

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 3rd April 2024

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 3rd April 2024 was as follows:

	Amount (\$)
Pre-Tax NTA (as at 3 rd April 2024)	1.1744
Pre-Tax NTA (as at 27 th March 2024)	1.1247
Change in NTA (27 th March to 3 rd April 2024)	4.42%

For the period from 27th March 2024 to 3rd April 2024, the Fund recorded a gain of 4.42% in estimated pretax NTA to \$1.1744. Performance was driven by exposures to uranium, copper, silver and gold as well as Japanese financials. Since our last update, commodity prices have surged which has been the catalyst for a rerating of the materials sector. Gold has hit new record highs above US\$2300oz and A\$3500oz. **While retail outflows from physical gold ETFs have been prominent over the past quarter, central bank buying has more than outweighed this, contributing to the recent record highs.**

We believe this trend is set to continue as central banks diversify reserves away from financial assets. Silver and copper also performed strongly driven by rising demand for industrial use in solar panels, and renewable energy infrastructure. With copper, we see a large structural deficit emerging in coming years with supply not able to keep pace with rising demand.

With consensus expectations for the Fed to commence mid-year rate cuts fully priced into equity markets, and notably AI, Mag 7 and expensive tech names, we see the potential for ongoing rotation into the materials sector. Commodities have underperformed for some time which has provided a headwind for inflation, **but this trend could soon reverse with oil prices touching \$90 this week. We see a growing risk of delays to central bank easing.**

In Japan, the weaker yen has prompted jawboning from the BOJ and the Ministry of Finance. With the BOJ almost alone in not tightening monetary policy, there is a growing chance of expediency down the path towards rate hikes. **Japanese banks stand to particularly benefit from a rise in domestic interest rates where valuations still seem cheap and earnings growth and improving shareholder returns will be underpinned by expanding net interest margins.**

Since our last update we selectively added to **China/Hong Kong names including Wynn Macau, MGM China, Kanzhun, and Yum China. We also added Tencent Holdings and Meituan to the portfolio. All these companies are exhibiting rapid earnings and revenue growth but sell for much lower multiples than US counterparts.** We continue to see scope for an important inflection in the China stock market which has been significantly derated, and now priced on an historically low forward PE multiple. The economy is beginning to show signs of green shoots emerging, and importantly, consumers are still spending. Fiscal stimulus has been targeted at key infrastructure and

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technology away from housing in this cycle. **With foreign investors having deserted the market and global fund managers reallocating into India and Japan, we believe the stage is set for a key inflection in coming months.**

The Board notes that that **FPC continues to trade at a significant discount which has widened to circa +25% to estimated pre-tax NTA**, which is now attractive to value focused investors. The discount is proving to be highly NTA accretive for the ongoing buy-back program which continues to operate.

Angus Geddes
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Fat Prophets Global Contrarian Fund Limited

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