



ASX ANNOUNCEMENT

5 March 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 3rd March 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 3 March 2021 is as follows:

Month to date NTA

	Amount (\$)
Pre-Tax NTA (as at 3 March 2021)	1.4873
Pre-Tax NTA (as at 28 February 2021)	1.4592
Change in NTA (28 February to 3 March 2021)	1.93%

For the period from 28 February to 3 March 2021, the Fund recorded an increase in estimated pre-tax NTA from \$1.4592 to \$1.4873, a growth of 1.93%.

Portfolio Changes and market outlook

Equity markets have been volatile now for several weeks. Rising US interest rates have been the catalyst for a broad-based sell off in global stock markets. **At the centre of the correction has been high valuation technology companies which ran particularly hard last year as “covid beneficiaries”.** These same companies have been at the centre of the selloff with the Nasdaq now down around 10% from its peak.

Rising long term interest rates have clearly been the catalyst, directly impacting the risk-free rate, creating valuation headwinds for expensively valued companies. While the Fund benefited from a short position on long duration US bonds, some of the gains in February were conceded in the general selloff.

However, we view the selloff generally as being a much-needed correction in stock markets (which had become somewhat overheated) as well in the bond market. Long duration bonds arguably have the most expensive valuations, **and so some normalisation and steepening of the yield curve (while a short-term headwind) is fundamentally positive, signalling a strong economic recovery.**

Volatility has increased in recent weeks but is significantly lower than the selloffs in January and October 2020, which we believe points towards the current stock market correction being over relatively soon. The outlook for the general economy is positive this year. Vaccines are being rolled out at a rapid pace. The world economy is reopening for business. Governments and central banks have injected some \$30 trillion of stimulus into the global economy so **growth is set to be turbo charged this year, and possibly exceeding consensus forecasts.**

We believe that unlike this time last year, stock markets will soon find support and we have no issue with **remaining short bond duration, overweight equities, and long commodities and precious metals for the foreseeable future.** Inflation will inevitably heat up this year, and the Fund is well positioned for this scenario.

The Fund added to positions in **Budweiser APAC, Samsung Electronics, LG Household and Healthcare, and Praemium** since the last ASX update.

The Board was pleased to announce an inaugural Shareholder Purchase Plan with documentation due to be mailed to shareholders shortly.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund