

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 22nd June 2022

After taking into account the capital outflow for the Equal Access Share Buyback and the dividend payout, the estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at the 22nd of June is as follows:

	Amount
Pre-Tax NTA (as at 22 June 2022)	\$1.0310
Capital outflow for EABB and dividend in June 2022	\$0.0272
Adjusted Pre-Tax NTA (as at 22 June 2022)	\$1.0582
Pre-Tax NTA (as at 31 May 2022)	\$1.2038
Change in NTA (31 May 2022 to 22 June 2022)	-12.09%

For the period from 31 May 2022 to 22 June 2022, the Fund recorded a 12.09% decrease in estimated pre-tax NTA from \$1.2038 to \$1.0582. Adjusted pre-tax change in NTA return takes into consideration the capital outflow that occurred during the month for the Equal Access Share Buyback and interim dividend.

June has been a very challenging month for financial markets which have endured one of the sharpest selloffs in risk assets since the pandemic and the GFC. 2022 has so far been one of the worst starts to the year for financial markets in about eight decades. In June alone, the MSCI world index lost 10%, the S&P500 was down 9% and the ASX200 fell 10.3%.

The resources and energy sectors which had proven resilient to the correction for most of this year finally succumbed to the selloff, which affected performance. All leverage within the Fund has been removed to lower overall market risk and portfolio beta with cash balances moderately raised.

Sentiment within financial markets remains very poor and positioning light which raises the prospects for a near term rally, but market conditions are likely to remain challenging as long as there is uncertainty over a global recession and the future path towards central bank tightening.

Valuations have got cheaper, but general market conditions are likely to be challenging for the next quarter as we move through the tightening cycle. The upcoming US reporting season in late July is likely to be pivotal. On this front, we remain comfortable with our exposure to Australia, Japan, China and the UK, which are value centric markets priced on earnings multiples close to the bottom of the historic range.

We continue to hold the view that elevated inflation will be with us for some time, and that commodities, interest rate beneficiaries, and defensive value industrials with pricing power will outperform. Growth has become much cheaper, although residual risks remain if long duration bond yields continue to rise.

Angus Geddes
 Chief Investment Officer
Fat Prophets Global Contrarian Fund