



ASX ANNOUNCEMENT

20 August 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 18th August 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 18 August 2021 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 18 August 2021)	1.3459
Pre-Tax NTA (as at 31 July 2021)	1.3642
Change in NTA (31 July 2021 to 18 August 2021)	-1.34%

For the period from 31 July to 18 August 2021, the Fund recorded a 1.34% decrease in estimated pre-tax NTA from \$1.3642 to \$1.3459.

Portfolio Changes and Market Outlook

Whilst the US stock market has continued to move higher, market breadth has narrowed considerably while investor positioning remains elevated, setting the stage for a potential correction as we head into September. Since our last update, the latest minutes from FOMC meeting in July revealed quite a lot of dissent amongst the board, and at the root of it were concerns over inflation. Different factions at the Fed showed some concern that inflation would not be “transitory”. While another faction believes monetary policy should not be altered just yet and more time should be allowed for the economy to fully recover, whilst the other wants to move earlier and avoid falling behind the curve.

The markets remain comfortable with the idea of the Fed’s view that inflation will prove fleeting, and that monetary policy settings are not going to be changed anytime soon. However, the minutes released on Wednesday changed all of that. The Fed appears split over the labour market recovery and when to put the bond-buying taper in. The risks have therefore increased for markets that the taper could go in earlier than expected.

This could be one catalyst for a market correction. Another could be the delta variant. The resurgence of the Covid variant in the US could also pose a threat to the economic recovery. The risks are growing that rising COVID-19 cases from the spread of the Delta variant could cause delays in returning to work and school and dampen the economic recovery. We continue to maintain a more cautious stance in the Fund.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund