

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 24th April 2024

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 24th April 2024:

	Amount (\$)
Pre-Tax NTA (as at 24th April 2024)	1.1978
Pre-Tax NTA (as at 27th March 2024)	1.1247
Change in NTA (27th March 2024 – 24th April 2024)	+6.50%

Since our last update, we have **added exposure to China/Hong Kong** through existing names in the portfolio including **Meituan, Kanzhun, Wynn Macau and Tencent Holdings**. Gold and silver have corrected over the past few weeks, but we hold conviction that a bull market has now arrived for the metals but also for the precious metal miners. Sector bellwether Newmont (the largest gold producer in the world), lifted 12% on Thursday after delivering a solid earnings beat. **Upgrades are coming through for many of other producers in the sector** with gold and silver spot prices remaining elevated, **and in our view likely to extend higher** over the coming year.

In Asia, the **Hang Seng has technically staged what we believe to be a decisive breakout from a multi-year bear market**. We are encouraged by this development, **given that fundamentally the Hang Seng is priced at the bottom of the historical valuation range**, being at a forward PE of around 6X. All the China/Hong Kong stocks we have recently targeted are delivering double digit revenue/earnings growth and are major companies within their respective sectors.

In some cases, such as **Tencent Holdings**, strong balance sheets have enabled big share buybacks that are EPS accretive. We see buyback activity as being ongoing. There is comparative value with **this strategy given similar IT and internet counterparts in the US sell for much higher valuations**. Despite the still very bearish sentiment towards China/Hong Kong (and the fact that most foreign investors have now completely exited the region), we believe green shoots are beginning to emerge in the economy following consistent stimulus and support measures from the government, **along with a property market that is finally bottoming out**.

The Board continues to be focused on reducing the share price discount to NTA which is still steep at c22%. The ongoing buy-back is highly accretive to NTA at the current share price, which some value investors might find attractive.

Angus Geddes
 Chief Investment Officer
Fat Prophets Global Contrarian Fund Limited