

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 1 November 2023

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

	Amount (\$)
Pre-Tax NTA (as at 1 November 2023)	1.0448
Pre-Tax NTA (as at 31 October 2023)	1.0324
Change in NTA (31 October to 1 November 2023)	+1.20%

For the period from 31 October 2023 to 1 November 2023 the Fund recorded a 1.20% increase in estimated pre-tax NTA from \$1.0324 to \$1.0448. This contrasts with a decline in global stock markets throughout most of October. The Fund benefited from a hedge over the Nasdaq100, which expired this week. A new hedge was established this week to insulate the portfolio from market volatility.

It was a risk on week following the FOMC meeting and Fed verdict to leave rates on hold. Exuberance erupted amongst investors with a growing conviction that the Fed is finished with tightening in this cycle. We concur with that view but see a delayed impact from much tighter financial conditions to shortly hit the US economy. **Whilst the major benchmarks have rebounded, we believe that any rally will soon exhaust with momentum to resume to the downside.**

The **Bank of Japan further relaxed YCC measures** allowing the cap on the JGB10yr to rise. The lift in longer duration bond yields combined with a big government fiscal package lifted the Topix and Nikkei to fresh multidecade highs this week, with banks and financials outperforming. This overweight position along with hedging and energy/precious metals exposure helped the fund post a neutral performance in October versus a decline in broader markets.

The share buyback in FPC is ongoing and NTA accretive for shareholders. However, the Board continues to be dismayed by the discount to NTA which is still a significant and opportunistic c21%. This seems to be an issue for the wider LIC sector. **The Board has recently observed some LICs opting to delist and eliminate their effective discount gaps.**

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