



ASX ANNOUNCEMENT

13 August 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 11th August 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 11 August 2021 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 11 August 2021)	1.3624
Pre-Tax NTA (as at 31 July 2021)	1.3642
Change in NTA (31 July 2021 to 11 August 2021)	-0.13%

For the period from 31 July to 11 August 2021, the Fund recorded a 0.13% decrease in estimated pre-tax NTA from \$1.3642 to \$1.3624.

Portfolio Changes and Market Outlook

The Fund continues to hold a defensive stance. Whilst we believe the global bull market in equities has further significant upside extension over the medium to longer term, we see near term risks as being elevated. Valuations are near historic highs, companies are likely reporting peak earnings growth in the cycle, and bond yields are now climbing again. Despite the better than feared CPI print this week, inflationary risks are still elevated. Bond yields are once again climbing. The September quarter, which lays ahead of the markets, is likely to see a slowdown in not only profit growth but also forward estimates. We continue to be of the view that the bar of expectation for next year is set too high.

Additionally, it is also only a matter of time before we hear more from the Federal Reserve in terms of tapering their quantitative easing program, which is likely to come in November, and possibly earlier. In previous recovery cycles such as post the GFC, the Fed tapered much earlier, which induced a correction in stock markets. The Fund is now on a defensive footing and in position to take advantage of what we believe is a forthcoming correction.

We added global packaging company **Amcors** to the week to the portfolio, which has highly defensive attributes and characteristics, and an attractive dividend yield of over 4%. We like Amcor for its defensive end markets, strong management team and global leadership position. With projected earnings growth of around 14 to 15%, a strong dividend yield, an active buyback and a P/E multiple of around 16x, Amcor represents an attractive defensive exposure.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund