

Fat Prophets Global Contrarian Fund (ASX Code FPC)
Estimated Pre-Tax NTA 8th May 2024

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 8th May 2024 was:

| | Amount (\$) |
|--|---------------|
| Pre-Tax NTA (as at 8th May 2024) | 1.2263 |
| Pre-Tax NTA (as at 30th April 2024) | 1.2081 |
| Change in NTA (30th April 2024 – 8th May 2024) | +1.51% |

The Fund has a solid start to the month with key portfolio overweights in **commodities, precious metals, uranium, Japanese financials and China internet names all contributing**. The technical outlook for China/Hong Kong market continues to improve with the Hang Seng and CSI300 likely exiting a multi-year bear market. With valuations screening cheap, China's inflecting economy along with a bottoming out property market, **we added to select names in the portfolio including Tencent Holdings, Alibaba, and Baidu since our last update**. These companies are due to report earnings next week amidst relatively subdued expectations.

Government regulations relaxing property purchase rules and requirements in multiple Chinese cities are stabilising the real estate market, which we believe has reached a turning point. Importantly, consumer confidence and spending are likely to continue improving. 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.**

Certain China property companies, many of which have fallen 90% or more, are now looking more interesting given the green shoots appearing in the real estate market. We are yet to take a position, focusing more on major IT and tech companies exhibiting solid revenue and earnings growth. The Macau casino operators performed well this week, with gross gaming revenues approaching the pre-pandemic highs, **yet MGM China and Wynn Macau remain** well down from the record highs with decent scope for additional recovery this year.

Precious metals staged a decent rebound this week, which has boosted our exposures to gold and silver miners. Japanese 10yr bond yields surged to 0.9%, which we believe will drive another leg higher in the banks and insurance stocks, where the portfolio is heavily positioned.

The Board continues to be focused on reducing the share price discount to NTA which is still steep at c22.5%. 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

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