



ASX ANNOUNCEMENT

1 October 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 29th September 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 29 September 2021 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 29 September 2021)	1.3535
Pre-Tax NTA (as at 31 August 2021)	1.3789
Change in NTA (31 August 2021 to 29 September 2021)	-1.84%

For the period from 31 August through to Wednesday 29 September 2021, the Fund recorded a performance with a 1.84% decrease in estimated pre-tax NTA from \$1.3789 to \$1.3535. The Fund has had a strong performance in the previous two days, with pre-tax NTA closing down an estimated 1.1% for September versus larger falls in the global benchmarks. **The S&P500 and Nasdaq were down between 5.3% and 6.5% for the month.** The Fund's hedging, high cash balances, short US bond position and Japanese equity exposure insulated the portfolio from the broader fall in the market.

FPC Dividend

FPC has declared a fully franked final dividend of 4.5c per share. Trading in the shares will go ex-dividend on 8 October, 2021. At the current share price, the annualised grossed-up dividend yield is an attractive circa 8.5%.

Portfolio Changes and Market Outlook

The Fund continues to adopt a cautious and defensive stance in line with our view that global stock markets are primed for a correction, which arguably is now well underway. The power outages, the Evergrande situation and a growth slowdown in China have weighed on the markets. Sentiment has also been impacted by Washington's ongoing wrangling over lifting the debt ceiling. Rising bond yields, supply constraints and bottlenecks and inflationary pressures could also provide an insight into the upcoming reporting season, where we continue to believe earnings revisions have downside risk. Heading into October, we remain of the view that caution is warranted.

Some moderate changes were made to the portfolio. The Fund lifted exposure to Japan, adding to bank holdings Sumitomo Mitsui Financial Group, Chiba Bank and Sony. We also added Resona Holdings, a major regional Japanese bank to the portfolio.

Japanese banks will benefit from rising US bond yields and are amongst the cheapest in the world with price to book ratios of around 0.5x. We believe there is a decent risk/reward skew in the sector. Resona Holdings has a favourable near-term earnings outlook with the potential to become a super-regional bank within Japan. We anticipate that shareholder returns will be boosted through share buybacks and increasing dividends.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund