



ASX ANNOUNCEMENT

4 June 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 2nd June 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 2 June 2021 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 2 June 2021)	1.5554
Pre-Tax NTA (as at 31 May 2021)	1.5445
Change in NTA (31 May 2021 to 2 June 2021)	0.71%

For the period from 31 May to 2 June 2021 the Fund recorded a 0.71% increase in estimated pre-tax NTA from \$1.5445 to \$1.5554.

Portfolio Changes and Market Outlook

The Fund finished the month of May on a positive note and has got off to a strong start in June, despite a choppy period for the markets. **Our zero-cost option collar hedge helped to insulate the portfolio from the volatility and reduce overall market exposure and risk.** The option hedge is due to expire later in June. Yields on long dated US government debt are once again creeping higher in the face of a tight labour market and rising inflation. **The Fund continues to be short long-duration US government debt.**

Since our last update, we have added back **BHP** and **China Oilfield Services (COSL)** to the portfolio. BHP has corrected in recent weeks, and with oil prices now surging in the wake of the OPEC+ meeting this week, we hold the view that a post pandemic demand led recovery could push crude up to \$80 in coming months. Higher energy prices would not only benefit BHP, but also COSL. We exited COSL earlier this year at much higher levels but have taken advantage of recent weakness to add the stock back to the portfolio. **Whitehaven Coal** positively impacted performance after thermal coal prices surged above \$115 per tonne, well over double where prices were nine months ago. We think thermal coal prices have further to go on the upside.

PowerHouse Energy was rerated by the market this week after committing to a second DMG plant in Scotland. We anticipate more plant rollout announcements in coming months as the waste to hydrogen technology gains increasing awareness and acceptance in the UK and globally. The takeover battle for **Mainstream** continues in earnest with the latest bid standing at \$2.76, which is 400% above our average cost price. We added Hong Kong listed, Chinese gold producer **Zhaojin Mining** to the portfolio.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund