



ASX ANNOUNCEMENT

Sydney, 14 July 2021: 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 June 2021. **Pre-tax and post-tax NTA closed at \$1.4450 and \$1.3460 for a decrease of 6.44% and 5.49% respectively during the month of June 2021. A fully franked dividend of \$0.03 was also paid to investor during June. At the end of June, the Fund significantly decreased exposure and net leverage was 2.85%.**

	30-June-21	31-May-21	Change
Pre-Tax NTA	1.4450	1.5445	-6.44%
Post-Tax NTA	1.3460	1.4242	-5.49%

Portfolio Performance

June was a challenging month for the Fund as the reflationary trade was called into question, with bond yields falling significantly and commodities correcting sharply. However, the latest rise in the headline CPI, the highest since 2008, reinforces our view that inflationary pressures are going to continue to exert in the US and global economies. While many funds **continued to be net buyers in June and net leverage rose to a new high, we took the decision last month to dramatically reduce leverage, crystallise capital gains and overall equity exposure.**

While the underperformance of the reflation thematic weighed on relative performance last month, we remain optimistic that focus on reflation will return in the second half of the year. We continue to be wary towards expensive growth stocks and mega cap US technology in particular.

Despite in the past month the S&P 500 has managed to grind higher thanks to positive earnings revisions, many sectors and stocks have corrected by more than 20%. One could argue that a rolling correction is underway for many sectors, despite the index remaining within a strong uptrend. This is a typical of a mid-cycle trend within an economic recovery. Looking ahead, whilst growth should remain strong in the US and globally over the coming twelve months, stock markets could become more vulnerable to a correction with the Federal Reserve and other central banks in the midst of pivoting. Hence our decision to eliminate nearly all leverage.

In terms of performance, the move lower in US bond yields weighed on the Fund's short US bond position with the rate on the US 10 year falling to as low as 1.24% last week. Investor positioning and short covering could explain some of the move lower in bond yields however, and we still believe that rates will rise into the second half of the year. A recent JPM survey indicated that following the fall in rates net shorts in long dated bonds is now the lowest since April, and on the other hand, outright longs the highest since March.

Medium-term market-based inflation expectations have barely moved in recent weeks. Market-implied timing to Fed lift-off has moved little as well. The latest CPI print could cause some to rethink that inflation is going to prove transitory.

Adding to performance was **Beston Global Food Group**, only added to the portfolio in May, was rerated by the market following the commissioning of a new lactoferrin plant that we anticipate will

significantly boost revenues and EBITDA. This should mark a major turning point for Beston, which has had its share of corporate issues in the past. Also adding to performance was **Domino's Pizza Group** and fintech platform **Praemium**, both having received substantial valuation upgrades by a number of brokers. **Whitehaven Coal** was rerated on the back of a resurgent thermal coal price. **LG Household & Healthcare** reported a strong profit result, with cosmetic exports to China a key driver.

Powerhouse Energy and **Collins Foods**, both corrected sharply which impacted performance. Despite Collins reporting a strong annual result, the shares had a big run up ahead of the announcement and fell on profit taking. Powerhouse Energy also declined despite no obvious negative catalyst. The US dollar rally negatively impacted our precious metal exposure.

Positive Attributions

Company	Country	Attribution (bpts)
Praemium	Australia	60.1
Beston Global Food	Australia	51.2
Domino's Pizza	Australia	49.0
Whitehaven Coal	Australia	43.4
LG Household & Healthcare	South Korea	37.9

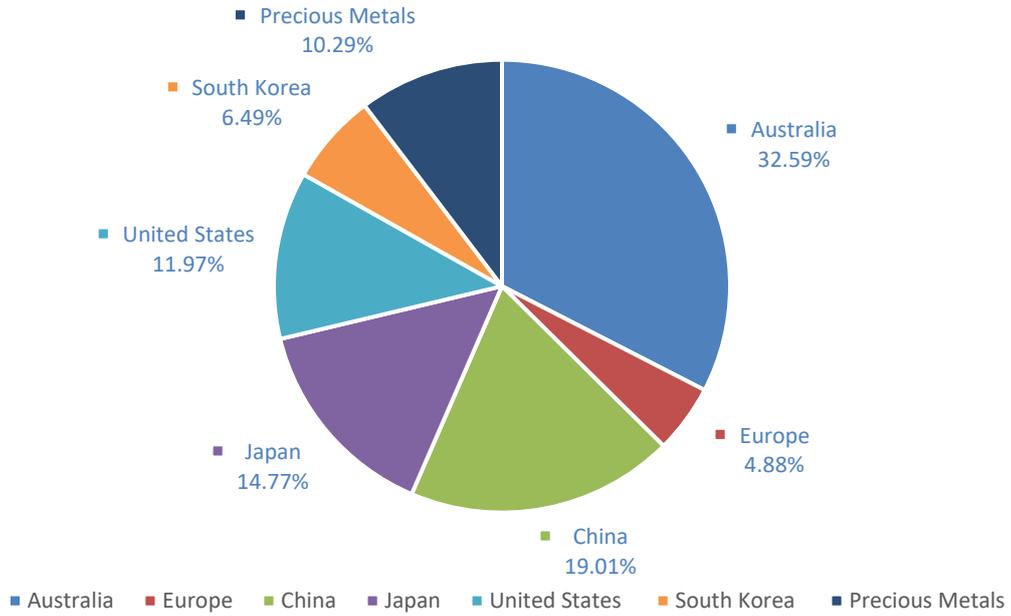
Negative Attributions

Company	Country	Attribution (bpts)
Powerhouse Energy	United Kingdom	156.4
Collins Foods	Australia	79.7
Harmony Gold	United States	54.5
Proshares Ultrapro Short US Bond ETF	United States	50.6
Global X Silver	United States	35.7

Top 10 Holdings

Top 10 Holdings	Country	30 June 2021
Collins Foods	Australia	10.15%
Powerhouse Energy Group	United Kingdom	4.88%
Domino's Pizza	Australia	4.67%
Praemium	Australia	3.69%
Alibaba Group Holding	China	3.65%
Samsung Electronics	South Korea	3.47%
ProShares UltraShort US Bond ETF	United States	3.04%
LG Household & Healthcare	South Korea	3.03%
ProShares UltraPro Short US Bond ETF	United States	2.96%
BHP Billiton	Australia	2.94%

GEOGRAPHIC EXPOSURE AS AT 30 JUNE 2021



Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund