant
Portfolio Manager

NTA per unit	Unit price (EAF)	Gross assets
\$1.26	\$1.19	\$122.2 MILLION

12-month distribution yield (target: 4%)	Annualised performance since inception (14 May 2018) ¹
4.1%	2.9%

FUND PERFORMANCE¹

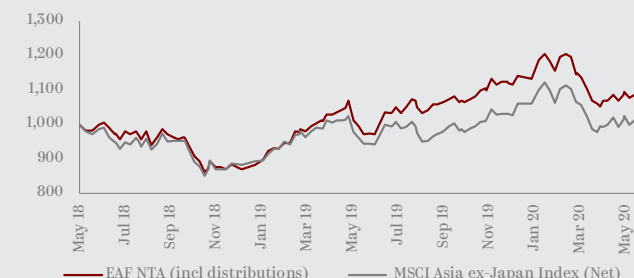
	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	2 YEARS	5 YEARS	SINCE INCEPTION (P.A.)
NTA	-2.4%	-7.6%	-5.2%	8.9%	3.9%	-	2.9%
MSCI Asia ex Japan Index (Net, AUD)	-2.9%	-7.4%	-4.5%	4.4%	0.6%	-	-0.7%
Excess Return	0.5%	-0.2%	-0.7%	4.5%	3.2%	-	3.6%

Note: Numbers may not sum due to rounding.

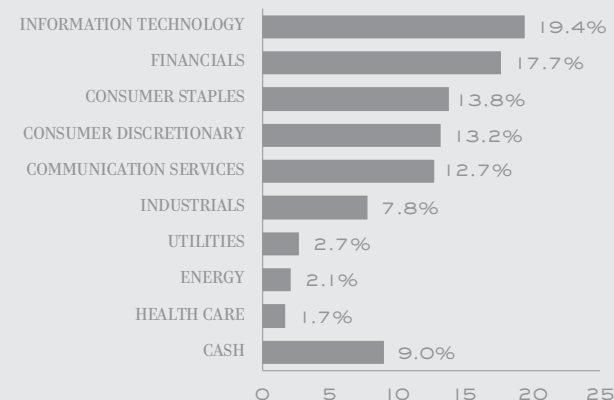
TOP 10 PORTFOLIO HOLDINGS

Alibaba Group	Techtronic Industries
CP ALL PCL	Tencent Holdings
HCL Technologies	TSMC
Kweichow Moutai Co Ltd	Uni-President Enterprises
Ping An Insurance Group	United Overseas Bank Ltd

PERFORMANCE CHART¹

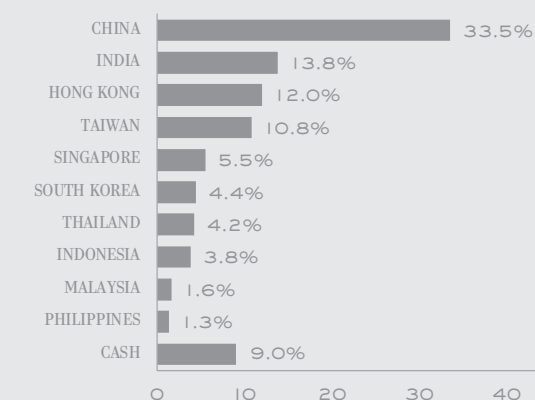


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data at 31 May 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 14 May 2018. Chart data range: 14 May 2018 to 31 May 2020. Initial index value 1,000. Index Source: Bloomberg.



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) rose 5.1% in May, outperforming the S&P/ASX 200 Accumulation Index (Index, up 4.4%) which continued to recover from the severe COVID-19 related market correction in March. With the exception of Healthcare (-5%) and Consumer Staples (-0.4%), all sectors recorded positive gains – the strongest being Information Technology (+15%), Communication Services (+8%) and Materials (+8%). Although the state of the economy post COVID-19 remains uncertain, it appears that stocks were repriced under overly pessimistic assumptions. With the tailwind of government stimulus and lockdown restrictions easing, investors are increasingly looking to an eventual recovery and enthusiasm is returning to the market.

Afterpay (+52%) was the strongest performing investment for the month. The lockdown has driven a significant shift to online shopping and resulted in notable demand from both consumers and merchants for Afterpay's service. The announcement that Chinese firm Tencent had acquired a 5% ownership stake in Afterpay provides further validation to the platform and opens the possibility of a longer-term expansion into China.

Qube Holdings (+25%), Stockland (+24%), James Hardie (+16%) and Seek (+16%) also performed strongly in May. Underperformers included CSL (-11%), Sydney Airport (-7%) and Crown Resorts (-3%).

PORTFOLIO MANAGERS



Ben Chan
Portfolio Manager

Adam Alexander
Portfolio Manager

NTA per unit
\$1.48

Unit price (EFF)
\$1.35

Gross assets
\$22.6 MILLION

12-month distribution yield (target: 5%)
5.3%

Annualised performance since inception (21 June 2018)¹
0.9%

FUND PERFORMANCE¹

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION (P.A.)
NTA	5.1%	-11.1%	-15.7%	-6.3%	-	-	0.9%
S&P/ASX 200 Accumulation Index	4.4%	-9.9%	-14.6%	-6.7%	-	-	0.0%
Excess Return	0.8%	-1.2%	-1.1%	0.4%	-	-	0.9%

Note: Numbers may not sum due to rounding.

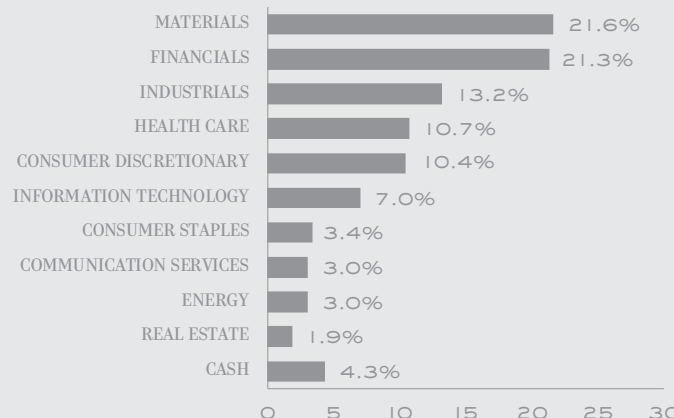
TOP 10 HOLDINGS

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

PERFORMANCE CHART¹



SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

Notes: Data at 31 May 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 31 May 2020. Initial index value 1,000. Index Source: Bloomberg.





AUSTRALIAN GOVERNANCE & ETHICAL Index Fund

INVESTMENT OBJECTIVE

To achieve long-term capital appreciation, while reducing risk and preserving capital, through investments in securities within the ASX 100 Index that exhibit relatively high levels of governance, social and environmental performance.

PORTFOLIO UPDATE

The Australian Governance & Ethical Index Fund (Fund) returned 3.4%, underperforming a strong market (S&P/ASX 100 Index), which returned 3.8%. Positive contributors included overweight positions in logistics company Qube (+25%) and diversified financial conglomerate Macquarie Group (+9%), while the exclusion of wine maker Treasury Wine (-5%) also benefited performance. Negative contributors included the exclusions of buy-now-pay-later group Afterpay (+52%), and iron-ore exposed miners BHP Group (+7%) and Fortescue Metals (-16%).

As global governments seek to stimulate economies following the COVID-19 crises, policy makers are targeting spending measures focused on tackling longer term environmental issues. The European Union has announced a comprehensive ~A\$1.2 trillion economic recovery-plan centred on renewable energy, clean transport, smart energy and emissions reductions. Evidence suggests sustainable infrastructure has clear economic benefits; for example, the labour intensity of building and installing renewable energy infrastructure results in the creation of twice as many jobs compared to fossil fuel investments (on a dollar-for-dollar basis). These policy directives will continue to speed the transformation of traditional energy generation networks.

PORTFOLIO MANAGER



Will Hart
Portfolio Manager

NTA per unit \$1.71	Unit price (AGM) \$1.63	Gross assets \$28.1 MILLION	12-month distribution yield (target: 5%) 5.3%	Annualised performance since inception (10 July 2018) ¹ 0.6%
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FUND PERFORMANCE¹

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION (P.A.)
NTA	3.4%	-11.3%	-15.3%	-6.4%	-	-	0.6%
S&P/ASX 100 Accumulation Index	3.8%	-10.7%	-15.2%	-7.0%	-	-	-0.4%
Excess Return	-0.5%	-0.6%	-0.1%	0.6%	-	-	1.0%

Note: Numbers may not sum due to rounding.

LARGEST ACTIVE POSITIONS

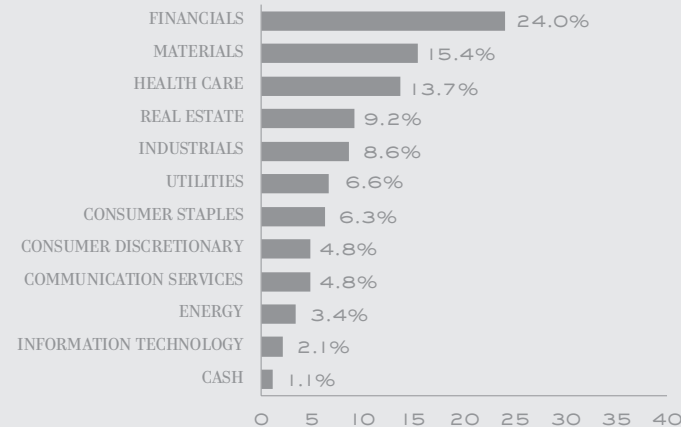
TOP 10 OVERWEIGHT²

Altium Ltd	National Australia Bank Ltd
APA Group	Newcrest Mining Ltd
Cochlear Ltd	Oz Minerals Ltd
CSL Limited	Rio Tinto Ltd
Macquarie Group Ltd	Virgin Money UK Plc

TOP 10 UNDERWEIGHT²

Afterpay Ltd	Fortescue Metals Group
AGL Energy Ltd	Goodman Group
Ancor Plc	Origin Energy Ltd
Aristocrat Leisure	Sonic Healthcare Ltd
BHP Group Ltd	South32 Ltd

SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



Notes: Data at 31 May 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. 2. Overweight and underweight positions are relative to S&P/ASX 100 Index weights. Inception 10 July 2018. Chart data range: 10 July 2018 to 31 May 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.

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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'.

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