ASX ANNOUNCEMENT

Sydney, 16 August 2021: Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

The estimated net tangible asset backing of the Fat Prophets Global Contrarian Fund decreased in July 2021. **Pre-tax and post-tax NTA closed at $1.3642 and $1.2899 for a decrease of 5.59% and 4.17% respectively. At the end of July, net leverage was 4.06%.**

	31-July-2021	30-June-21	Change
Pre-Tax NTA	1.3642	1.4450	**-5.59%**
Post-Tax NTA	1.2899	1.3460	**-4.17%**

Portfolio Performance

July was a challenging month for the Fund, which lost ground mainly attributable to falls in Chinese internet names Tencent Holdings and Alibaba, Powerhouse Energy and LG Household & Healthcare which missed consensus forecasts.

We reduced our total portfolio exposure in June by around 25%, eliminating close to all leverage. Risk was further reduced in the portfolio with a further selldown in early August raising cash levels and lowering exposure to stock, bond and commodity markets by an additional 25%. Since July 31, the Fund also reduced its holdings in Collins Foods to well below 10% of the portfolio. In July we reinstated a hedge over 25% of the portfolio utilising a zero-cost collar hedge on the S&P500 at a level just under 4300.

While the US stock market has hit record highs, many indices, and sectors, reopening thematics', and financials have been caught up in a rolling correction since earlier in the year. The leadership in the US stock market and others has narrowed in recent months, and narrowing breadth is often a precursor for a correction. Close to half of constituents in the key small cap Russell 2000 index have corrected by at least +20% this year, and the pattern has been similar for many stock markets around the world despite the headline indices being at record highs.

Whilst we think the global bull market in equities has further significant upside extension over the medium to longer-term, near-term risks are elevated. Valuations are near historic highs, companies are likely reporting peak earnings growth in the cycle, and bond yields are now climbing again. Despite the better than feared CPI print this week, inflationary risks are still elevated. Bond yields are once again climbing again. The September quarter, which lays ahead for the markets, is likely to see a slowdown in not only profit growth but also forward estimates. We continue to be of the view that the bar of expectation for next year is likely set too high.

Additionally, it is also only a matter of time before we hear more from the Federal Reserve in terms of tapering their quantitative easing program, which is likely to come in November, and possibly earlier. In previous recovery cycles such as post the GFC, the Fed tapered much earlier, which induced a correction in stock markets. The Fund is now on a defensive footing and in position to take advantage of what we believe is a forthcoming correction.

During July, Chinese internet companies in Hong Kong were sold down sharply across the board, with the online education sector amongst the hardest hit. We have no exposure to the online education

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sector, but still retain Tencent Holdings, Alibaba and to a lesser extent, Tencent Music, that were all caught up in the selloff. Increased scrutiny by Chinese regulators was the catalyst for selloff, which was swift, and towards the end, displayed hallmarks of investor capitulation. Relative value has now emerged between Chinese and US internet companies.

The S&P500 continued to move higher and this also to some extent weighed on the Fund's put option hedge. Earnings growth has been driven by a confluence of factors including, reopening of the global economy (albeit this has been frustrated in recent months by the spread of the delta variant), pent up consumer demand aided by government fiscal stimulus measures, high consumer confidence from the surging real estate and stock markets, and ultralow interest rates. But arguably that has all been reflected today generally in the stock market indices in an "as good as it gets" risk on environment.

The Bloomberg chart below clearly shows "the bullish consensus" bias amongst analysts, whom are the most bullish on single stocks in Europe and the US in over a decade. The percentage of buy recommendations for companies listed in the Stoxx Europe 600 stood at 52% at the end of July, the highest reading since 2011, and 56% for S&P 500 Index shares, the most in almost 20 years. That exuberance has to be checked at some point.

Bull (and bear) markets are characterised by corrections, and we have yet to see a meaningful one since October last year. Last year we successfully navigated the recovery in stock markets and established and maintained a leveraged long position which drove performance. We continue to hold the view that the bull market needs a reset before the "buy the dip mentality" undoubtedly reasserts and takes the indices higher over the medium to longer term. A reset between now and then would make not only sense but conform to the typical path followed by most bull markets.

The Fund has been placed on a more defensive footing ahead of what we believe will be an upcoming period of volatility. We can look to then take advantage of any correction and reset the portfolio. Meanwhile, capital gains have been crystallized across the portfolio which will be supportive of future franked dividends.

Positive Attributions

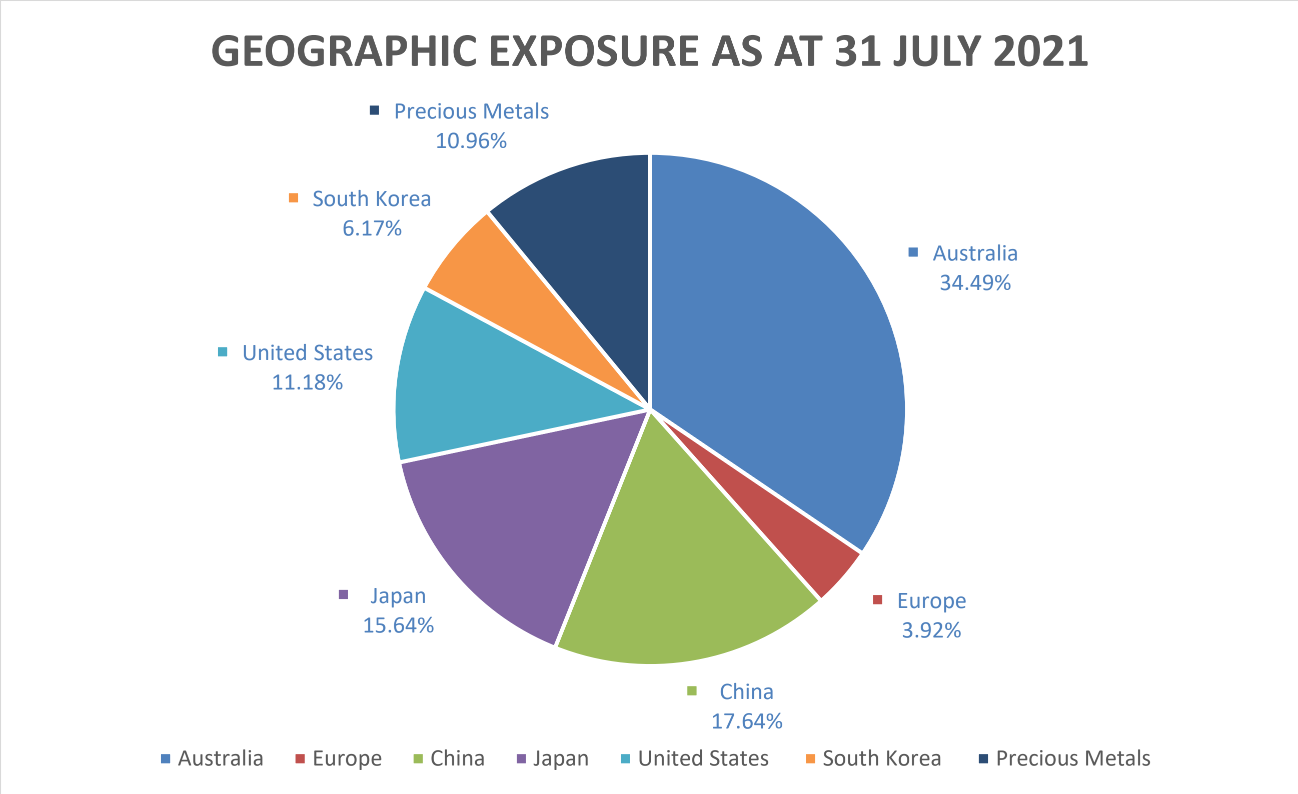
Company	Country	Attribution (bpts)
BHP Billiton	Australia	30.6
Whitehaven Coal	Australia	27.9
Mincor Resources	Australia	18.7
Western Areas	Australia	15.7
Sony Corp	Japan	14.3

Negative Attributions

Company	Country	Attribution (bpts)
Powerhouse Energy	United Kingdom	131.1
LG Household	North Korea	58.9
Alibaba Group Holding	China	53.6
Tencent Music	China	50.6
Tencent Holdings	China	43.7

Top 10 Holdings

Top 10 Holdings	Country	31 July 2021
Collins Foods	Australia	10.23%
Domino's Pizza	Australia	4.74%
Praemium	Australia	4.00%
Powerhouse Energy Group	United Kingdom	3.92%
Samsung Electronics	South Korea	3.54%
BHP Billiton	Australia	3.40%
Alibaba Group Holding	China	3.36%
Sony Corp	Japan	3.10%
Walt Disney	United States	3.04%
ProShares UltraShort US Bond ETF	United States	3.00%



Angus Geddes
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Fat Prophets Global Contrarian Fund