



ASX ANNOUNCEMENT

29 May 2020

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 27th May 2020

The estimated net tangible asset backing per share for Fat Prophets Global Contrarian Fund as at the 27th of May 2020 was as follows:

Month to date NTA

	Amount (\$)
Pre- Tax NTA (as at 27 May 2020)	1.0150
Pre- Tax NTA (as at 30 April 2020)	0.9248
Change in NTA	9.75 %

For the period from the 30th of April to the 27th of May 2020 the Fund recorded an increase in NTA of 9.75% from \$0.9248 to \$1.0150. **Positively, the share price discount to NTA has narrowed since our last update to circa 13%.** The Board remains committed to narrowing and eliminating this gap.

Market Outlook and Portfolio Changes

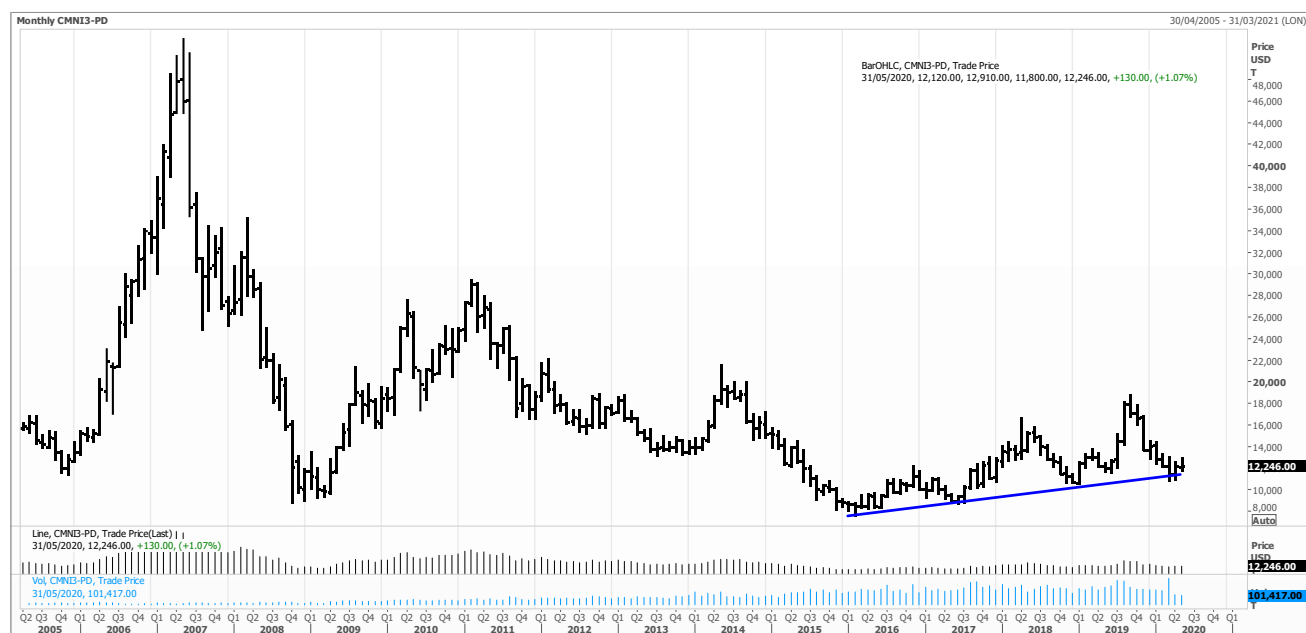
Equity markets pushed higher since our last update, with significant rotation into the financial sector, and value /cyclical stocks driving the latest rally. Many are questioning the markets ability to avoid a corrective selloff, and we share this view. There are a few negative catalysts on the horizon, such as the rising geopolitical tensions between the US and China and the latest stoush over Hong Kong. **We can envision a corrective selloff in the vicinity of 10%, but this could be mitigated by the significant cash and liquidity that is on the sidelines, waiting to buy having missed the opportunity in March and April.**

We took advantage of the weakness in Hong Kong and added to our mainland China holdings, which included **China Oilfield Services (COSL), Wynn Macau, MGM China, and Sands China.** The Macau border restrictions with the mainland will soon be lifted, and we believe there will be significant pent up demand for the gaming precinct.

We also added to our position in nickel producer, **Western Areas** with the view that China's economy is reaccelerating and that infrastructure and building programs will see healthy demand for base metals and raw materials. Nickel prices have likely bottomed in our view. Globally, commodities are at an interesting juncture, with many other countries also committed fiscally to infrastructure building programs. With a sharp expansion in global M2 money this year, commodities also provide a good hedge against future inflation.

We established a new position in **Whitehaven Coal**, which offers deep value at current levels, but also a similar commodity thematic with coal prices stabilising and improving in recent weeks. The Fund benefited significantly this month from **PowerHouse Energy**, the leading UK waste to energy and hydrogen technology company, which has been sharply rerated by the market.

Nickel prices look to be bottoming out



Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund