

## Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

The estimated net tangible asset backing increased during April with pre-tax and post-tax NTA lifting by **+5.83% to \$1.2081** and **+ 4.05% to \$1.2161 respectively**. At the end of April, the Fund had drawn borrowings of 15.43% reflecting portfolio leverage which lifted net exposure to 115.4%.

	31 <sup>st</sup> March 2024	30 <sup>th</sup> April 2024	Change
Pre-Tax NTA	\$1.1415	\$1.2081	+ 5.83%
Post-Tax NTA	\$1.1688	\$1.2161	+ 4.05%

### MARKET OUTLOOK AND PORTFOLIO CHANGES

During April, the Fund had a **solid performance driven primarily by exposure to commodities, precious metals, and Japanese financials**. Spot gold and silver prices extended higher after breaking out of long-established technical ranges following a lengthy consolidation with central bank buying one of the key catalysts. Global investors remain underweight the asset class, so **we believe that reallocation towards the materials sector and commodities including copper, precious metals and energy in particular, could continue for some time**.

We see the materials sector as a **natural hedge against a potential second phase of inflation, but also a weaker US dollar that might materialise in the 2<sup>nd</sup> half of the year**. US inflation could prove stubborn this year. Rising oil and commodity prices could set off another price spiral similar to what occurred immediately following the Ukraine invasion.

Commodity prices appear to be breaking out on the upside (as evidenced by the Bloomberg Commodity Index) and **look to be entering a new cycle**. We have already seen strong performances from the likes of copper, silver, gold, coffee, cocoa, and US cattle to name but a few. **We believe therefore the rally in the commodities and resources sectors generally has further upside potential where many stocks still screen cheap and where global fund managers remain underweight**.

The Fund has had a solid start to May, and we have selectively added to China/Hong Kong exposures in the portfolio, including Tencent Holdings, Alibaba, Baidu and Kanzaun. The technical outlook for China/Hong Kong equities continues to improve with the Hang Seng and CSI300 potentially **exiting a multi-year bear market**. With valuations cheap, an improving Chinese inflecting economy along with a bottoming out in the property market, **we have increased the portfolio weighting over the last six weeks**. Many of these companies are due to report earnings amidst relatively subdued expectations.

Government regulations relaxing property purchase rules and requirements in multiple Chinese cities are stabilising the real estate market, which has potentially reached an inflection 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.

To date, our focus has been on internet and tech companies exhibiting solid revenue and earnings growth. Tencent Music, which were first bought last year, is up 70%. The Macau casino operators have also performed, with gross gaming revenues approaching pre-pandemic highs, **yet MGM China and Wynn Macau (which are in the portfolio) remain** well down from the record highs. We continue to see scope for additional recovery this year.

In Japan, we have maintained exposure to the banking and insurance sector. We believe it is inevitable that the Bank of Japan will tighten interest rates this year as inflationary pressures reassert. This is evidenced by the yield on the 10yr JGB climbing to the highest level in over a decade, and the 30yr surging above 2%. Rising interest rates continue to be a positive catalyst for Japanese financials.

We conclude our April monthly update and wish to thank all our shareholders for their ongoing support. **The Board continues to be focused on reducing the share price discount to NTA which is still steep at c20%.** The ongoing buyback is highly accretive to NTA at the current share price which at the current share price, which some value investors might find attractive.

Angus Geddes  
Chief Investment Officer  
**Fat Prophets Global Contrarian Fund**

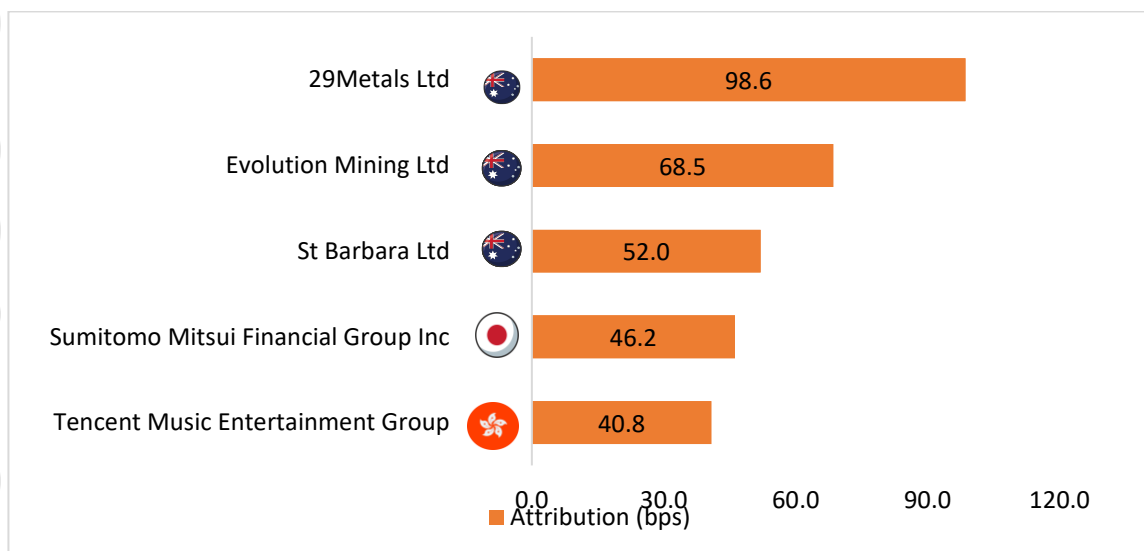
#### KEY METRICS

EOM Gross Assets	EOM Cash	Current Net Exposure (30/04/2024 estimate)
\$35.2M	-15.43%	115.4%

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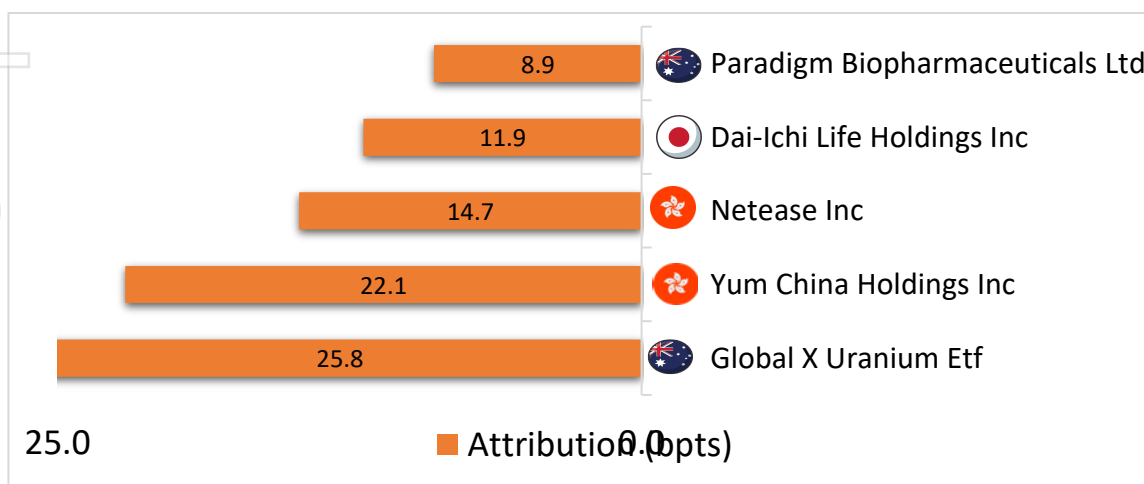
### POSITIVE ATTRIBUTIONS

Copper producer **29 Metals** contributed most of the positive attribution during the month, with spot prices extending to the highest level in two years. Gold producers **Evolution Mining and St Barbara Mines** benefited from A\$ spot gold prices hitting a new record above A\$3700oz. Evolution is also set to benefit from higher copper prices which will soon account for 30% of total revenues. **Tencent Music** reported strong earnings, which was the catalyst for several broker upgrades. **Sumitomo Mitsui Financial Corp, along with other Japanese banks** performed well on the back of rising Japanese bond yields.



### NEGATIVE ATTRIBUTIONS

**Uranium miners** corrected sharply due mainly to a pullback in the uranium price. The **Global X Uranium Miners ETF** declined in line with falling spot prices. Uranium has since reasserted upwards after a US ban on Russian imports, that will effectively tighten the market. **Yum China** reported earnings that slightly missed consensus estimates, but the company is committed to growth and adding around 1400 new stores in mainland China over the coming year.



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## TOP 10 HOLDINGS

Top 10 Holdings	Country	30 <sup>th</sup> April 2024
Sumitomo Mitsui Financial Group	Japan	10.30%
Paladin Energy	Australia	7.53%
Evolution Mining Ltd	Australia	5.51%
Global X Uranium ETF	United States	5.23%
Northern Star Resources	Australia	4.73%
Mitsubishi UFJ Financial Group	Japan	4.54%
Whitehaven Coal Limited	Australia	4.36%
Mizuho Financial Group	Japan	4.22%
Coeur Mining	United States	3.93%
29 Metals	Australia	3.64%



TYO:  
8316

ASX:  
PDN

ASX:  
EVN

NYSE:  
URA

ASX:  
NST

TYO:  
8306

ASX:  
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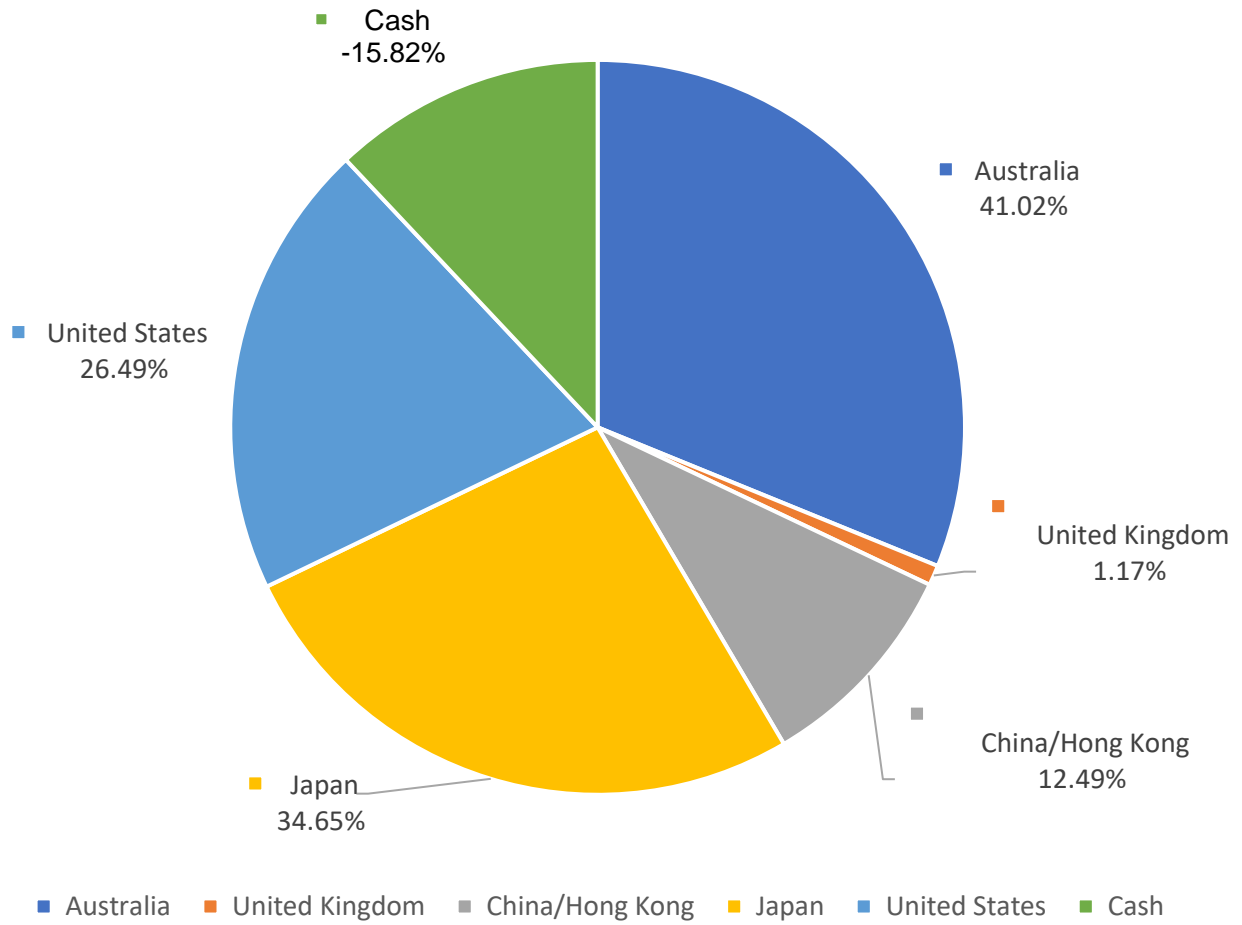
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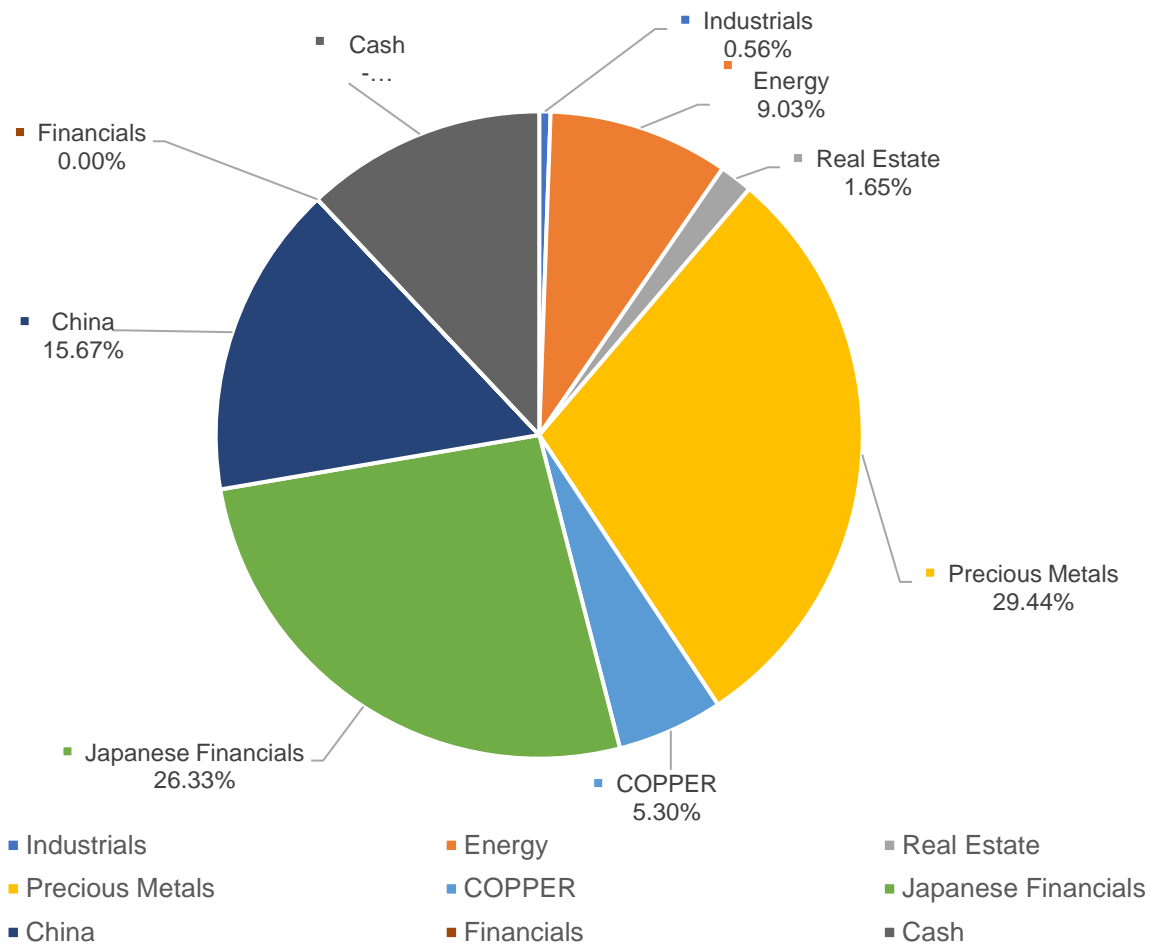
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### Geographic Exposure as at 30th April 2024



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### Sector Dispersion as at 30 April 2024



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