ASX Announcement 14th August 2026

Fat Prophets Global Contrarian Fund (ASX Code FPC)

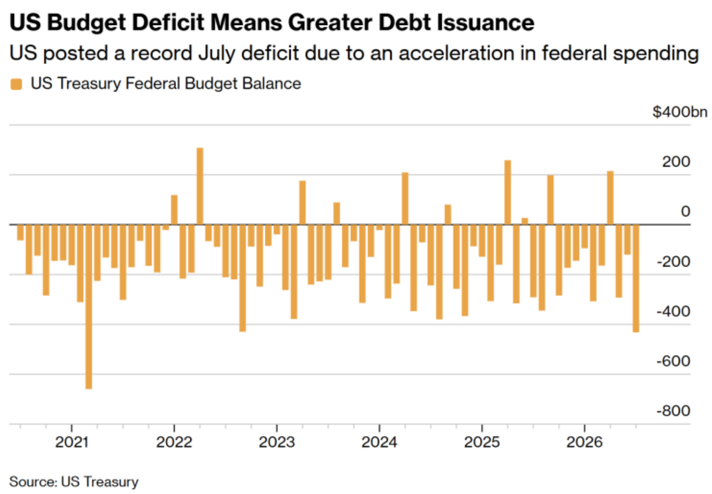
Estimated Pre-Tax NTA 12th August 2026

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at Wednesday 12th August 2026.

	Amount ($)
Pre-Tax NTA (as at 12th August 2026)	$ 1.8917
Pre-Tax NTA (as at 31st July 2026)	$ 1.7504
Change in NTA (31st July – 12th August 2026)	**+8.072%**

Since our last update, estimated pre-tax NTA has climbed sharply with **gold and precious metals** primarily doing much of the heavy lifting, but also solid performances from **James Hardie, Capstone Copper and US software provider Intapp**. We have been active in the portfolio since our last update and have established two new positions.

We have long held a long-term bearish outlook for global bonds, and US treasuries in particular, which we see as being in a secular bear market that might endure for years. Rising government spending and indebtedness and a lack of political will to rein in budget deficits could see bond issuance scale up significantly in future years. This view might have been reflected this week in two long dated US Treasury auctions that were poorly received, resulting in the highest clearing yields in 25 years.



Source: Bloomberg, US Treasury

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We believe that whilst the next upward leg in bond yields might not playout until next year, there is growing discomfort amongst investors with the US (and other government) debt levels, **and the increasing supply of treasury paper the government is going to have to issue in the future to finance debt servicing costs. Accordingly, we have established a long equity position within the US insurance sector, which over time has a strong, positive correlation to higher bond yields.**

Insurance companies derive income from premiums received (float), which in turn is invested in fixed income markets and short dated bills. Interest income is therefore a key component of earnings. Between 2008 and 2022 insurance companies fared poorly because interest income was low due to bond yields also being low. The last great bull market in bonds likely ended during 2021 in the aftermath of Covid, when the Fed cut rates to the bone and the US10yr yield traded down towards 0.5%.

During the last great secular fixed income bear market which occurred during the 1970s, **US insurance stocks were amongst the best performing** when bond yields rose into double digits amidst elevated inflation – but also proliferate government spending. There is a similar confluence of factors today and we believe that US insurance stocks are also on the cusp of significant period of long-term outperformance versus the key benchmarks.

We also established new positions in **Netflix and Meta Platforms**, which is one of the hyper-scalers presently out of favour. **Netflix** has fallen out of favour with investors this year, with the stock down 40% this year from last year's highs. Despite the derating, we believe Netflix will have an enduring future and remains the dominant streaming platform in the global industry, with strong profit margins and a valuation that now screens attractive following the steep sell-off this year.

Netflix has scale in the global streaming industry with 325 million subscribers, nearly twice the combined size of competitors Disney and HBO Max. This advantage allows Netflix to underpin a programming budget that is far in front of competition where costs can be spread across a much larger audience. The reset in the Netflix valuation is also compelling with the stock now priced on c21 times forward earnings, which is in line with the S&P500 and nearly half of where the shares traded at last year. The incumbent valuation is attractive in our view given Netflix has a strong growth profile and is in a dominant market position.

Angus Geddes
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