

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 1 February 2023

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 1st February 2023 was as follows:

	Amount (\$)
Pre-Tax NTA (as at 1 February 2023)	1.0582
Pre-Tax NTA (as at 31 January 2023)	1.0583
Change in NTA (31 January 2023 to 1 February 2023)	-0.01%

For the period from 31 January 2023 to 1 February 2023 the Fund recorded a 0.01% decrease in estimated pre-tax NTA from \$1.0583 to \$1.0582.

Financial markets have got off to a strong start this year, but we remain sceptical of the rally being sustained. Despite consensus expectations for a Fed pause then a pivot to rate cuts later this year, we believe bringing inflation down could be somewhat problematic. This is particularly so, in light of the very strong non-farm payrolls date on Friday which was well above consensus. Meanwhile the S&P500 has extended higher this year to command a relatively expensive valuation once again, especially considering the disappointing reporting period and deteriorating corporate outlook for this year. The rally has to a large degree been a function of light positioning, short covering and some investors rushing back into the market. We therefore see risk skewing to the downside in the months ahead.

The big selloff in the US dollar which has been supportive of a rally in global equity markets has also seen a significant loosening of financial conditions. When combined with what is still a very tight labour market, the Fed still has a big challenge ahead in terms of returning inflation to target.

Since our last update, **we subsequently established a long position in the US dollar and see the prospects for a sharp rebound in the months ahead given the challenges now facing the Fed.** The long dollar position is also a hedge in the portfolio against what we see as a coming broad-based 'risk off' move in financial markets.

Angus Geddes

Chief Investment Officer
Fat Prophets Global Contrarian Fund Limited