



## ASX ANNOUNCEMENT

17 April 2020

### Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 15<sup>th</sup> April 2020

The estimated NTA per share for the Fat Prophets Global Contrarian Fund as at the 15<sup>th</sup> April 2020 is as follows:

#### Month to date NTA

	Amount (\$)
Pre- Tax NTA (as at 15 <sup>th</sup> April 2020)	0.8856
Pre- Tax NTA (as at 31 <sup>st</sup> March 2020)	0.7987
Change in NTA	10.88%

For the period from the 31<sup>st</sup> March to 15<sup>th</sup> April the fund recorded an increase in NTA from \$0.7987 to \$0.8856, a gain of 10.88%.

#### Market outlook and Portfolio Changes

Stock markets have rallied strongly in recent weeks as fatality and infection rates plateau and decline in many countries around the world. Markets are looking through the outbreak and economic shutdown to a recovery on the other side. **While the Fund has significant equity exposure and is fully invested, we are not chasing the rally at this stage.** A pullback in stock markets is probable at some point, given the damage inflicted on the economy, which has led to the most rapid spike in unemployment in history. **However, we don't see a high probability of stock markets retesting their lows at this stage primarily for two reasons.**

**Firstly, the stimulus that is being injected by collective governments is significant and will act as a "giant shock absorber".** This will cushion the Covid-19 inflicted shutdown blow to the economy. The unemployment that would have resulted from the outbreak, has been mitigated, and this will **allow the global economy to stage a "V" shape recovery.** This is going to have inflationary consequences in our opinion.

**Secondly, the rapid deleveraging and raising of cash balances and liquidity has been on a huge scale, and the most in more than a decade.** This cash is waiting to deploy, but the question will be over timing. For this reason, any fall in the market is likely to be relatively subdued in our view, and no more than 10% to 15%. **The problem for the world may also be that when the shutdown is finally lifted, too many investors are going to be overweight cash and bonds – which pay virtually nothing.**

The Fund added long equity exposure during early April, predominantly in the gold sector. We added to positions in **Evolution Mining, St Barbara Mines, Saracen and Resolute Mining.** We also added to the Fund's holdings in UK listed PowerHouse Energy, the waste to hydrogen technology company. **PowerHouse Energy** has held up comparatively well for a small cap technology company during the March crash, as it commercialises landfill and plastic waste to hydrogen plant in the UK, which is due to complete in September. A successful commercialisation of

the technology could see a global rollout next year. **Peel**, a £5 billion environmental infrastructure fund in the UK has backed PowerHouse Energy.

Angus Geddes  
Chief Investment Officer  
**Fat Prophets Global Contrarian Fund**