



ASX ANNOUNCEMENT

Sydney, 13 January 2021: Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

The estimated net tangible asset backing of the Fat Prophets Global Contrarian Fund improved in December 2020. **Pre-tax and post-tax NTA closed at \$1.4808 and 1.3841 for an increase of 13.28% and 10.05% respectively during the month of December 2020. During the month, the Fund reduced exposure and net leverage increased to 17.22%**

	31-Dec-20	30-Nov-20	Change
Pre-Tax NTA	1.4808	1.3072	13.28%
Post-Tax NTA	1.3841	1.2577	10.05%

Portfolio Performance

The portfolio had a very strong performance in December to cap off a strong end to 2020. **PowerHouse Energy** was the outstanding performer during the month as investors rerated the company on the back of a number of key announcements. **Samsung Electronics and Walt Disney** also both reported solid profit results. Walt Disney continues to develop and grow its streaming division much faster than consensus forecasts. The Fund's **precious metal holdings** also performed with gold and silver prices jumping in December, and the Global X Silver Miners ETF had a good finish to the end of the year.

Weighing on performance was **Alibaba**, which was sold down on the Chinese Government's investigation into the company's financial subsidiary and on US government threats to delist Chinese ADRs. **QBE Insurance** announced a larger than expected loss.

Positive Attributions

Company	Country	Attribution (bpts)
Powerhouse Energy Group	United Kingdom	1,126.9
Samsung Electronics	South Korea	85.9
Domino's Pizza	Australia	81.0
Walt Disney	United States	73.7
Global x Silver Miners ETF	United States	58.0

Negative Attributions

Company	Country	Attribution (bpts)
Alibaba Group Holding	China	62.1
QBE Insurance	Australia	43.4
Praemium	Australia	17.6
Mainstream Group	Australia	11.5
Budweiser Brewing	China	11.3

Market Outlook and Portfolio Changes

Without doubt the biggest recent development in US politics was the regaining control of the Senate by the Democrats and the Biden Administration. This paves the way for further significant fiscal stimulus with the Republicans not being able to block any bill. This removes a stalemate in Washington that has constrained the US economy since the last major **fiscal stimulus package expired back in July. Stock markets have rallied strongly in recent weeks on the prospects of this.**

However, bond yields have also backed up sharply since the Georgia election with 10 and 20 year treasury bond yields jumping 1.15% and 1.88% in recent weeks. We think US bond yields do not adequately reflect higher inflationary prospects that could accrue from additional fiscal stimulus, and consequently expect long dated yields to rise significantly in the year ahead, **despite the Fed's threats to intervene with further bond buying.**

With sharply higher valuations, we have become more cautious towards the markets and significantly reduced leverage in the last month with gearing now only just above 17%. While near term stock markets could continue to push higher, the probability of a decent correction has risen, and consequently are looking to book further profits across the portfolio.

Gold managed to rally in December, but with the US dollar looking near term to be oversold, we may yet see further consolidation within the sector. We are particularly cautious on the technology sector with valuations at extremely high levels, and which could now be pressure by rising long term bond rates. **As discussed above, we continue to believe long duration interest rates have further to go on the upside. The Fund continues to hold a short duration bond position via ETFs, which are now showing solid unrealised gains.**

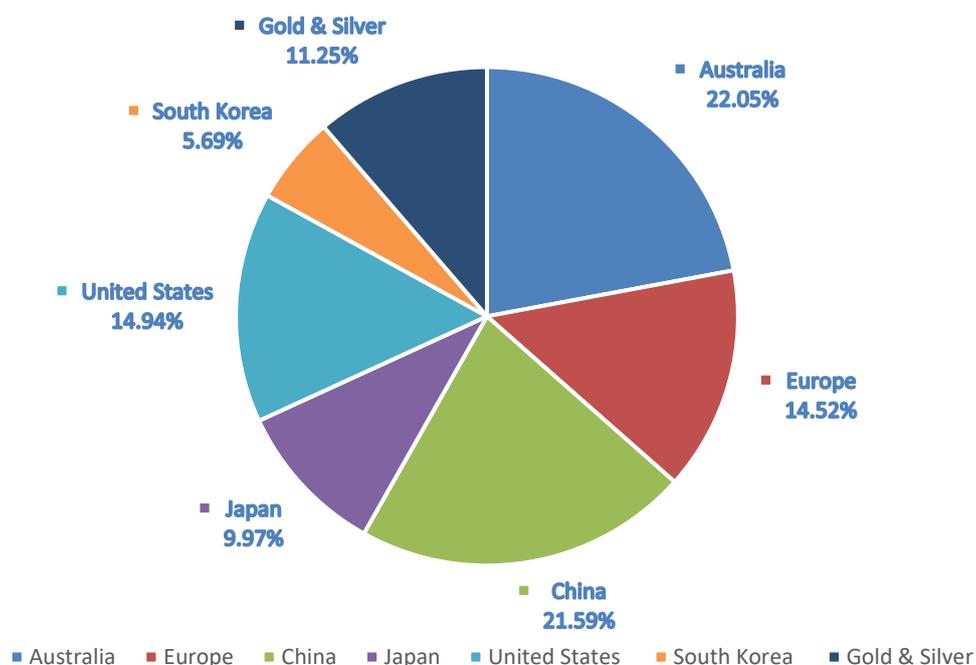
PowerHouse Energy was the standout performer in the portfolio in 2020 and in December, with the stock more than doubling to become the Fund's largest holding. We believe the company has significant potential and much further to go on the upside over the coming year. In December, management confirmed the second phase of infrastructure works at Protos (the pilot waste to energy plant) was well underway and making significant progress towards full commercialisation.

PowerHouse reported that it had successfully recruited qualified and experienced operational and technical staff and confirmed that it had developed a design for a solution that **could export larger volumes of hydrogen**, broadening the scope to supply smaller fleet consumers. Executive Chairman Tim Yeo said that "PowerHouse is getting down to business ahead of intense activity expected in 2021 as demand for our waste plastic to hydrogen technology gains rapid momentum. The company has strengthened the board and appointed a number of key experts to our operational team."

Top 10 Holdings

Top 10 Holdings	Country	31 December 2020
Powerhouse Energy Group	United Kingdom	11.06%
Collins Foods	Australia	7.49%
Alibaba Group Holding	China	4.11%
Domino's Pizza	Australia	3.78%
Walt Disney	United States	3.20%
Samsung Electronics	South Korea	3.16%
Global X Silver Miners ETF	United States	2.82%
Aberdeen Std Platinum ETF	United Kingdom	2.67%
Nintendo	Japan	2.64%
Sony Corp	Japan	2.53%

GEOGRAPHIC EXPOSURE AS AT 31 DECEMBER 2020



Angus Geddes
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Fat Prophets Global Contrarian Fund