



ASX ANNOUNCEMENT

Sydney, 13th February 2020: Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

The Fat Prophets Global Contrarian Fund performance was impacted in January by an Asian centric sell-off in stock markets due to the outbreak of the Coronavirus. The Fund's **net tangible asset backing decreased at month end with pre-tax and post-tax NTA closing at \$1.1794 and \$1.1664 for a decline of -4.69% and -3.48% respectively. Since the end of January, Asian and global stock markets have recovered significantly, along with the Fund.**

	31-Jan-20	31-Dec-19	Change
Pre-Tax NTA	1.1794	1.2375	-4.69%
Post-Tax NTA	1.1664	1.2084	-3.48%

The Fund held approximately A\$76.2 million of equities at the end of January. The largest holding remains **Collins Foods at 6.93%**, while **Meituan Dianping at 5.61%** remains the largest holding outside of Australia.

Overall the Fund, excluding futures positions, utilised leverage of 29.9% against the value of the share portfolio. The domestic split of the overall portfolio accounted for A\$19.2 million with the remaining \$57.0 million being comprised of international stocks. The largest geographical concentration outside of Australia is China and Hong Kong with A\$18.1 million of listed stocks.

Portfolio Performance

The main positive contributors to the portfolio's performance in January came from Australian and Japanese stocks including **Telstra, Sony, QBE Insurance** and UK listed waste-to-hydrogen technology company **Powerhouse Energy**, which announced a merger and a number of new contracts.

Positive Attributions

Company	Country	Attribution (bpts)
Telstra	Australia	30.7
Sony	Japan	27.1
QBE Insurance	Australia	24.0
Powerhouse Energy	United Kingdom	22.9
Mainstream	Australia	19.1

Negative Attributions

The Coronavirus was the catalyst for a sell-off in global stock markets, which was acutely manifested in Asia, and China in particular, which was the epicentre of the virus. Travel, food and

entertainment related exposures suffered particularly heavily with the Macau gaming precinct closing to the public. The Fund holds exposures to **Wynn Macau**, **MGM China** and **Sands China**. **Japan Airport Terminal** declined on lower inbound tourism numbers. **Yum China** the owner of KFC and Taco Bell on the Chinese mainland, closed 30% of its store footprint. Base metals and oil declined on lower global growth fears, and this impacted nickel producer **Western Areas**.

Company	Country	Attribution (bpts)
Wynn Macau	China	69.2
Japan Airport Terminal	Japan	65.9
Western Areas	Australia	60.8
Nintendo	Japan	58.1
Yum China	United States	54.4

Portfolio Changes and Market Outlook

The Coronavirus has had an unfortunate impact on China and the rest of the world, which in turn has negatively impacted market sentiment and stoked concerns on the global growth outlook. Our view is however that the fears surrounding the Covid-19 virus are overdone. **The virus is a serious threat but is probably close to passing its peak in terms of dispersion, media coverage and public fear.** The latest statistics confirm that this is the case.

We chose to not react to the virus and made few changes to the portfolio other than selectively adding to positions. **Reducing equity exposure would have been difficult anyway with most Asian markets closed for the Chinese Lunar New Year holiday.**

The Fund took advantage of the safe haven rush back into bonds which saw yields on many sovereign issues testing last year's lows. We selectively established **new short positions in Australian and UK ten-year bonds** utilising futures, whilst also **adding to existing short positions in US and German bonds**. The Fund also **increased exposure to European large caps and added to a long futures position in the EuroStoxx50 Index.**

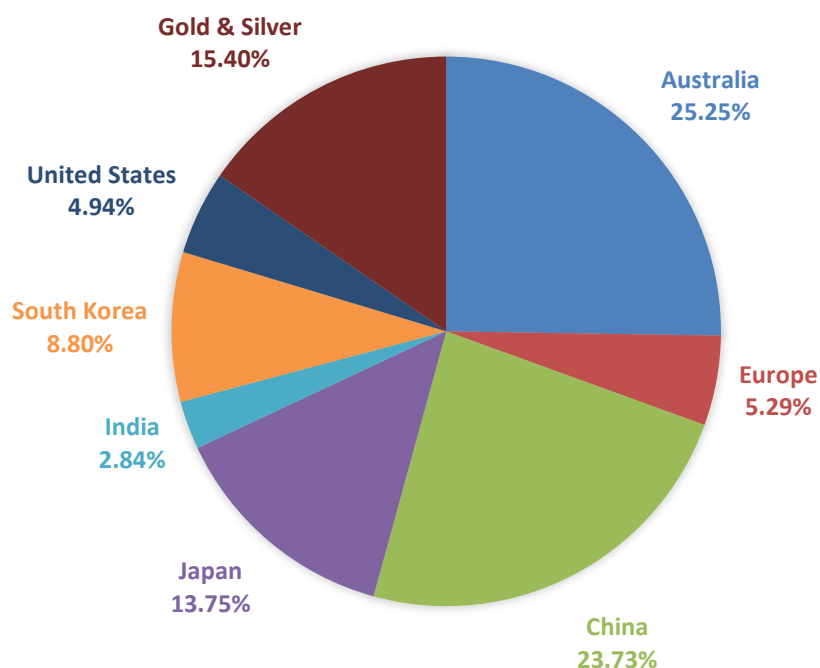
The Fund added to holdings in **Sands China** after a site visit to Macau to inspect the company's casino operations. We not only were **impressed by the scale and quality** of the Macau casino operation, but also the future growth plans **and the opening of the Londoner Casino in the next year or so.** We expect the Macau gaming industry to recover strongly as the Covid-19 virus recedes and as visitation picks up. Valuations are cheap for Sands China and other Macau gaming operators and **should soon accelerate on the back of growth in mass and premium mass customer patronage.**

Historically, Macau gaming has been very dependent on VIP revenues, but this is set to change in the year ahead, and we see Sands China along with other names we hold such as **Wynn Macau** and **MGM China** also having reached very low valuations. We sold our position in **Japanese online clothing retailer Zozo.**

Top 10 Holdings

Top 10 Holdings	31 January 2020	Country
Collins Foods	6.93%	Australia
Meituan Dianping	5.61%	China
Sony	5.32%	Japan
Telstra	4.57%	Australia
Nintendo	4.45%	Japan
Domino's Pizza	4.38%	Australia
Alibaba	4.35%	China
QBE Insurance	4.04%	Australia
VanEck Vectors Junior Gold Miners ETF	3.99%	United States
Yum China	3.56%	United States

GEOGRAPHIC EXPOSURE AS AT 31 JANUARY 2020



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Fat Prophets Global Contrarian Fund