

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 22 March 2023

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 22nd March 2023 was as follows:

	Amount (\$)
Pre-Tax NTA (as at 22 March 2023)	0.9987
Pre-Tax NTA (as at 28 February 2023)	1.0624
Change in NTA (28 February 2023 to 22 March 2023)	-6.00%

For the period from 28 February 2023 to 22 March 2023 the Fund recorded a 6% decrease in estimated pre-tax NTA from \$1.0624 to \$0.9987. The primary negative impact on pre-tax NTA this month has been the fall in Japanese banks which despite being untainted by the collapse of US regional banks, fell harder than the global banking index. While we believe the selloff was overdone, we took opportunities to lock in profits and reduce exposure to the sector and particularly to the regional banks since our last update.

Value is beginning to emerge within the sector and price to book ratios have fallen to the mid-point of the range between 0.4X to 0.6X, meanwhile dividend yields are pushing 5%. The Japanese bond yield curve is back at October levels, where expectations for interest rate policy normalisation had only just begun. Since then, goods and services prices have risen, whilst liquidity risks at Japanese banks remain low. We see the BOJ taking further steps towards yield curve normalisation this year, which we expect to bring about a recovery in the sector.

We added back gold producer Evolution mining to the portfolio. We also added to our holding in Newcrest Mining. Gold is performing with a number of tailwinds, including falling real interest rates, rising risks within the financial system, a weaker US dollar, and still elevated inflation. Global central banks have also been heavy buyers in the spot gold market seeking to diversify their reserves. Gold could make new record highs in US dollar terms. In A\$ terms, spot gold is at an historic high pushing up gains the psychological \$3000 level.

Angus Geddes

Chief Investment Officer
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