



ASX ANNOUNCEMENT

Sydney, 14 February 2022: 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 decreased in January 2022 with **pre-tax and post-tax NTA closing at \$1.2739 and \$1.2216 for a decrease of 1.20% and 1.03% respectively**. At the end of January 2022, net leverage for the Fund was 20.32%.

	31-Jan-2022	31-Dec-2021	Change
Pre-Tax NTA	1.2739	1.2894	-1.20%
Post-Tax NTA	1.2216	1.2343	-1.03%

Market outlook and portfolio performance

The Fund weathered the sharp selloff of global stocks in January well, considerably outperforming the benchmarks on a relative basis despite no hedging in place. Whilst the volatility in global stock markets might endure in the near term, the outlook for global growth remains robust which should underpin equity valuations. One caveat is that we continue to see value, cyclicals and inflation beneficiaries continuing to outperform expensive growth and technology companies. There are however some exceptions, and we took advantage of the volatility in January and added two excellent online businesses where valuation had come down to a much more acceptable level.

Following a disappointing earnings result, **Netflix** dropped sharply, with the stock at one point down 50% from last year's record high. We took advantage of the collapse in Netflix' valuation and added the stock to our portfolio. Netflix is still the world's number one and leading streaming TV content provider. Whilst subscriber numbers have slowed, we still see significant growth in the domestic US and global market.

We believe Netflix will continue to be a key beneficiary and driver of ongoing disruption in the television market despite growing competition. The company is well down the path of having economies of scale with content and also distribution which will serve as a moat to other competitors.

Netflix's content continues to perform well globally which is attracting a growing audience, which although slowed down in the recent quarter should continue to grow strongly in the years ahead. This will in turn drive a virtuous circle of strong subscriber growth, more revenue, and growing profit.

We also expect Netflix to continue benefiting from the rapidly growing universe of internet-connected devices and increasing consumer preference for on-demand video consumption. Netflix is rapidly approaching 300 million subscribers, but this is still a fraction of the total addressable market, which should underpin growth for years to come.

We added online Japanese retailer **Zozo** to the portfolio which is also well down from last year's high. Zozo has a very strong retail clothing online business model with a robust and stable medium-term growth which will generate significant free cash flow. The fashion ecommerce markets should continue to grow rapidly while Zozo should benefit from increased inventory supply from other brand companies.

In terms of performance, our energy and iron ore exposure did well for the portfolio during January on the back of sharply higher commodity prices. Japan's leading energy producer Inpex, along with Halliburton, Schlumberger and BHP, all had good performances during the month. We continue to be bullish on oil looking out over the rest of the year as the global economy normalises and fully reopens after the pandemic.

Last year we took a small position in US aerospace technology company, Xeriant, which performed strongly in January. Xeriant is a company focused on acquiring, developing, and commercializing revolutionary, eco-friendly technologies with applications in aerospace, including innovative VTOL aircraft within the aviation industry. Xeriant has ambitions to play a disruptive role in the "third wave of aeronautics" and is developing specialized aircraft designed for point-to-point air transport of passengers and cargo in large metropolitan areas - a new aviation segment that will augment the current airport-based hub-and-spoke network. Called urban air mobility (UAM) or on-demand aviation, this emerging market centres around "elevating urban transportation," using the airspace over cities to establish an environmentally friendly, convenient, and efficient system of commuting by air.

Collins Foods and Domino's Pizza underperformed in January, primarily due to the covid wave in Australia that severely disrupted business supply lines. The two QSR operators were not immune and corrected sharply, however we see this as being a short run interruption to what are two of Australia's most successful QSR businesses.

Positive Attributions

Company	Country	Attribution (bpts)
Xeriant Inc	United States	79.6
Inpex Corp	Japan	55.0
Halliburton Co	United States	48.4
BHP Billiton	Australia	47.3
Schlumberger NV	United States	40.9

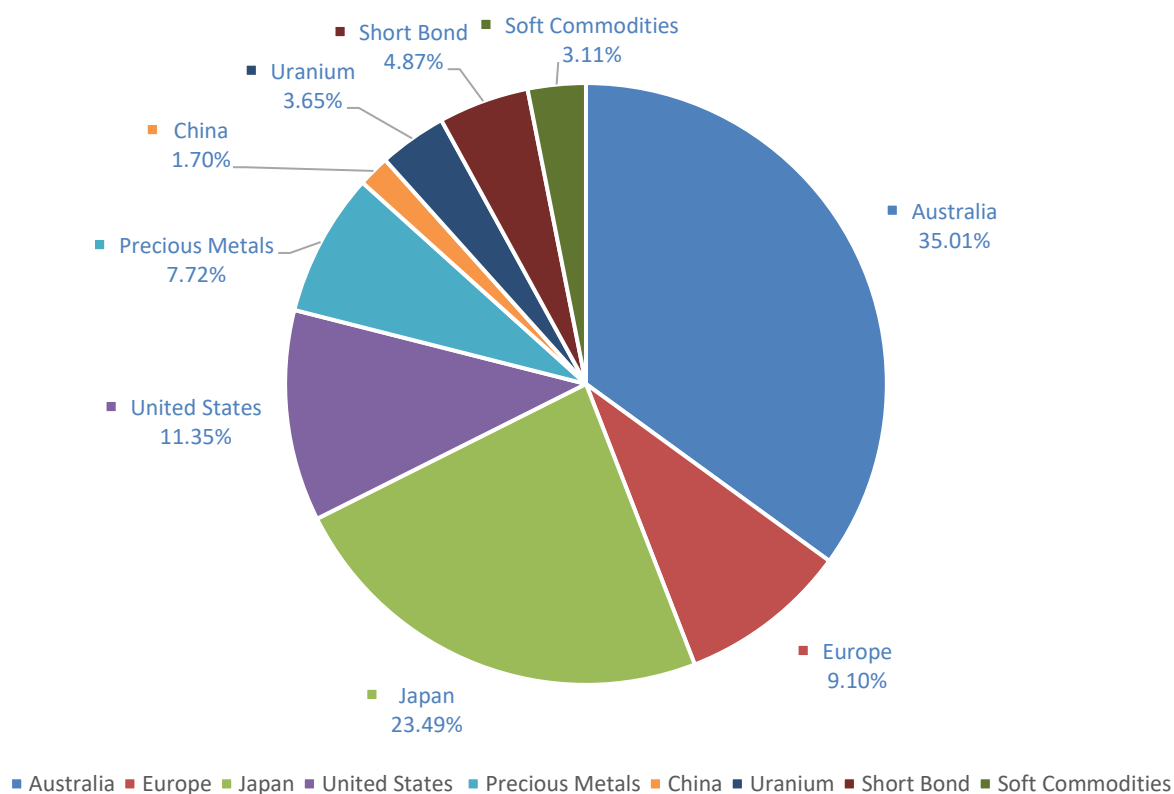
Negative Attributions

Company	Country	Attribution (bpts)
Collins Foods	Australia	122.5
Powerhouse Energy	United Kingdom	68.7
Praemium	Australia	65.9
Domino's Pizza Group	United Kingdom	52.7
Domino's Pizza Enterprises	Australia	52.4

Top 10 Holdings

Top 10 Holdings	Country	31 January 2022
Collins Foods	Australia	6.74%
Sprott Physical Uranium	Canada	3.65%
BHP Billiton	Australia	3.65%
Inpex Corp	Japan	3.40%
Praemium	Australia	3.19%
Invesco DB Agriculture	United States	3.11%
Telstra	Australia	3.02%
Nintendo	Japan	3.01%
Domino's Pizza Enterprises	Australia	2.99%
Sony	Japan	2.90%

GEOGRAPHIC EXPOSURE AS AT 31 JANUARY 2022



Angus Geddes
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Fat Prophets Global Contrarian Fund