



ASX ANNOUNCEMENT

9 July 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 7th July 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 7 July 2021 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 7 July 2021)	1.4232
Pre-Tax NTA (as at 30 June 2021)	1.4450
Change in NTA (30 June 2021 to 7 July 2021)	-1.51%

For the period from 30 June to 7 July 2021, the Fund recorded a 1.51% decrease in estimated pre-tax NTA from \$1.4450 to \$1.4232.

Portfolio Changes and Market Outlook

The last five weeks have been relatively challenging for the Fund as reflation and cyclical stocks continued to reverse and as the inflationary thematic has been called into question. While many funds **continued to be net buyers in June and net leverage rose to a new high in late June, we took the decision last month to dramatically reduce leverage and overall equity exposure.**

While the underperformance of the reflation thematic has weighed on relative performance, we remain optimistic that investor focus on reflation will return in the second half of the year and continue to be wary towards very expensive growth stocks and mega cap US technology in particular.

The drift lower in US bond yields has weighed on the Fund's performance with the yield on the 10 Year T Bond going as low as 1.24% this week. However, markets could be nearing an inflection point on this front and we anticipate sharply higher bond yields in the second half the year, coupled with a return to favour of the reflation thematic. Medium-term market-based inflation expectations have barely moved in recent weeks. Market-implied timing to Fed lift-off has moved little as well. A recent JPM survey indicated that following the fall in rates net shorts in long dated bonds is now the lowest since April, and on the other hand, outright longs the highest since March.

There were no changes to the portfolio since our last update.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund