



## ASX ANNOUNCEMENT

### Sydney, 14 September 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 increased in August 2021. **Pre-tax and post-tax NTA closed at \$1.3789 and \$1.3003 for an increase of 1.08% and 0.81% respectively during the month of August 2021. At the end of August, net cash was 27.08%.**

	31-Aug-2021	31-July-2021	Change
Pre-Tax NTA	1.3789	1.3642	1.08%
Post-Tax NTA	1.3003	1.2899	0.81%

### Portfolio Performance

The Fund achieved a positive performance during the month of August, and further reduced market exposure and overall portfolio risk. Cash balances were increased significantly while the portfolio hedge, via a S&P500 put option collar, was cut in half.

The portfolio had strong performances from Domino's Pizza Enterprises, Collins Foods, Japanese food and biotechnology company, Ajinomoto, Daikin Industries and Amcor. All companies reported strong profit results. The ongoing lockdowns in NSW have provided a demand boost to Collins Foods' KFC and Taco Bell divisions, and Dominos.

Weighing on performance were Alibaba, BHP, Beston Global Foods and MGM China. Alibaba has been embroiled in regulatory tightening by the Chinese Government along with other internet technology names. We subsequently exited our IT exposure in June and July and sold Tencent Holdings and Tencent Music, to lower overall portfolio risk to China.

Several months ago, wary of Delta variant spread, we also sold down the Fund's Macau gaming exposure. The sector has continued to underperform as Macau has struggled to reopen with the lockdowns. We remain comfortable with our China reopeners given now cheap valuations and still have some exposure to MGM China, Wynn Macau and Sands China. We expect the sector to improve as the vaccination rollout on the mainland and Hong Kong approaches the 70% to 80% mark.

Beston Foods performed strongly in the months that followed our initial investment, and the Fund took profits along the way. However, in recent weeks some of those gains have been erased as lactoferrin prices retreated in the face of falling demand from China. We believe this will prove to be transitory as the impact of Covid-19 declines. Our S&P500 hedge also cost the Fund as the US indices continued to rise.

Looking further out to the remainder of the year, we continue to be cautious towards stock markets and maintain a defensive stance. The S&P500 is at the top end of its forward price earnings range after one of the strongest reporting seasons on record. We believe expectations are too high as we move through the peak earnings growth phase of the recovery cycle.

While on the other hand, inflationary risks are perhaps not fully appreciated by investors, and this could impact the Federal Reserve and their timing on monetary policy tightening. Other near-term risks include elevated economic data points which point to persistent inflationary pressures in the economy and rising bond yields. Ongoing supply constraints could also negatively impact growth expectations and lead to downward earnings revision. The Fund continues to be short long-dated US treasuries and the position has continued to improve with rising US bond yields.

The Board declared a final fully franked dividend of 4.5 cents which lifted the total to 7.5 cents and places FPC shares on a fully franked grossed up yield of circa 8.5%.

### Positive Attributions

Company	Country	Attribution (bpts)
Domino's Pizza	Australia	143.6
Collins Foods	Australia	79.3
Ajinomoto	Japan	32.1
Daikin	Japan	31.3
Amcor Limited	Australia	25.7

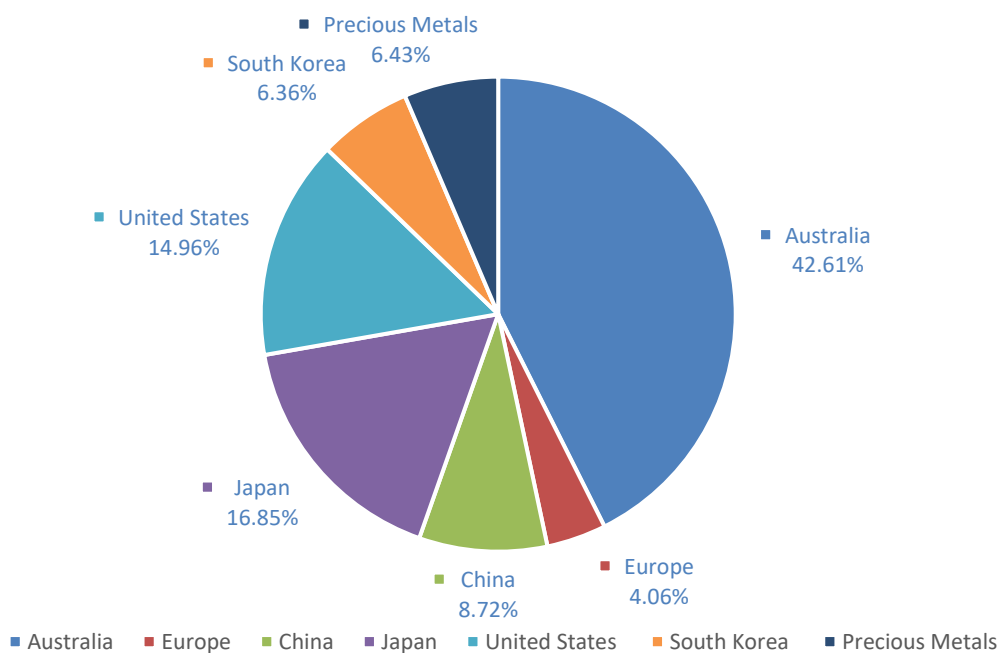
### Negative Attributions

Company	Country	Attribution (bpts)
Alibaba Group	China	40.2
BHP Billiton	Australia	37.1
Beston Global Food	Australia	34.1
S&P500 Hedge	United States	24.0
MGM China	China	20.7

### Top 10 Holdings

Top 10 Holdings	Country	31 Aug 2021
Collins Foods	Australia	11.73%
Domino's Pizza	Australia	7.47%
Amcor Limited	Australia	6.26%
Praemium	Australia	5.00%
Powerhouse Energy Group	United Kingdom	4.54%
ProShares UltraShort US Bond ETF	United States	4.08%
Samsung Electronics	South Korea	4.04%
Walt Disney	United States	3.69%
Sony Corp	Japan	3.64%
ProShares UltraPro Short	United States	3.28%

## GEOGRAPHIC EXPOSURE AS AT 31 AUGUST 2021



Angus Geddes  
Chief Investment Officer  
**Fat Prophets Global Contrarian Fund**