

Fat Prophets Global Contrarian Fund (ASX Code FPC)
Estimated Pre-Tax NTA 29th February 2024

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 29th February 2024.

	Amount (\$)
Pre-Tax NTA (as at 29th February 2024)	1.0539
Pre-Tax NTA (as at 31st January 2024)	1.0551
Change in NTA (31st January 2024 - 7th February 2024)	-0.12%

The Fund closed virtually flat during the month, despite a significant corrective selloff in the precious metals and uranium sectors after a strong performance in January. **Strong performances from Japanese banks and select China/Hong Kong names offset this in the portfolio.** Whilst the selloff in uranium stocks did not surprise following the big rally over the past several months, **gold stocks have materially underperformed despite an elevated US\$ and A\$ spot gold prices.** We anticipate a significant recovery in both the uranium and precious metal sectors this month.

Uranium should reassert to the topside as strong demand and limited supply tightens the market. We also see a decent rebound looming for the gold sector, which became deeply oversold during February in our view. **Gold prices might soon return to record levels with the latest inflation data underpinning the mid-year rate cut narrative, which could also weigh on the US dollar.** Additionally, we have been encouraged that gold has held up relatively well in recent months despite US dollar strength that impacted other commodities.

Japanese financials have benefited from rising bond yields around the world – and in Japan. The BOJ continues to move closer to normalising monetary policy, which would provide another catalyst for the ongoing rerating of Japan's banks – where the fund has its largest exposure. **The banks are still cheap on a price to book basis** (relative to offshore), and with the removal of financially repressive monetary policy (NIRP) margins could grow significantly. With the Nikkei having just usurped the 1989 record high of c38,900, **investor spirits have been elevated to levels not seen in 34 years of deflation.** Japan's exit from a vicious deflationary cycle could see a bull market ensue for domestic equities that could run for many years.

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