



ASX ANNOUNCEMENT

25 October 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 20th October 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 20 October 2021 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 20 October 2021)	1.3738
Pre-Tax NTA (as at 30 September 2021)	1.3623
Change in NTA (30 September 2021 to 20 October 2021)	0.84%

For the period from 30 September to 20 October 2021, the Fund recorded a 0.84% increase in estimated pre-tax NTA from \$1.3623 to \$1.3738.

Portfolio Changes and Market Outlook

The Fund has begun to add back equity exposure and we reduced our level of hedging. Whilst we had adopted a cautious and defensive stance in September and October, we now see the risk/reward skew for equity markets on the topside heading into the end of the year. We still remain wary of expensive growth and IT stocks as we move into the eye of the September reporting season.

Inflation has remained elevated, and the Fed has begun to pivot and move away from their view of it being “transitory” in the near term. Reflationary thematic cyclical and value stocks offer a comparatively more favourable risk/reward skew in our view. On the other hand, the “bar of expectation” remains high for expensive growth and internet stocks that are priced to perfection, thus skewing risk in these market sectors.

Since our last update, we added to holdings in **QBE Insurance and Beston Global Food Group, and Nomura Holdings. We added Telstra to the portfolio.** Australia’s largest telco has materially underperformed the ASX200 for the past decade, but we believe the stock is at an inflection point. Management has revealed new financial targets, along with operational plans and strategic priorities for the next 4 years out to FY25 that should positively impact the business. Telstra could be poised for renewed growth, higher profitability and dividends.

We also added two US listed oil services companies **Schlumberger and Halliburton.** Within the oil industry, underinvestment and the pandemic induced downturn has had a negative impact. However, with a demand led recovery, oil above \$80, demand for oil services is set to accelerate in our view. Both Halliburton and Schlumberger provide “picks and shovels” to the energy sector, with earnings results in the past two quarters being strong. The oil services sector has underperformed in the past decade, but we believe an inflection point is close at hand for industry. Both companies are technology leaders in the sector.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund