

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 30th April 2024

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 30th April 2024:

	Amount (\$)
Pre-Tax NTA (as at 30 th April 2024)	1.2081
Pre-Tax NTA (as at 27 th March 2024)	1.1247
Change in NTA (27 th March 2024 – 30 th April 2024)	+7.42%

The Fund had a solid performance during April with key portfolio overweights in **commodities, precious metals, uranium, Japanese financials and China internet names all contributing**. The technical outlook for China/Hong Kong continues to improve with the Hang Seng likely having exited a multi-year bear market last month. With valuations screening cheap, China's inflecting economy along with a bottoming out property market, **we expect a strong recovery in the indexes to ensue this year**.

Since our last update, we added exposure to selected names including **Tencent Holdings, Kanzhun, Meituan, MGM China and Wynn Macau**. Government rules relaxing property purchase rules and requirements in multiple Chinese cities are stabilising the property market, which we believe has reached a turning point. The government is introducing new measures that will effectively curb the supply of new housing and allow surplus inventory to clear over coming years. **The many stimulus measures deployed by China authorities are cumulatively beginning to work**.

Sentiment seems to be rapidly improving now. The latest rebound in Hong Kong stocks has made the Hang Seng the best performer globally in April. We believe this outperformance will continue with valuations among the cheapest in the world. What started out as strong inflows from mainland China into Hong Kong **is now also being accompanied by a rotation from global fund managers (many of whom exited in recent years) and who are now being drawn back by cheap valuations, particularly among large cap China internet names, which we remain focused on**.

Another key portfolio overweight in uranium miners also performed well last month. The **US Senate has approved a ban on Russian uranium which is a positive for uranium prices**. The US Uranium Imports Act which is set to pass soon through Congress, prohibits the importation of uranium from Russia, which is the world's largest supplier. The bill will be signed into law by US President Biden soon and will effectively ban US imports 90 days after enactment.

Russia supplies the world with approximately 40% of enriched uranium, where the US is one of the largest buyers. The passing of the bill is therefore set to tighten supply of primary and enriched uranium in the near-term, with spot prices likely to react positively as the global uranium supply chain is forced to recalibrate. On the demand side, investors are becoming more interested in the AI story for nuclear and uranium, where power demand is going to surge in the next decade driven by a massive commissioning of new chips and data centres. Nuclear power is really the only option for many countries that don't have as much access to renewable energy.

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The Board continues to be focused on reducing the share price discount to NTA which is still steep at c22%. The ongoing buyback 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

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