

Global stocks rose in December, but unfortunately weaker overseas currencies against a strong Australian dollar (AUD) meant the value of overseas investments generally fell. Investors in the Evans & Partners Asia Fund (EAF) had small positive returns, but investors in the Evans & Partners Global Disruption Fund (EGD) and Evans & Partners Global Flagship Fund (EGF) saw small losses for the month.

A stronger AUD only really benefits you on overseas holidays, which doesn't seem likely soon! For investors, it generally means your US dollar (USD) or euro investments take a hit in translation. Why is the AUD so strong? It's more of a least ugly competition at the moment than a measure of attractiveness. Australia's economic recession isn't as bad as elsewhere due to a lower COVID-19 impact, and less political turmoil than Europe or the US. In my opinion, the AUD may continue to rise, but to really motor back above the 1:1 mark with the USD we need to see a stronger Australian economic recovery driving the Australian 10-year government bond yield back towards 2%, from its current level of 1.1%. Over December, we shifted some of the cash holdings in EGF and EAF from USD to AUD to reflect our general belief that there's more AUD upside.

In terms of global stock markets, December was negatively impacted by COVID-19 infection rates rising through the US and Europe. But this led the market to expect more stimulus packages, and the market rose. Vaccine approvals and roll-out have hopefully brought forward the resumption of normal economic conditions, which boosted the market. We expect more positive news on vaccine approvals and clinical trials through January, with Johnson & Johnson expected to release data soon, among others. There are many reasons to be positive from a human health perspective, but we're also seeing record infections and deaths, and further lockdowns.

It appears that Democrats have 50 votes in the senate after the Georgia elections, but this isn't as positive as you might expect. They need all 50 Senators to be on board to pass any simple majority vote, remembering Trump couldn't pass the ACA repeal bill with 52 Senators after 3 crossed the floor. Fifty

votes will get you judicial appointments, committee power, and federal agencies. It will also get you one or maybe two budget reconciliations a year, but it won't get you any major legislation. In the US Senate you need 60 votes to pass legislation, so don't expect nationalised healthcare, green new deals, or anything substantial. Budget reconciliations can push through a stimulus package, fund some infrastructure, and perhaps tax reform, but any bill needs to be amenable to the House Democrats, left-wing Senators, and moderate Senators. Finding middle ground between Bernie Sanders, Joe Manchin, and Nancy Pelosi may turn out to be difficult. For the stock market, this is all generally positive, as we can potentially expect US\$500 billion in additional stimulus, and a reduced probability of seeing Facebook split up, or regulated drug pricing.

EGF (-0.6%), moved broadly in-line with the market through December. Performance was helped by offshore wind farm developer Orsted, which rose 9%. We were disappointed by AstraZeneca's clinical trial results relative to peers, with the stock declining 9%. EGD declined a little, underperforming the broader market, with technology stocks coming off late in the month due to hopes that the physical economy would recover, and fear that the Democrats may win the Senate. EAF rose 0.4% but was behind the benchmark due to a lower weighting in Korea and a higher weighting in Southeast Asian economies.

EGF and EAF investors can expect distributions from the Funds in January, and we'd like to remind investors that at the General Meeting held in December, unitholders approved changing the Funds to unlisted unit trusts, which will take place over the next month.



A handwritten signature in black ink, appearing to read 'T Alexander', written in a cursive style.

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 (Index) rose by 4.2% in USD terms during December (-0.3% in AUD terms). Sentiment around equities remained positive as investors bet on economic recovery as two COVID-19 vaccines were approved in the US. The US Congress passed a US\$900 billion stimulus package that would provide US\$600 in direct payments to households, subsidies for couples with children and loans for small businesses. COVID-19 cases continued to rise in the US and parts of Europe whilst a new more infectious strain was detected in the UK.

The Evans & Partners Global Flagship Fund (Fund) underperformed the market by 0.2% due its overweight position in defensive sectors. Best performing holdings were Orsted (+8.2%), as investor enthusiasm around renewable energy continued and the company received approval to build a new UK wind farm; Apple, rising 6.4% with strong demand for its new iPhones; and ASML Holdings (+6.9%) as increased spending on semiconductor chips should benefit its business.

Detractors from performance included Unilever (-4.6%), as Consumer Staples companies underperformed; Dollar General (-8.2%) which saw profit taking despite its quarterly results beating estimates; and Alphabet (-4.6%), as the US Department of Justice filed an anti-trust lawsuit against the company.

PORTFOLIO MANAGERS



Ted Alexander
Portfolio Manager

Jumana Nahhas
Assistant Portfolio
Manager

Kunal Valia
Assistant Portfolio
Manager

NTA per unit
\$1.60

Unit price (EGF)
\$1.51

Gross assets
\$143.8 MILLION

12-month distribution
yield (target: 4%)
9.8%

Annualised performance since
inception (6 July 2018)¹
10.2%

Units on issue: 88,278,644

FUND PERFORMANCE¹

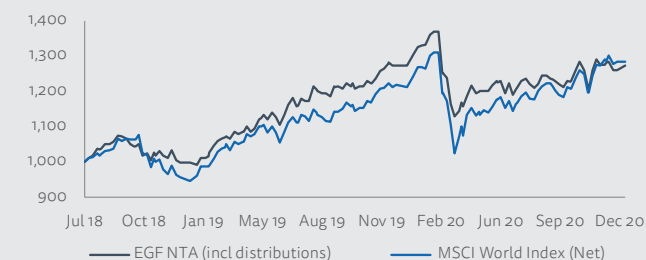
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
NTA	-0.6%	3.7%	5.7%	0.0%	12.9%	-	10.2%
MSCI World Index (Net, AUD)	-0.3%	6.2%	10.1%	5.8%	16.4%	-	10.5%
Excess Return	-0.2%	-2.5%	-4.5%	-5.8%	-3.4%	-	-0.3%

Note: Numbers may not sum due to rounding.

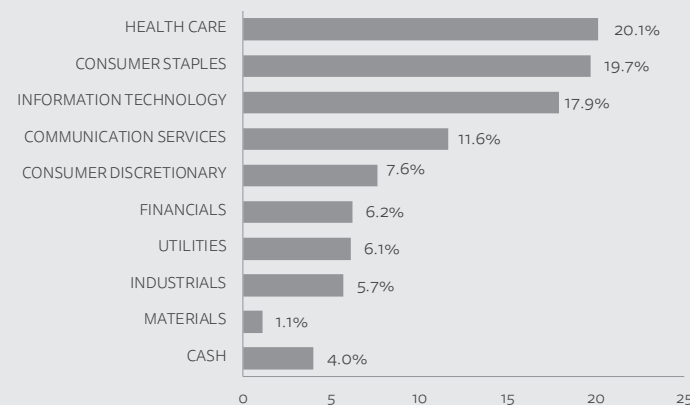
TOP 10 PORTFOLIO HOLDINGS

Alphabet Inc	Microsoft Corp
Aon PLC	Mowi ASA
Apple Inc	Novartis AG
Coca-Cola Co/The	Orsted AS
Merck & Co Inc	Unilever PLC

PERFORMANCE CHART¹

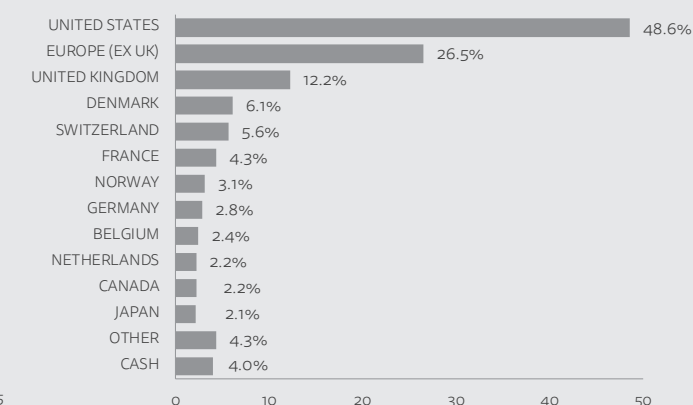


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

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

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 -1.2% in December, compared to the MSCI AC World Index (Index) which was up 0.1%. For the 2020 calendar year, the Fund returned 38.3%, strongly outperforming the Index (+6.1%).

For December, best performing holdings were TSMC (+7.8%), PayPal (+4.6%) and Afterpay (+24.2%). Weaker contributors included Zoom (-32.6%), Salesforce (-13.4%), and Alibaba (-15.5%).

TSMC continued to rise with reports of strong demand for its 5nm products largely driven by orders from Apple. There were also reports that Microsoft could also be potentially moving to inhouse ARM chips (away from Intel) for its server and consumer products. Afterpay found additional support following its inclusion in the ASX 20 Index.

Salesforce reported a solid quarterly result with revenue (+20%) and operating margins (+20%) both ahead of market expectations, with FY21 revenue guidance raised and FY22 revenue guidance of +21% initiated. The result was overshadowed by the acquisition of Slack, with market concerns around valuation. Zoom delivered another strong result (revenue +367%, operating income +1,365%) with FY21 revenue guidance raised for the third time. While Zoom is unlikely to witness the same level of growth going forward, we believe it is well placed to continue to grow strongly as the future of work will likely be a hybrid of office and remote working. Alibaba remained under pressure as it faces an antitrust investigation and additional regulatory scrutiny into affiliate Ant Group.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

NTA per unit
\$3.05

Unit price (EGD)
\$2.98

Gross assets
\$294.2 MILLION

12-month
distribution yield
4.9%

Annualised performance since
inception (25 July 2017)¹
24.4%

Units on issue: 96,352,898

FUND PERFORMANCE¹

	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
NTA	-1.2%	3.6%	13.1%	38.3%	33.5%	24.3%	24.4%
MSCI AC World Index (Net, AUD)	0.1%	6.9%	11.0%	6.1%	16.1%	10.6%	12.3%
Excess Return	-1.3%	-3.3%	2.0%	32.1%	17.5%	13.7%	12.1%

Note: Numbers may not sum due to rounding.

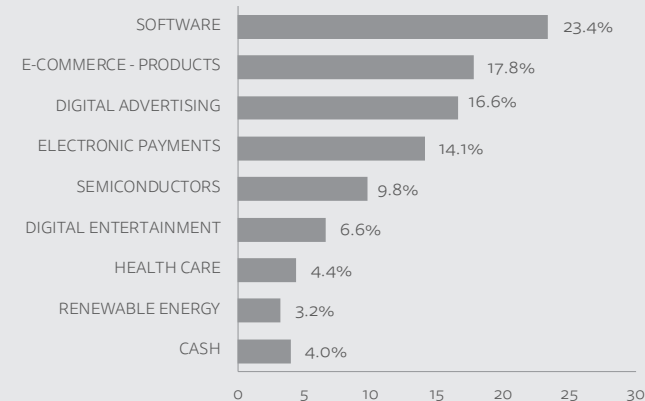
TOP 10 PORTFOLIO HOLDINGS

Adobe	Microsoft Corp
Alibaba	PayPal Holdings Inc
Alphabet Inc	ServiceNow
Amazon.com Inc	Tencent Holdings Ltd
Mastercard Inc	TSMC

PERFORMANCE CHART¹

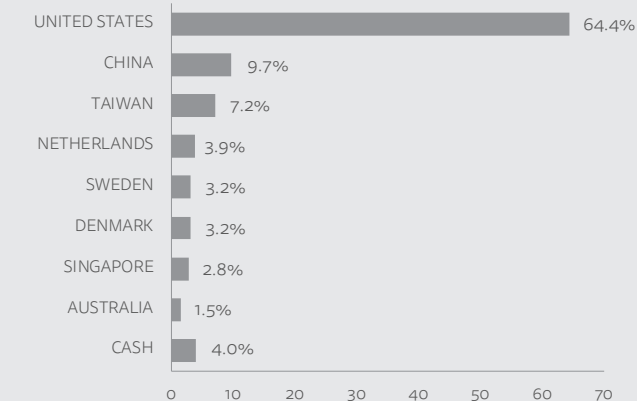


SECTOR EXPOSURE



Source: Investment Manager, internal classification

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data at 31 December 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 December 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) was up 2.1% for December and 14.1% for the calendar year 2020 in AUD terms. Performance for Asian regional markets was mixed in December. South Korea (+10.7%) and Taiwan (+6.0%) were the best performers as both are technology-heavy and continued to benefit from solid global IT demand. Singapore (-1.8%) was the worst performer due to profit taking after a strong November. Information Technology (+10.9%) was the strongest sector ahead of Healthcare (+6.2%), whilst Real Estate (-5.4%) and Consumer Discretionary (-4.2%) underperformed.

The Evans & Partners Asia Fund (Fund) returned 0.4%, underperforming the Index by 1.7%, largely due to the Fund's lower risk position and country allocation. The Fund benefited from being overweight in HCL Technologies (+12.0%), which rebounded strongly from a decline in November caused by a rotation away from technology stocks. Being overweight in Zhejiang Chint Electrics (+15.0%) also contributed positively to Fund performance. Chint's solar business should benefit from the increased renewable energy target in China in the medium-term. The Fund's overweight position in CP All (-6.8%) detracted from performance due to short-term profit taking after strong performance in previous months.

PORTFOLIO MANAGERS



Ted Alexander
Portfolio Manager



Ying Luo
Assistant Portfolio Manager

NTA per unit
\$1.41

Unit price (EAF)
\$1.34

Gross assets
\$118.2 MILLION

12-month distribution yield (target: 4%)
3.7%

Annualised performance since inception (14 May 2018)¹
8.2%

Units on issue: 82,440,230

FUND PERFORMANCE¹

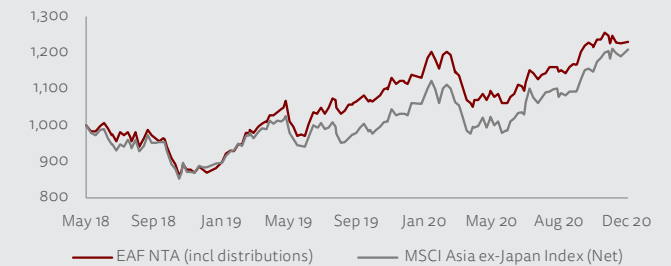
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
NTA	0.4%	5.5%	12.4%	8.7%	18.1%	-	8.2%
MSCI Asia ex Japan Index (Net, AUD)	2.1%	10.5%	17.5%	14.1%	16.3%	-	7.5%
Excess Return	-1.7%	-5.1%	-5.1%	-5.4%	1.8%	-	0.7%

Note: Numbers may not sum due to rounding.

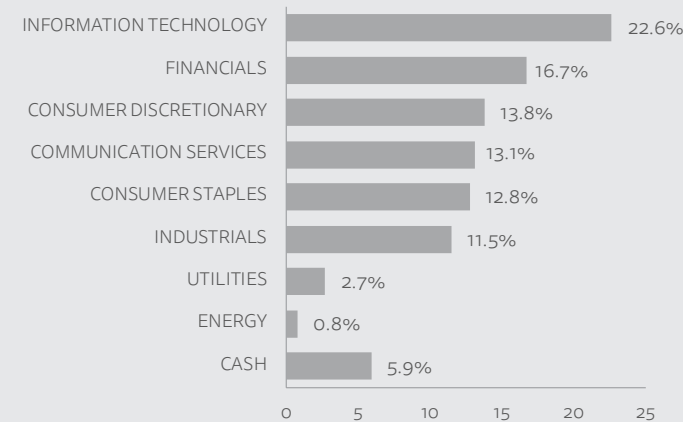
TOP 10 PORTFOLIO HOLDINGS

Alibaba Group	Samsung Electronics
CP ALL PLC	Techtronic Industries
HCL Technologies	Tencent Holdings
Kweichow Moutai Co Ltd	TSMC
Ping An Insurance Group	United Overseas Bank Ltd

PERFORMANCE CHART¹

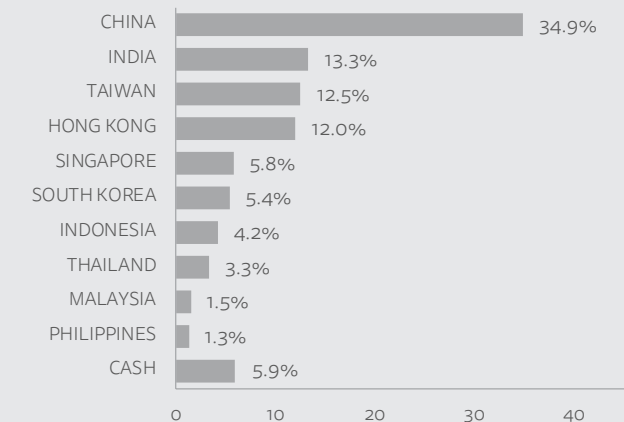


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

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

ABOUT E&P FUNDS

E&P Funds, part of the E&P Financial 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 prepared by Evans and Partners Investment Management Pty Limited (**Investment Manager**) (ACN 619 080 045, CAR No. 1255264), as investment manager for the Evans & Partners Asia Fund (**EAF**) (ARSN 624 216 404), Evans & Partners Global Flagship Fund (**EGF**) (ARSN 158 717 072) and Evans & Partners Global Disruption Fund (**EGD**) (ARSN 619 350 042). EAF, EGF and EGD are together referred to as 'Funds'. E&P Funds Management Pty Limited (ACN 159 902 708, AFSL 450 257) is part of the E&P Financial Group.

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