



ASX ANNOUNCEMENT

30 October 2020

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 28th October 2020

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 28 October 2020 is as follows:

Month to date NTA

	Amount (\$)
Pre-Tax NTA (as at 28 October 2020)	1.2792
Pre-Tax NTA (as at 30 September 2020)	1.2397
Change in NTA (30 September to 28 October 2020)	3.19%

For the period from 30 September to 28 October 2020, the Fund recorded an increase in estimated pre-tax NTA from \$1.2397 to \$1.2792, **a gain of 3.19%**.

Portfolio Changes and market outlook

The Fund reduced leverage significantly several weeks ago and locked in profits across the portfolio after a strong global rally in October. We were of the view that with US heading towards election day next week and all the accompanying uncertainty, and a rising wave of Covid19 infections in the US and Europe, that volatility would increase. This has proven to be the case, with the VIX hitting 42 on Wednesday. The resurgence in Covid19 infections in Europe and the US has damaged sentiment and we may see volatility persevere for some time yet, particularly given the US election could be closely contested.

The Fund's overweight positioning in **China, Australia, South Korea and Japan** helped shore up performance with all of these markets faring generally much better than **Europe and the US** this week, helped by very low Covid19 infections and resilient underlying economies. The Fund took advantage of recent equity market weakness and added back exposure to **Sony, Nintendo, and Daikon Industries in Japan, LG Household & Healthcare and Samsung Electronics in South Korea, and Tencent Holdings in China.**

On the corporate front, **Sony** surged higher on Thursday after the electronics and media giant lifted its full year operating profit guidance. **Group sales were effectively flat at ¥2.1 trillion, but operating profit increased 14% to ¥317.8 billion. Sony upped its full year operating profit outlook 13% to ¥700 billion** and we believe this could prove conservative given that operating income hit ¥546.2 billion for the half year. The **gaming segment was the key contributor, with sales up 11% and operating income surging 61% to ¥104.9 billion even as the PlayStation 4 is at the end of its lifecycle.** There were encouraging reports about pre-orders for the PlayStation 5, releasing in mid-November.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund