



ASX ANNOUNCEMENT

28 August 2020

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 26th August 2020

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at the 26th of August 2020 is as follows:

Month to date NTA

	Amount (\$)
Pre-Tax NTA (as at 26 August 2020)	1.2995
Pre-Tax NTA (as at 31 July 2020)	1.2440
Change in NTA (31 July 2020 to 26 August 2020)	4.46%

The Fund has a solid performance in August 2020. For the period from the 31st of July to the 26th of August 2020 the Fund recorded an increase in estimated pre-tax NTA from \$1.2440 to \$1.2995, a **gain of 4.46%**.

Portfolio Changes and Market Outlook

There have been some significant changes to the portfolio since the last update to the ASX.

The Fund eliminated nearly all gearing and leverage this week, with a broad sell down of the portfolio. This is the first time since March 2020 where the Fund has had no leverage.

We are of the view that the market's uninterrupted run since the March 2020 lows have led to valuations being somewhat overextended in certain sectors, with technology standing out. Risks are mounting, which markets seem to be not recognising. For one, the **US Congress has failed to agree a second fiscal stimulus package since the previous one expired at the end of July.** The US economy is going to experience the impact of that shortly, with consumer confidence already taking a knock. We are accordingly **braced for a "tradeable" correction after what has been one of the biggest recovery rallies of all time.**

The other significant change is that the Federal Reserve has made some major policy alterations not seen in decades since the Volcker era back in the 1980s. **These changes to the Fed's framework will allow much more accommodation of inflation.** We are of the view that long duration bonds are now particularly vulnerable. Accordingly, we have initiated short positions in the US treasury market utilising ETFs. We will elaborate in more detail on these positions and our views in the upcoming August monthly NTA release.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund