

Fat Prophets Global Contrarian Fund (ASX Code FPC)
Estimated Pre-Tax NTA 15th May 2024

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 15th May 2024.

	Amount (\$)
Pre-Tax NTA (as at 15th May 2024)	1.2806
Pre-Tax NTA (as at 30th April 2024)	1.2081
Change in NTA (30th April 2024 – 15th May 2024)	+6.00%

The Fund has had a solid start to May with key portfolio overweights in **China/Hong Kong including Wynn Macau, Tencent Holdings, Tencent Music and Kanzhun providing much of the uplift. Core commodities exposures in uranium, silver and gold also contributed significantly.** The technical outlook for China/Hong Kong continues to improve with the key indexes likely having exited a multi-year bear market as evidenced by sustained upward momentum in recent weeks. **We expect a strong recovery in China/Hong equities this year, with reporting season potentially confirming a return to growth for many leading companies.**

Since our last update, **we added exposure to select platinum miners.** The platinum spot price has likely followed silver and gold, breaking out from a well-established range and extending higher this month. Like the gold/silver miners, **platinum producers have depressed valuations and screen cheap on current spot prices.**

Impala Platinum is a leading South African domiciled PGM producer with operations in SA, Zimbabwe and Canada. We are positive on platinum, which has lagged gold & silver but has significant catch up potential. Amongst SA listed PGM miners, Impala has **the highest operating and earnings leverage into a platinum spot price recovery** given a high fixed cost asset base. While the company has been plagued by operational challenges in the past, a rising platinum spot price should boost sentiment from overly depressed levels.

Sentiment seems to be rapidly improving towards China/Hong Kong equities. The latest rebound in key benchmarks reflect cumulative stimulus measures and reforms that are beginning to put a foundation under the economy. The latest proposal for the Government to acquire excess housing inventory (and redistribute as affordable housing) could also mark a turning point for the subdued residential property market.

Global fund managers (many of whom exited in recent years) remain significantly underweight the region, which points to the equity market having significant rerating scope. Valuations still screen cheap, particularly amongst large cap China internet and tech names, which we remain focused on. We have added selectively to key names in the portfolio this month including **Tencent Holdings, Alibaba and Kanzhun.**

Despite an improvement in the share price (98 cents at yesterday's close), FPC continues to trade at a significant c23% discount estimated pre-tax to NTA. 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