



ASX ANNOUNCEMENT

1 May 2020

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 29th April 2020

The estimated NTA per share for Fat Prophets Global Contrarian Fund as at the 29th April 2020 is as follows:

Month to date NTA

	Amount (\$)
Pre- Tax NTA (as at 22 April 2020)	0.9305
Pre- Tax NTA (as at 31 March 2020)	0.7987
Change in NTA	16.50%

For the period from the 31 March to 29 April 2020 the Fund recorded an increase in NTA from \$0.7987 to \$0.9305, a gain of 16.50%.

Market outlook and Portfolio Changes

The Fund has had a strong recovery in April, with estimated pre-tax NTA lifting 16.5% to 93 cents. The shares are currently trading at a significant discount to estimated pre-tax NTA. **In terms of outlook, we continue to hold the view that a correction in the vicinity of 10% to 15% is on the horizon, although markets continue to ignore the bad economic data and “defy gravity”.**

The bigger issue as we see it for global markets is that despite near term economic damage and recession, on the other side of the lockdowns **the global economy will be awash in cash and liquidity and facing a “scorched earth in terms of zero interest rates and negative yielding bonds**. The fiscal and monetary stimulus is going to want to “find a home”.

We added long equity **exposure re-establishing positions in the Macau gaming stocks, at still very cheap valuations. MGM China, Wynn Macau and Sands China** stand to benefit when mainland visa travel restrictions are lifted. We believe that there will be significant pent up demand. All these companies have very strong balance sheets with significant cash reserves.

The Fund added air-conditioning manufacturer **Daikin Industries**. This has long been a company we have admired, being the world leader in air conditioning manufacturing. Daikin has an excellent history of execution and will benefit from the Covid19 shutdown, with renewed emphasis on air quality. Dakin’s high value added proprietary products including refrigerants and compressors, invertors and ductless air-conditioning systems stand to benefit in the post Covid19 world.

The Fund benefited from a strong recovery in **Collins Foods and Dominos Pizza**, with both companies experiencing a substantial surge in online, drive-through and takeaway sales. We expect both companies to be able to fast track new store rollouts given the chasm left by many high street retailers that gone bust.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund