



ASX ANNOUNCEMENT

26 March 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 24th March 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 24 March 2021 is as follows:

Month to date NTA

	Amount (\$)
Pre-Tax NTA (as at 24 March 2021)	1.4931
Pre-Tax NTA (as at 28 February 2021)	1.4592
Change in NTA (28 February to 24 March 2021)	2.32%

For the period from 28 February to 24 March 2021, the Fund recorded a 2.32% increase in estimated pre-tax NTA from \$1.4592 to \$1.4931. **Earlier this month the Fund also announced a strong increase in half year profit, a fully franked dividend of 3 cents per share, which represented a 20% increase over the previous dividend and a Shareholder Purchase Plan, which closes at the end of March.**

Portfolio Changes and Market Outlook

Financial markets have been volatile this month with the ongoing rotation out of the technology sector and expensive growth stocks into recovery sectors and Covid reopeners. The US bond market continues to be problematic, with the yield on the ten-year remaining above 1.6%. One notable performer since our last update has been the rebounding US dollar. The DXY has risen back towards 93 and this has placed downward pressure on commodities, precious metals and event he cryptos.

Dollar strength could persist for some time yet, but ultimately, we continue to believe the primary trend is down. The fiscal stimulus injection, combined with the rapid vaccination rollout and reopening of the US economy, will turbo charge GDP growth over the next few years. **We believe this will materially eclipse consensus projections and lead to significant inflationary consequences.**

Our bet on rising bond yields has worked for the Fund this month in terms of attribution. Positive performance has been attributable to the **short US bond position** and the investment in the **Japanese financial sector** this month.

Our investments in Japanese banks including **Sumitomo Mitsui Financial Group, Chiba Bank, Fukuoka Financial Group, and investment bank Nomura Holdings** all rose materially this month alongside global bond yields. We believe there is further upside for the Japanese financial sector, especially considering valuations are still amongst the cheapest in the world and as Japan's economic growth accelerates. **Collins Foods**, the Fund's largest holding rose to record highs despite the absence of a material catalyst, while **Domino's and Whitehaven Coal** also had a material impact.

Detracting from performance was **Tencent Music** which did not meet consensus expectations in terms of top-line revenue growth and **Western Areas** which conducted a rights issue to fund mine expansion.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund