



ASX ANNOUNCEMENT

11 February 2022

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 9th February 2022

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 9 February 2022 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 9 February 2022)	1.3287
Pre-Tax NTA (as at 31 January 2022)	1.2739
Change in NTA (31 January 2022 to 9 February 2022)	4.30%

For the period from 31 January 2022 to 9 February 2022, the Fund recorded a 4.3% increase in estimated pre-tax NTA from \$1.2739 to \$1.3287. **The Fund has weathered the volatility in global stocks well, with a number of positions in the portfolio performing due to rising interest rates and inflation.** We continue to see value, cyclicals and inflation beneficiaries outperforming expensive growth and technology companies as rising long term interest rates likely further take a toll.

The big data point everyone was looking for on Thursday was consumer inflation and it came in hotter than the market was forecasting, increasing a seasonally adjusted 0.6% last month to take the annual rate to a whopping 7.5% in January, the highest in 40 years and well above market expectations of 7.3%.

Strong demand combined with surging commodity prices, labour shortages, and supply disruptions is creating a perfect storm to push prices higher. Surging prices for autos, household furniture, appliances and other durable goods is playing a significant role. **Food prices surged 7% as well, the steepest increase since 1981 and this is raising consumers grocery bills.**

The Fund's portfolio is positioned to benefit from higher inflation and rising interest rates, maintaining a short position on long term US interest rates, direct precious metals and soft commodity exposure, and key "overweights" in mining shares including BHP and Rio Tinto. Despite near term weakness, we remain bullish in our outlook for the energy sector with core holdings in Japanese LNG producer Inpex, and US oil services Halliburton and Schlumberger.

We note that FPC continues to trade on the ASX at a discount to NTA despite a high trailing dividend yield and positive dividend guidance on future dividends from the Board this year.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund