



ASX ANNOUNCEMENT

13 November 2020

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 11 November 2020

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 11 November 2020 is as follows:

Month to date NTA

	Amount (\$)
Pre-Tax NTA (as at 11 November 2020)	1.3101
Pre-Tax NTA (as at 31 October 2020)	1.2592
Change in NTA (31 October to 11 November 2020)	4.04%

For the period from 31 October 2020 to 11 November 2020, the Fund recorded an increase in estimated pre-tax NTA from \$1.2592 to \$1.3101, a **gain of 4.04%**.

Portfolio Changes and market outlook

While the corrective selloff that began in September seems to have run its course, we would be wary about chasing the market higher. There is a good chance that markets will now consolidate, as the second wave of Covid does its rounds in the northern hemisphere and forces restrictive measures and lockdowns. Whilst the outcome of the Presidential election is known, some of the vote counting in states such as Georgia could have a residual tail risk and a final impact on the Senate. **Looking further out over the medium term, we are optimistic on the markets and have been fully invested for some time to reflect this view.**

The Fund added to holdings in **Yum China**, after a better than expected solid profit result and confirmation that the KFC store rollout in China was tracking to plan. A number of companies in the portfolio reported with solid beats including Tencent Music, Nintendo and Sony. Alibaba came under pressure after the halt to the ANT IPO, but the weakness in the stock has been somewhat mitigated by a very strong profit result.

We took advantage of the depressed global energy sector and **added China Oilfield & Services (COSL) to the portfolio at historically low prices.** COSL is an oilfield services company, and earnings are therefore somewhat insulated to the oil price. COSL reported a very solid profit result recently, with their largest client Chinese energy giant CNOOC committed to their offshore drilling programs. COSL is a majority owned subsidiary of CNOOC, and operates in Southeast Asia, the Middle east and Central Asia. With the energy price also depressed, **there is a good probability of recovery over coming months, particularly when the world economy fully begins to reopen next year after the arrival of a vaccine.**

PowerHouse Energy shares **surged this month on the announcement that it had reached a heads of agreement with Hydrogen Utopia International Limited (HUI) for a potential exclusive non-transferable licence** for the application waste-to-energy technology in Poland. This is positive **signal of the potential of the technology to “the recycling industry” of potential future revenue streams to come.** With the prototype testing complete and the commercialization

rollout of the DMG technology begun, we think the shares have **good prospects of being rerated significantly in the coming year.**

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund