Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

The estimated net tangible asset backing increased in June 2023, with pre-tax and post-tax NTA increasing **0.89% and 1.56% to $0.9841 and $1.0537 respectively.** At the end of June, cash held was 35.2% of the portfolio with net exposure being 65%.

	30 June 2023	31 May 2023	Change
Pre-Tax NTA	**$0.9841**	$0.9754	**+0.89%**
Post-Tax NTA	**$1.0537**	$1.0375	**+1.56%**

MARKET OUTLOOK AND PORTFOLIO CHANGES

During June, net tangible asset backing for the Fund increased whilst the portfolio continues to hold a large amount of cash and adhere to a cautious stance despite this year's big run up in the S&P500 and Nasdaq100. Aside from Japan, most other stock markets have not performed as well. We continue to see scope for significant downside in global equities heading into the second half of the year, albeit we expect markets priced on much lower multiples than the US to fare relatively better.

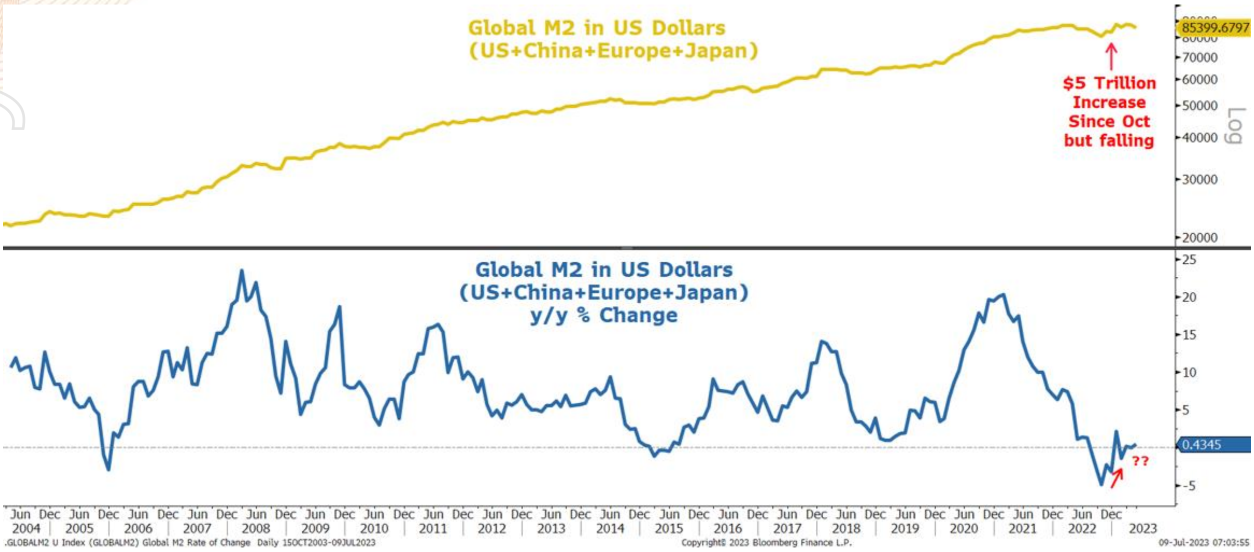
The bulls will be hoping for inflation to confirm a downtrend and a pivot from the Fed earlier than markets are currently pricing, to help the US to avoid recession and a hard landing. Earnings are also expected to trough in the coming quarters and rebound strongly and return to a growth trajectory by year end. The bears meanwhile have a much more subdued outlook for earnings with a much deeper trough to occur later in the year, around the 3rd quarter and for a rebound to not ensue until next year.

The S&P500 and Nasdaq100 are now priced to perfection. Valuations for growth and key tech sectors are much more expensive and the poor positioning that underpinned the market six months ago is no longer present. This year's advance in the US has been characterised by the greatest concentration among the large cap stocks in decades.

We believe the upcoming earnings season for the June and September quarters, along with key policy guidance from the Fed are therefore poised to "make or break" the bull case given the premium that is now being priced in. Virtually all of the equity index performance this year has been due to multiple expansion, not growth, and ample liquidity. Not only have financial conditions tightened considerably, but the earnings environment is going to remain patchy as the Fed holds for longer.

Tightening financial conditions are a key factor we have been concerned about for some time. US and Global M2 money supply growth has fallen at the fastest pace in decades, while the US Treasury and Fed continue to withdraw liquidity from the bond market at one of the fastest paces in history. **Nominal and real US bond yields are rising as financial conditions tighten. We question just how long equities can remain agnostic.**

Tightening financial conditions



Source: Morgan Stanley

In terms of the earnings outlook, much has to go right over coming quarters given where valuations are at present. We are still witnessing the US economy adjust from the record pandemic stimulus with consumers running down their savings. Spending patterns that were artificially distorted several years ago from Covid are now normalising. The over earning by corporations from this factor and inflation is set to reverse in our view. Consequently, downside risks to earnings and margin compression have increased and we don't believe that this is in the price.

We have also been concerned about the impact of higher bond yields on stock market valuation. The divergence has become prominent and too incongruent for us to ignore. At some point, either real yields need to decline quickly, or the stock market is headed for a reset. We are in the latter camp, with the view that real rates are headed higher which could pose a serious headwind for equities and expensive growth in particular.

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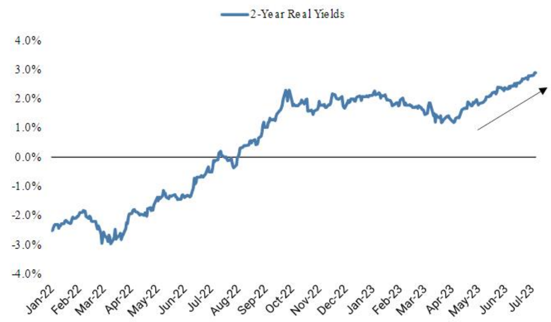
Real rates are on the rise across the US yield curve

Exhibit 6: 10-Year Real Rates Are Pushing Above Resistance

Source: Bloomberg, Morgan Stanley Research.

Exhibit 7: 2-Year Real Rates Also Climbing Higher



Source: Bloomberg, Morgan Stanley Research.

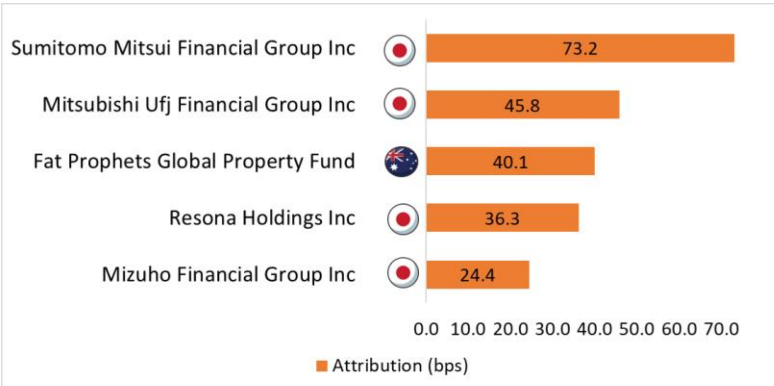
In summary, we see risks ahead for the stock market with the next few months likely to prove challenging. Aside from the Fund's high cash balances, we reinstated a hedge position over S&P500 futures using options. The Fund has protection in the event the SPX declines in the coming quarter.

KEY METRICS

Gross Assets	Cash	Current Net Exposure (4/07/2023 estimate)
$30.04M	35.20%	65%

POSITIVE ATTRIBUTIONS

The Japanese equity market has performed well in June. Japanese bank stocks continued to recover from the sell-off earlier in the year, with many making new highs. The large cap banks performed particularly well with **Sumitomo Mitsui, Mitsubishi UFJ and Mizuho Financial Group all contributing to positive returns.**



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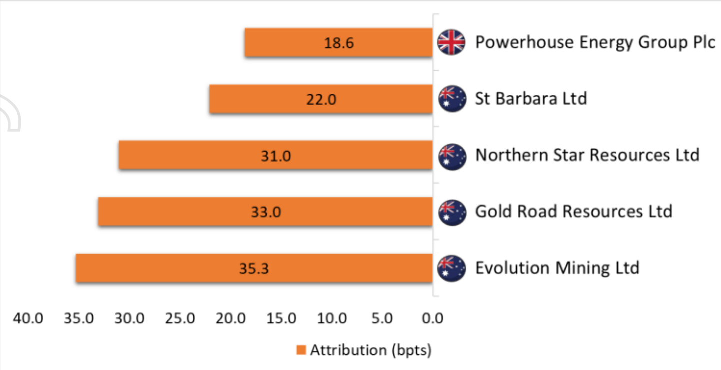
NEGATIVE ATTRIBUTIONS



The **Fund's precious metal exposure detracted from performance again in June.** As the US dollar rebounded gold corrected from the April highs, however this correction might now be over with the dollar index reasserting to the downside. **Powerhouse** underperformed again with investors frustrated at the lack of progress on commercialising key technology.

TOP 10 HOLDINGS

Top 10 Holdings	Country	30 June 2023
Sumitomo Mitsui Financial Group	Japan	9.82%
Evolution Mining Ltd	Australia	5.14%
Newcrest Mining Limited	Australia	5.02%
Resona Holdings Inc	Japan	4.58%
Northern Star Resources	Australia	4.50%
Mitsubishi UFJ Financial Group	Japan	3.83%
Mizuho Financial Group	Japan	3.80%
Telstra Group Ltd	Australia	3.58%
Chiba Bank Ltd	Japan	3.48%
Fat Prophets Global Property Fund	Australia	2.57%

TYO: 8316	**ASX: EVN**	**ASX: NCM**	**TYO: 8308**	**ASX: NST**	**TYO: 8306**	**TYO: 8411**	**ASX: TLS**	**TYO: 8331**	**ASX: FPP**

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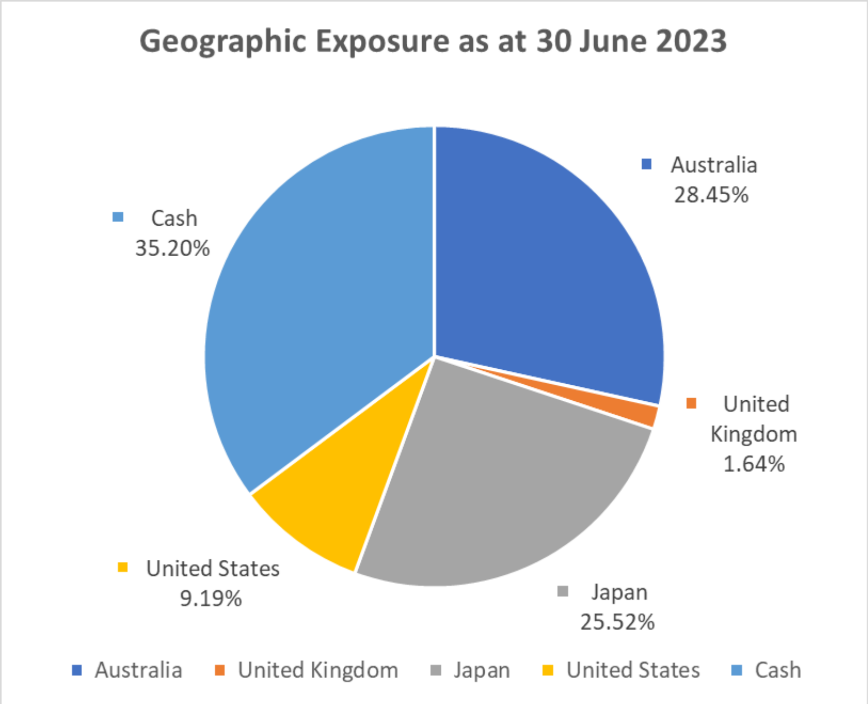

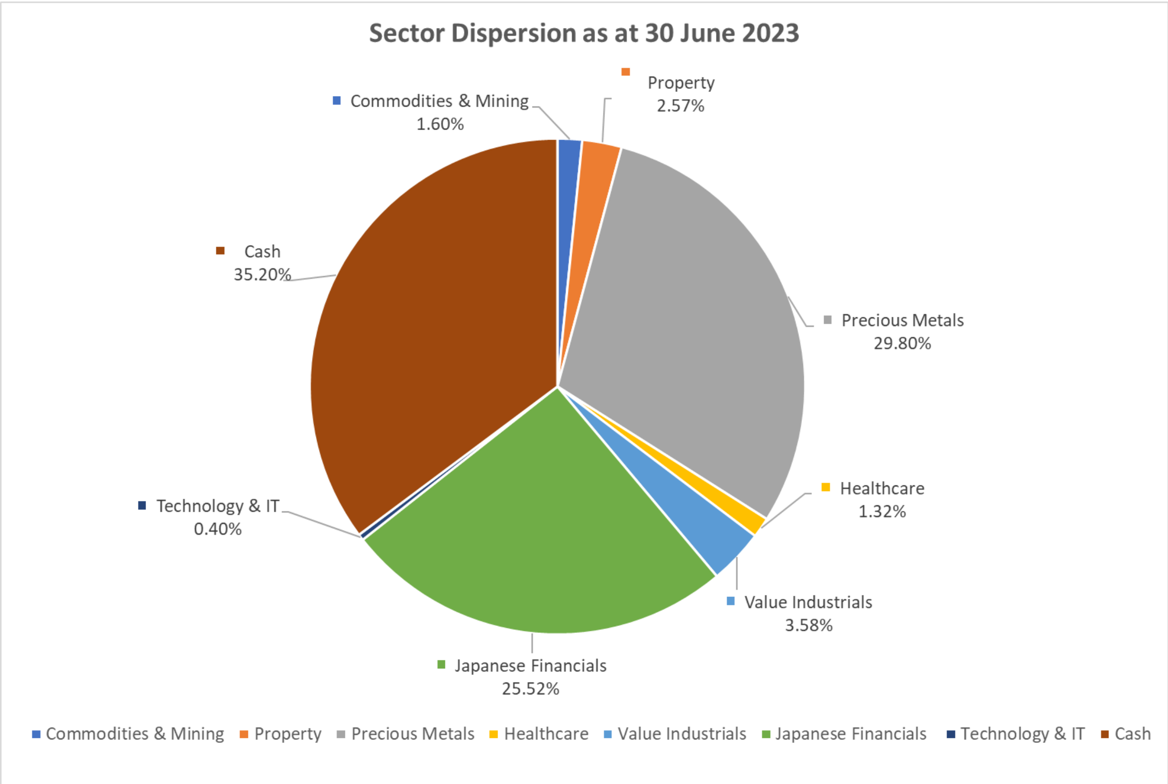

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund