



## ASX ANNOUNCEMENT

16 October 2020

### Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 14<sup>th</sup> October 2020

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 14 October 2020 is as follows:

#### Month to date NTA

	Amount (\$)
Pre-Tax NTA (as at 14 October 2020)	1.2978
Pre-Tax NTA (as at 30 September 2020)	1.2397
Change in NTA (30 September to 14 October 2020)	4.69%

For the period from 30 September to 14 October 2020, the Fund recorded an increase in estimated pre-tax NTA from \$1.2397 to \$1.2978, **a gain of 4.69%**.

#### Portfolio Changes and market outlook

The stalemate in Washington over the next **fiscal stimulus package has continued, and an agreement is looking increasingly unlikely before the election. We remain confident however that another round will be administered directly after the election.** In the event of a blue sweep, the package could end up being larger than current expectations, and ultimately more inflationary next year. The US bond market is potentially mispriced for a higher inflationary scenario, and particularly given the Fed has adopted a new approach of higher tolerance.

The Federal Reserve has been vocal about the Government doing this, and politically, there is not much to be gained for either side in not pushing more stimulus through. The Fund added to short positions on long duration US bonds since the last update to the ASX, via two US listed ETFs.

The Fund opened October with a solid start boosted by strong performances from core holdings including **Collins Foods, Domino's Pizza, Praemium and South Korean LG Household & Healthcare.** The corrective selloff that began in September seems to have run its course.

Another dose of fiscal stimulus is however likely to be **"reflationary"** for most asset markets, precious metals and commodities, but could also prove negative for the US dollar and sovereign bonds. The Fund is positioned for this scenario and continues to hold a short "beachhead" position in US T bonds. There were no changes to the portfolio since the last update to the ASX.

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