



ASX ANNOUNCEMENT

Sydney, 15 March 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 February with **pre-tax and post-tax NTA closing at \$1.2394 and \$1.1973 for a decrease of 2.71% and 1.99% respectively**. At the end of February, net leverage for the Fund was 22.68%.

	28-Feb-2022	31-Jan-2022	Change
Pre-Tax NTA	1.2394	1.2739	-2.71%
Post-Tax NTA	1.1973	1.2216	-1.99%

Market outlook and portfolio performance

The Fund closed down in February however it outperformed considerably compared to global benchmarks. Volatility in global stock markets was high following the Russian invasion of Ukraine, which caused a sharp selloff in equity markets but a big spike in commodities and resource stocks as the West sought to impose wide ranging sanctions across Russian exports. Russia is one of the world's largest energy, base and precious metals and grain producers.

Aside from China, the world entered the year with significantly low inventories across most of these commodities. Removing Russia from the supply chain could exacerbate commodity shortages even further. Inflation is another tailwind, and on this front, CPI points for the US and RoW to continue to remain elevated.

The Fund benefited from being overweight these commodities. While the outlook for global growth remains firm, rising bond yields will likely have an ongoing impact on equity valuations, particularly expensive growth and technology companies. The portfolio has a value and commodity equity bias, so much of the collateral damage to expensive growth stocks was avoided. We continue to see value, select cyclicals and inflation beneficiaries outperforming their expensive growth and technology counterparts for some time after years of trailing behind.

The Fund established **a long position in the Canadian dollar versus the US dollar**. While the US dollar index has appreciated significantly this year, particularly against the euro, **we believe commodity-based currencies including the CAD and AUD are at an inflection point**. In Canada the central bank has alluded to a 50 bp hike (and potentially many more to come) as inflationary pressures build. We believe on the other hand the Federal Reserve may be somewhat more constrained.

Canada has a resource-centric economy with around 60% of exports commodity based. Accordingly, Canada stands to benefit from the commodities super cycle that is now underway and that is likely to persist for some time. Subsequently, we are of the view the Canadian dollar could appreciate strongly against the US dollar this year. The Fund has an overweight position in Australian dollars being the base currency.

Positive Attributions

Company	Country	Attribution (bpts)
Whitehaven Coal	Australia	48.1
Sprott Physical Uranium Trust	Canada	47.6
Mincor Resources	Australia	37.3
Evolution Mining	Australia	32.1
BHP Billiton	Australia	24.5

Commodity and resource-based exposure in the portfolio offset weaker performance elsewhere in the portfolio. **Whitehaven Coal** had the largest positive attribution with thermal coal prices hitting record levels, and at one point touching \$440 per ton. Nickel soared to an historic record after short squeeze pushed prices to \$100,000 per ton, which helped nickel producer **Mincor** hit a five year high. Uranium prices benefited from soaring energy and gas prices, with countries such as South Korea and China accelerating plans to rollout nuclear energy programs. The Fund holds physical exposure to uranium via the **Sprott Uranium Trust**. Bouyant iron ore and potash prices also boosted **BHP**. Gold touched a record high which was a positive catalyst for **Evolution Mining**.

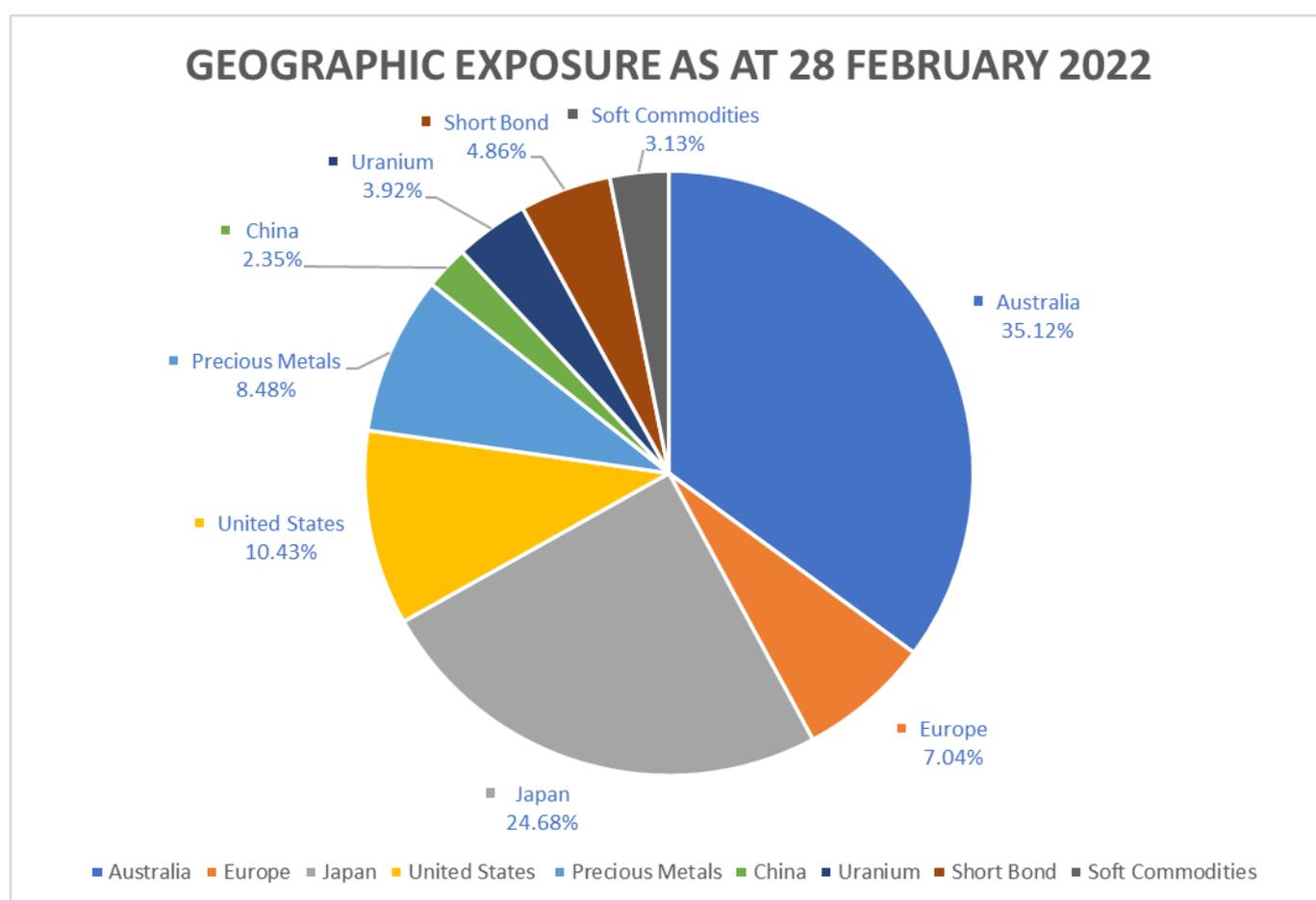
Negative Attributions

Company	Country	Attribution (bpts)
Praemium	Australia	157.7
Domino's Pizza	Australia	89.0
Collins Food	Australia	53.1
Xeriant Inc	United States	48.6
Adore Beauty	Australia	44.7

Praemium was the largest contributor to negative performance by a significant margin after first reporting a worse than expected profit result as costs accelerated and then secondly, Netwealth withdrawing a takeover offer. We still believe however that the fintech platform sector will not only continue to grow but will benefit from ongoing rationalisation. The Fund does have some exposure to growth stocks, namely **Domino's Pizza Enterprises and Collins Foods**. These stocks command high valuations and were sensitive to February's the global selloff in growth stocks and bonds, with 10-year yields rising considerably. Domino's and Collins are more reasonably priced, and both businesses continue to perform well.

Top 10 Holdings

Top 10 Holdings	Country	28 February 2022
Collins Foods Ltd	Australia	6.30%
Sprott Physical Uranium Trust	Canada	3.92%
BHP Billiton Limited	Australia	3.70%
Inpex Corp	Japan	3.38%
Invesco DB Agriculture Fund	United States	3.13%
Telstra Corporation Limited	Australia	3.04%
Nintendo Company	Japan	3.01%
QBE Insurance Group Limited	Australia	2.83%
ProShares UltraShort 20+ Y TR ETF	United States	2.67%
Sony Corp	Japan	2.61%



Angus Geddes
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Fat Prophets Global Contrarian Fund