



## ASX ANNOUNCEMENT

25 September 2020

### Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 23<sup>rd</sup> September 2020

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 23 September 2020 is as follows:

#### Month to date NTA

	Amount (\$)
Pre-Tax NTA (as at 23 September 2020)	1.2389
Pre-Tax NTA (as at 31 August 2020)	1.2927
Change in NTA (31 August 2020 to 23 September 2020)	<b>-4.16%</b>

For the period from the 31 August to 23 September 2020, the Fund recorded a decrease in estimated pre-tax NTA from \$1.2927 to \$1.2389, **a loss of 4.16%, which was a reasonable performance considering global benchmarks including the S&P500, FTSE, ASX200 and Hang Seng fell by more than this over the same period.** The main performance detraction for the Fund came from precious metal exposure, and namely **Harmony Gold** and the **Van Eck Global X Silver Miners ETF (SIL:US)**. A “risk-off” rebound in the US dollar was the catalyst for a sharp selloff in commodities and precious metals, however this is likely to be “transitory” when further fiscal stimulus eventually gets passed through Congress.

#### Portfolio Changes and Market Outlook

We have been of the view that the market’s uninterrupted run since the March lows have led to extreme valuations and an overheated market. The recent selloff has taken “some of the froth out of the market” and brought valuations back to more justifiable levels. However, we believe that some stocks in the technology sector are still overvalued and vulnerable to further downside.

**The fiscal bailout package that expired at the end of July and lack of a replacement has weighed on the market, and this will likely soon begin to cause economic damage.** However, it is probable that Congress pass a second package, but there is a risk that this occurs after the election.

With iron ore prices correcting sharply, **we added BHP to the portfolio following a decent decline.** The large, diversified miner is attractively valued in our opinion with iron ore and copper prices likely to remain elevated during the global economic recovery as fiscal stimulus programs are enacted by governments and collectively targeted at infrastructure building. Commodities generally should do well over the next few years if we are right in our view that inflation is likely to pick up. BHP is well positioned to benefit from these thematics. Near term, BHP is positively susceptible to broker upgrades the longer iron ore and copper prices remain elevated.

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