



ASX ANNOUNCEMENT

Sydney, 14 July 2020: Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

The estimated net tangible asset backing of the Fat Prophets Global Contrarian Fund improved in June. **Pre-tax and post-tax NTA closed at \$1.1312 and \$1.1261 for an increase of 7.60% and 5.44% respectively. For the financial year ended through to the 30th June, pre-tax and post-tax NTA increased 5.39% and 3.71% respectively.**

| | 30-June-20 | 31-May-20 | Change |
|--------------|------------|-----------|--------|
| Pre-Tax NTA | 1.1312 | 1.0513 | 7.60% |
| Post-Tax NTA | 1.1261 | 1.0680 | 5.44% |

Annual increase for financial year ended, 30 June 2020

| | 30-June-20 | 30-June-19 | Change |
|--------------|------------|------------|--------|
| Pre-Tax NTA | 1.1312 | 1.0733 | 5.39% |
| Post-Tax NTA | 1.1261 | 1.0858 | 3.71% |

Portfolio Performance

The strong gains in the portfolio in June were attributable to strong performances from **Collins Food's and Domino's Pizza**, both businesses that benefited during the shutdown. **Collins Foods** upgraded earnings and revenue guidance. **Tencent and Spotify** made a significant contribution to performance, with both companies also benefitting from the lockdown. Tencent reported strong gaming and advertising revenues, while **Spotify** has seen an acceleration in global subscribers. **Harmony Gold** also made a strong contribution, as did the Fund's other precious metals holdings, which all benefited from the gold price pushing above \$1800 for the first time in a decade.

Positive Attributions

| Company | Country | Attribution (bpts) |
|---------------|---------------|--------------------|
| Collins Foods | Australia | 199.2 |
| Spotify | United States | 187.8 |
| Tencent | China | 89.6 |
| Dominos | Australia | 67.8 |
| Harmony Gold | United States | 53.2 |

Negative Attributions

Detracting from performance, Uber corrected as the US faces a second phase of lockdowns as Covid spread. **Uber Eats** has benefited from the lockdowns, but the company's Rides' business could take some time to recover. **Disney** also underperformed during the month as the theme parks division faced delays in reopening. A moderate position in **Whitehaven Coal** was closed out for a small loss. The **Fat Prophets Global Property Fund** dragged on performance, but the Fund itself managed to outperform the global REIT index. REITS have been hard hit from, COVID but the sector now offers significant value for those investors prepared out the COVID rental impacts and disruption.

| Company | Country | Attribution (bpts) |
|-----------------------------------|---------------|--------------------|
| Uber | United States | 52.0 |
| Fat Prophets Global Property Fund | Australia | 27.5 |
| Walt Disney | United States | 27.2 |
| Whitehaven Coal | Australia | 23.6 |
| Praemium | Australia | 11.4 |

Portfolio Changes and Market Outlook

Global stocks markets continued to be volatile in June, but this did not stop the indices pushing up sharply despite a resurgence of covid19 infections, just as the global economy begins to open up. This has fuelled investor concerns that the global economy could be facing another total shutdown, **which we don't think is likely, given the substantial and mounting economic costs.** Governments **are more likely to respond with ranging measures and a more targeted response at containing any outbreaks.** The global economy continues to be the recipient of government fiscal response measures, with another substantial infrastructure package being discussed this week in the US. **These stimulus measures will continue to underpin the primary uptrend in stock markets in our view.**

Substantial deleveraging took place in March and April and much of the selling has seen institutional and retail investors alike, accumulate significant liquidity and cash on the sidelines. In a zero to ultra-low yield world, this liquidity will at some point be attracted back into the stock market, with cash and bond yield's offering little in the way of underlying yield. Until the Covid19 risks dissipate, stock markets are likely to continue climbing a "wall of worry" with the consensus view of investors, very much cautious.

We also see the substantial fiscal and monetary stimulus collectively injected by governments and central banks as providing a buffer for the economy, and this mitigates downside risk to some extent for equities. Some countries in Australasia are likely to fare better in the period ahead than others in terms of reopening their respective economies, after having implemented more successful Covid containment measures. **This should see markets in Australia, Japan, South Korea, and China find a floor sooner and rebound faster.**

Few changes were made to the portfolio during the month. The Fund added moderately to precious metal exposure **Harmony** as the gold price showed signs of sustaining a breakout above \$1750. Harmony trades at a deep discount to the gold sector, being a South African based producer.

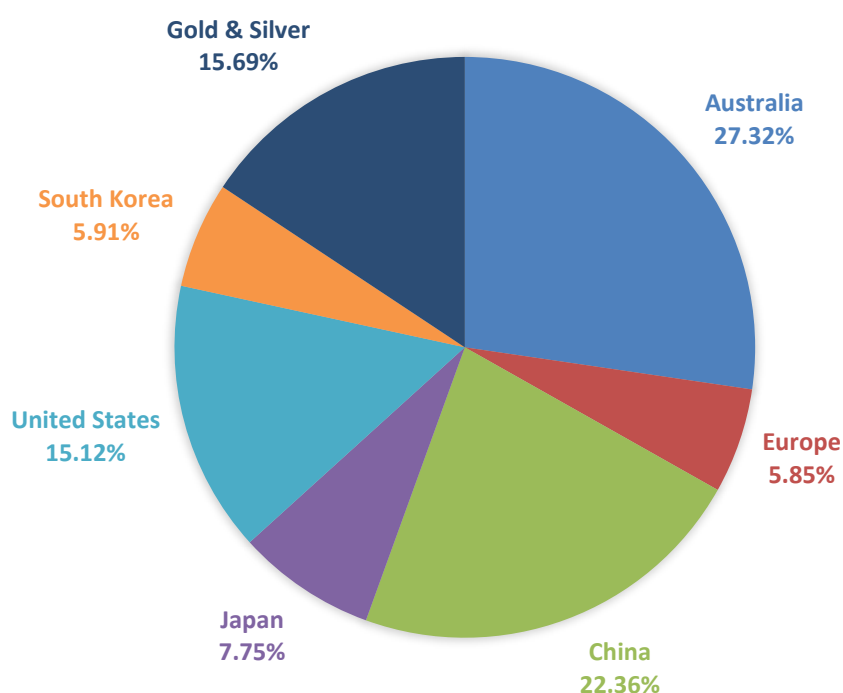
We added **Tencent Music** to the Fund's portfolio. China has 635mn online music users, which is as large as the online entertainment platforms such as videos, online games and entertainment streaming. The monetization of China's online music services however remains largely untapped, lagging behind many entertainment verticals. China's recorded music industry was ranked at only

the seventh globally in terms of revenue in 2019 and should play catch up. Tencent Music has market leadership in China. **We expect profit growth to resume and accelerate over the coming year, with the company set to benefit from a complete music ecosystem and dominant market share of music subscribers in China of over 70%.**

Top 10 Holdings

| Top 10 Holdings | 30 June 2020 | Country |
|----------------------------|--------------|----------------|
| Collins Foods | 8.94% | Australia |
| Domino's Pizza | 4.95% | Australia |
| Alibaba | 4.79% | China |
| Spotify | 4.25% | United States |
| Global X Silver Miners ETF | 4.11% | United States |
| Powerhouse Energy | 3.96% | United Kingdom |
| Walt Disney | 3.47% | United States |
| Tencent | 3.43% | China |
| Activision Blizzard | 3.17% | United States |
| Yum China | 3.10% | United States |

GEOGRAPHIC EXPOSURE AS AT 30 JUNE 2020



Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund