

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 19 October 2022

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 19 October 2022 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 19 October 2022)	0.9607
Pre-Tax NTA (as at 30 September 2022)	0.9491
Change in NTA (30 September 2022 to 12 October 2022)	1.22%

For the period from 30 September 2022 to 19 October 2022, the Fund recorded a 1.22% increase in estimated pre-tax NTA from \$0.9491 to \$0.9607.

Major indices were mostly lower as the US third-quarter earnings season began and investors weighed inflation data and implications for US Fed policy. The latest CPI prints showed that lower wholesale prices were not passed down to consumers as core inflation increased to 6.6% year-on-year in September, which is above the previous March peak. Equities fell initially on CPI results but rebounded strongly as extreme positioning and technical factors point to heavily oversold conditions.

Earnings downgrades for the next twelve months are likely to intensify in the December quarter in our view. Despite the prospects of a near term rebound in the S&P500, **we remain defensive** holding significant cash. We **maintain exposure to the Japanese banks** with the Yen pressuring 150 and believe the BOJ will be forced to relax YCC, which would be positive for the sector. The Chinese Renminbi declined further on growth concerns as the authorities maintain zero-covid, a policy that is constraining the economic recovery. **We maintain our short position against the Renminbi versus the USD and see this as a hedge against ongoing volatility.**

Our moderate precious metals exposure carries a high market beta, **but we persist and see a turning point coming for the sector, which is now historically cheap on a global basis.** Sentiment towards the sector is highly depressed. However, rising geopolitical tensions, government indebtedness and appreciation of PGMs in nearly all major currencies **are presently being obscured by the weak US dollar gold price. However, an inflection point is likely coming.** We added modest exposure to UK listed silver and gold miner Fresnillo where £ gold is at near record levels.

Near term, US indices could rally as seasonal factors weigh and with the mid-term elections in November. We also established trading positions in **Alphabet, Microsoft, Apple and Amazon**, which have all fallen 30% from their record highs and all sit above key support levels.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund Limited