

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 September 2023 with pre-tax and post-tax NTA up **3.15% and 2.14% to \$1.0386 and \$1.0947 respectively**. At the end of September, cash held was 12.75% of the portfolio with net exposure being 73%.

	30 September 2023	31 August 2023	Change
Pre-Tax NTA	\$1.0386	\$1.0069	3.15%
Post-Tax NTA	\$1.0947	\$1.0718	2.14%

MARKET OUTLOOK AND PORTFOLIO CHANGES

The Fund lifted performance in September due to gains in energy and Japanese banks and also the hedging established back in August. The US yield curve has continued to be volatile with the long end in the midst of trying to establish a new trading range. Bond volatility was transmitted through to the stock market during the month, where most major benchmarks corrected sharply. The narrative for next year continues to be dominated by the argument for a soft landing. We are however less convinced that recession can be avoided given the tighter financial conditions (from the long end of the yield curve). Consequently, we continue to carry plenty of cash within the portfolio along with hedging protection.

In terms of our outlook for the markets, we believe that the US dollar over the medium term could face some serious headwinds given the fiscal deterioration. This factor, along with rising geopolitical risks and the latest developments in the Middle East, could provide an important inflection point for precious metals.

There is currently no political imperative for the US government to rein in spending. According to the International Monetary Fund, the US debt situation “is looking increasingly precarious, and corporate defaults are up as interest rates stay high. **The IMF said this week that the US fiscal situation is the "most worrying" among all world countries**”, citing reasons such as the rapid pace of government spending, with the US already having racked up a \$1.5 trillion deficit in the first 11 months of the fiscal year.

US deficits are elevated and look to be persistent. Under incumbent policies, debt dynamics in the US are very unfavourable. The IMF highlighted that the perpetuation of current policies entails an unsustainable fiscal path. The total US federal debt has blown out past \$33 trillion and for the first time, the interest bill is set to overtake spending on the military. Debt to 2022 GDP is now 121%, which adds to the risk of a default down the track. The US is entering a downward spiral where more indebtedness and rising interest rates means more borrowing and bond issuance. **The stage is set for precious metals to potentially perform much better in the years ahead.**

We added **Japanese insurer Dai-ichi Life Insurance** to the portfolio given our constructive view on Japan’s stock market. Additionally, we now anticipate earlier removal of the Bank of Japan’s yield curve control measures which will likely see longer dated JGB yields rise which will benefit Dai- Ichi

Life Insurance. With the Japanese yen under pressure and inflation on the rise, Japan could quicken down the path to monetary policy normalisation.

Dai-ichi Life has high interest rate sensitivity and will benefit from rising yields due to income derived from the Japanese bond market. Additionally, Dai-ichi is likely to implement new share buybacks in the year ahead and raise shareholder returns and improve capital efficiency. The decline in the shares YTD in 2023 opens a buying opportunity for the insurer which we see as being priced on an attractive price-to-book multiple.

We remain committed to our core investment themes including **energy, precious metals and Japanese financials**. We also note that bearish sentiment towards China is approaching an extreme point. A number of growth upgrades came through in recent weeks from a number of investment banks. China/Hong Kong equities might be approaching an important inflection point with valuations at historically cheap levels. The Fund has a modest exposure to China/Hong Kong.

We held our AGM this week, and the presentation can be downloaded on the ASX. The Board continues to be focused on reducing the discount to NTA which has narrowed but is still significant at c22%. The buyback program continues to operate which is NTA accretive for existing shareholders.

KEY METRICS

EOM Gross Assets

EOM Cash

**Current Net Exposure
(9/10/2023 estimate)**

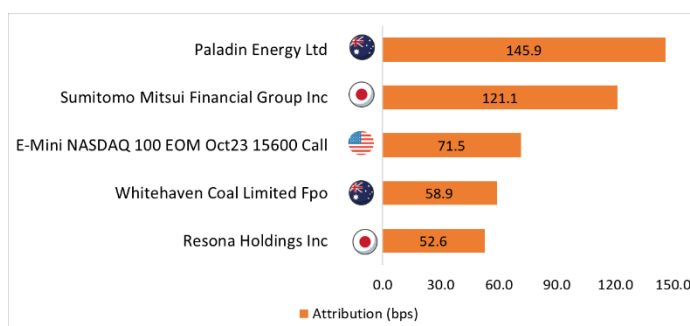
\$30.76

12.75%

73%

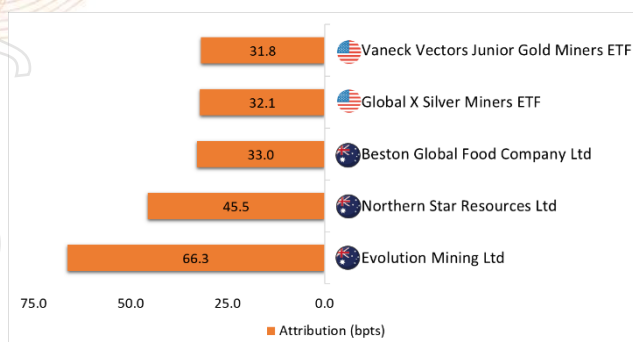
POSITIVE ATTRIBUTIONS

Higher uranium prices boosted sentiment towards **Paladin**, which will restart operations next quarter. Japanese banks **Resona** and **Sumitomo Mitsui Financial Group** benefited from rising JGB bond yields. **Whitehaven Coal** rose on higher spot prices. **The portfolio hedge over the Nasdaq 100 provided insulation from a decline in the US benchmarks.**



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NEGATIVE ATTRIBUTIONS



Precious metals exposure detracted from performance in September after spot gold prices came under pressure from a strong US dollar. **Vaneck Vectors Junior Gold Miners ETF** was the biggest detractor as US gold stocks underperformed. **Evolution Mining and Northern Star** also corrected due to lower spot gold prices. **Beston Global Food** also underperformed.

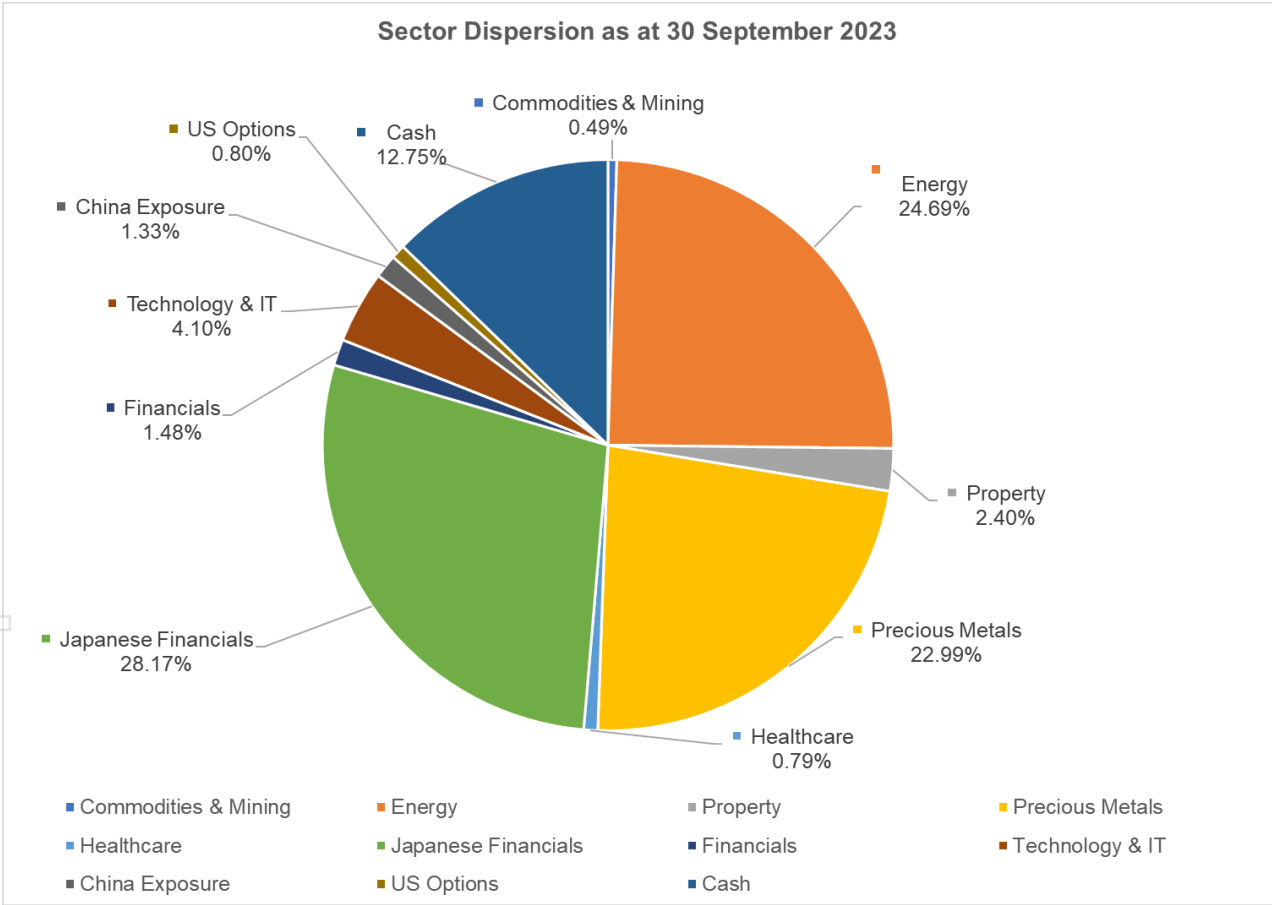
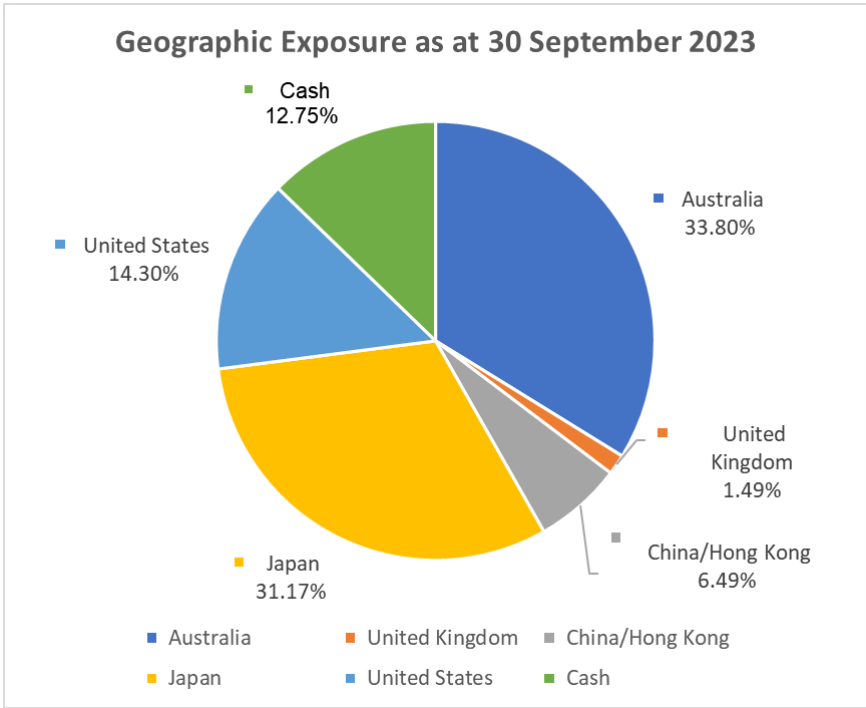
TOP 10 HOLDINGS

Top 10 Holdings	Country	30 September 2023
Sumitomo Mitsui Financial Group	Japan	10.13%
Paladin Energy	Australia	6.71%
Global X Uranium ETF	United States	5.60%
Resona Holdings Inc	Japan	5.28%
Evolution Mining Ltd	Australia	5.05%
Whitehaven Coal Limited	Australia	4.55%
Mitsubishi UFJ Financial Group	Japan	4.38%
Mizuho Financial Group	Japan	4.22%
Chiba Bank Ltd	Japan	4.16%
Northern Star Resources	Australia	3.75%



TYO: 8316	ASX: PDN	NYSE: URA	TYO: 8308	ASX: EVN	ASX: WHC	TYO: 8306	TYO: 8411	TYO: 8331	ASX: NST
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