

## Fat Prophets Global Contrarian Fund (ASX Code FPC)

### Estimated Pre-Tax NTA 05 October 2022

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 5 October 2022 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 05 October 2022)	0.9606
Pre-Tax NTA (as at 30 September 2022)	0.9491
Change in NTA (30 September 2022 to 05 October 2022)	1.21%

For the period from 30 September 2022 to 5 October 2022, the Fund recorded a 1.21% increase in estimated pre-tax NTA from \$0.9491 to \$0.9606.

Market volatility has persisted as investors remain concerned with a determined Fed trying to extinguish inflation. Furthermore, worries around UK's fiscal policy, Europe's energy crisis and China's economic slowdown have worsened sentiment. Fears of a deteriorating global economy and a potential recession next year are increasingly justified, coupled with the likelihood of further rate hikes caused markets to drop sharply in September. We also witnessed some meaningful earnings downgrades come through and there are likely to be many more over coming months. **Seldom is there ever only one cockroach in the kitchen.**

Chinese equities declined further as the yuan weakened. This is a clear sign of a struggling economy and uncertain outlook, particularly with the government's persistence of Covid zero policies. We added to the Fund's short position on the Chinese Renminbi, taking advantage of recent US dollar weakness. As the yen continues to fall, pressure is mounting on the Bank of Japan to tighten monetary policy.

We added two regional Japanese banks to the portfolio **Mebuki Financial Group and Concordia Financial Group**, both priced at around 0.3X price to book with attractive dividend yields, which is very cheap by global standards. We believe that Japanese monetary policy is unsustainable which will see the BOJ be forced to relax yield curve control policies in the not-too-distant future, whereby the banks will be key beneficiaries.

Overall, we remain defensive, holding high levels of cash and liquidity and see further volatility ahead for financial markets.

Angus Geddes  
 Chief Investment Officer  
**Fat Prophets Global Contrarian Fund Limited**