



ASX ANNOUNCEMENT

28 June 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 23rd June 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 23 June 2021 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 23 June 2021)	1.4557
Pre-Tax NTA (as at 31 May 2021)	1.5445
Change in NTA (31 May 2021 to 23 June 2021)	-5.75%

For the period from 31 May to 23 June 2021, the Fund recorded a 5.75% decrease in estimated pre-tax NTA from \$1.5445 to \$1.4557. **The fall in the pre-tax NTA included a dividend being paid earlier in the month of 3 cents per share.** The number of shares on issue also increased due to the dividend reinvestment plan, which also had a dilutionary impact on pre-tax NTA.

Portfolio Changes and Market Outlook

The more hawkish statement that came from the recent FOMC meeting had an impact on performance. The rise in the value of the US dollar, the correction in resources and precious metals and rally in long dated US bonds all weighed on the Fund's performance. Whilst this is a setback, we continue to believe that inflationary risks are still elevated. Powerhouse Energy also had an impact on the portfolio, correcting sharply with the broader UK market.

Since our last update, we have eliminated all leverage within the Fund taking profits across the portfolio. The one stock excluded was the portfolio's largest holding Collins Foods which this week hit record highs ahead of results being announced on Tuesday. The reduction in exposure across the portfolio has locked in significant capital gains ahead of the end of the financial year.

Last week, the zero-cost option collar put in place to protect the portfolio from near term market risk expired. We made the decision to reduce overall total risk given global market valuations are now somewhat extended. We still maintain close to 100% long exposure in the portfolio to global equities, a short position on long dated US bonds, and long physical precious metals.

Whilst near term global stock markets could continue to rise with the latest catalyst being the Biden Administration's proposed \$1.2 trillion, the risk of a broader correction is growing. We may look to reinstate another portfolio hedge in coming months to insulate the portfolio from a possible market drawdown. We continue to see relative value in Australian, Chinese and Japanese equities compared to the US.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund