

## 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 May with pre-tax and post-tax NTA lifting by +7.93% to \$1.3039 and +5.61% to \$1.2843 respectively. At the end of May, the Fund had drawn borrowings of 20.41% reflecting portfolio leverage which lifted net exposure to 119.70%.

	31 <sup>st</sup> May 2024	30 <sup>th</sup> April 2024	Change
Pre-Tax NTA	\$1.3039	\$1.2081	+ 7.93%
Post-Tax NTA	\$1.2843	\$1.2161	+ 5.61%

### MARKET OUTLOOK AND PORTFOLIO CHANGES

The Fund had a solid performance during May with key portfolio overweights in **Japanese financials along with precious metals and uranium contributing strongly**. During May, copper and gold made new historic record highs while other metals such as silver and platinum performed strongly.

In Japan, we believe that the BOJ will soon commence raising rates and quantitative tightening that will push interest rates higher, albeit at a gradual pace. The BOJ has been committed to seeing wage growth, which is now taking hold and gaining traction and momentum. Rising interest rates and wages are positive for Japan's economy but also **the banks and financial sector where the fund is positioned**.

Aside from expanding net interest margins, we see an opportunity **within the wealth management sector**, where the banks are well placed for years of secular growth. Japanese households have around half of all financial assets held in cash and deposits, an outcome of a deflationary cycle that persisted for decades. Japan is now in a new era where the government through tax incentives is committed to encouraging households to reinvest. With confidence returning, Japanese households have already begun investing trillions back into domestic equities, which is a trend that might continue for the next decade. During May, we added **Nomura Holdings** to the portfolio which is well positioned as one of Japan's leading investment banks that caters to retail and the wealth management industry. The major banks are also exposed to the domestic industry.

In China, the economy continues to show signs of stabilisation. Government regulations relaxing property purchase rules and requirements in multiple Chinese cities are shoring up confidence in the real estate market. Importantly, consumer confidence and spending could also improve. 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**.

We have focused on major IT and tech companies in China which are exhibiting solid revenue and earnings growth. The latest reporting season delivered results that on many occasions exceeded

expectations. Valuations on the other hand are still cheap, while global fund managers remain underweight. We continue to see significant catchup potential.

Whilst in recent weeks, a rebounding US dollar has weighed on the commodities complex and precious metals, we believe a lower trend of inflation will soon allow the Fed to ease. Precious metals, uranium and copper could all benefit from a lower dollar. The coming wave of AI rollout and required infrastructure are also supportive of copper and uranium as countries including the US recalibrate nuclear energy as an option.

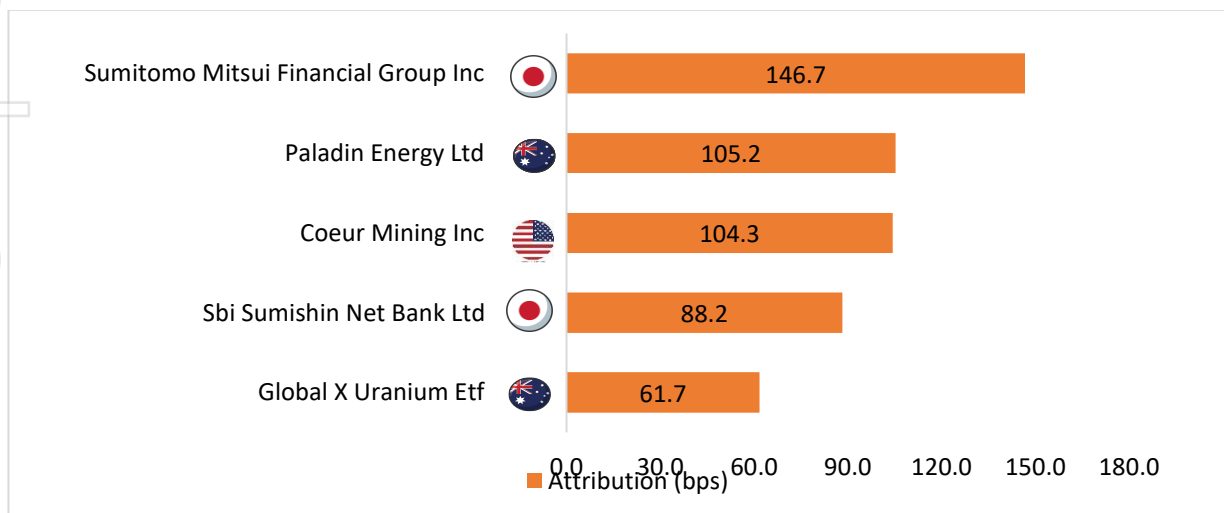
**The Board continues to be focused on reducing the share price discount to NTA which is still steep.** The ongoing buyback is highly accretive to NTA which some value investors might find attractive.

**KEY METRICS**

EOM Gross Assets	EOM Cash	Current Net Exposure (30/05/2024 estimate)
\$37.43M	-20.41%	119.70%

**POSITIVE ATTRIBUTIONS**

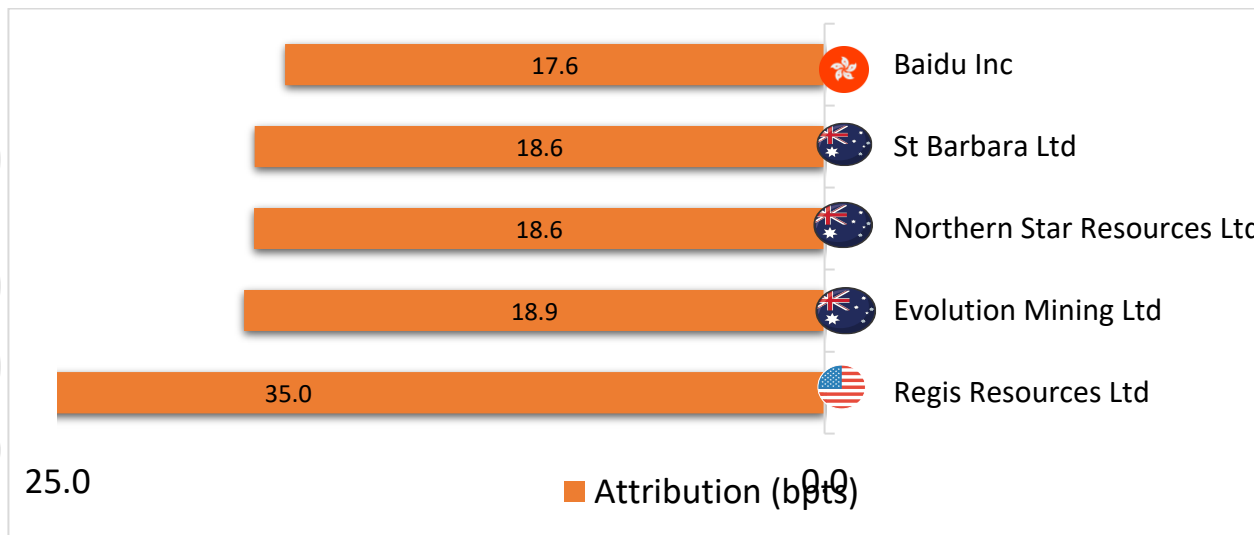
Japanese banks and financials provided a significant uplift in terms of attribution which was due a combination of solid earnings results and higher interest rates that will be beneficial for margins. **Sumitomo Mitsui Financial Group and SBI Sumishen** made new highs. Uranium equities did well with higher contract prices, but also a growing sense that the AI wave will require a lot of power, where nuclear energy is set to play a significant role. Uranium stocks held in the **Global X Uranium ETF** and **Paladin** continue to be rerated by investors. Precious metals also contributed with **Coeur Mining** rerating on the back of higher spot silver prices and an improving fundamental outlook.



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## NEGATIVE ATTRIBUTIONS

Gold stocks underperformed as spot prices retreated from record highs. **St Barbara, Northern Star, Evolution Mining and Regis Resources** all succumbed to profit taking after a strong run in March and April. **Baidu** was also weaker despite reporting reasonable earnings.

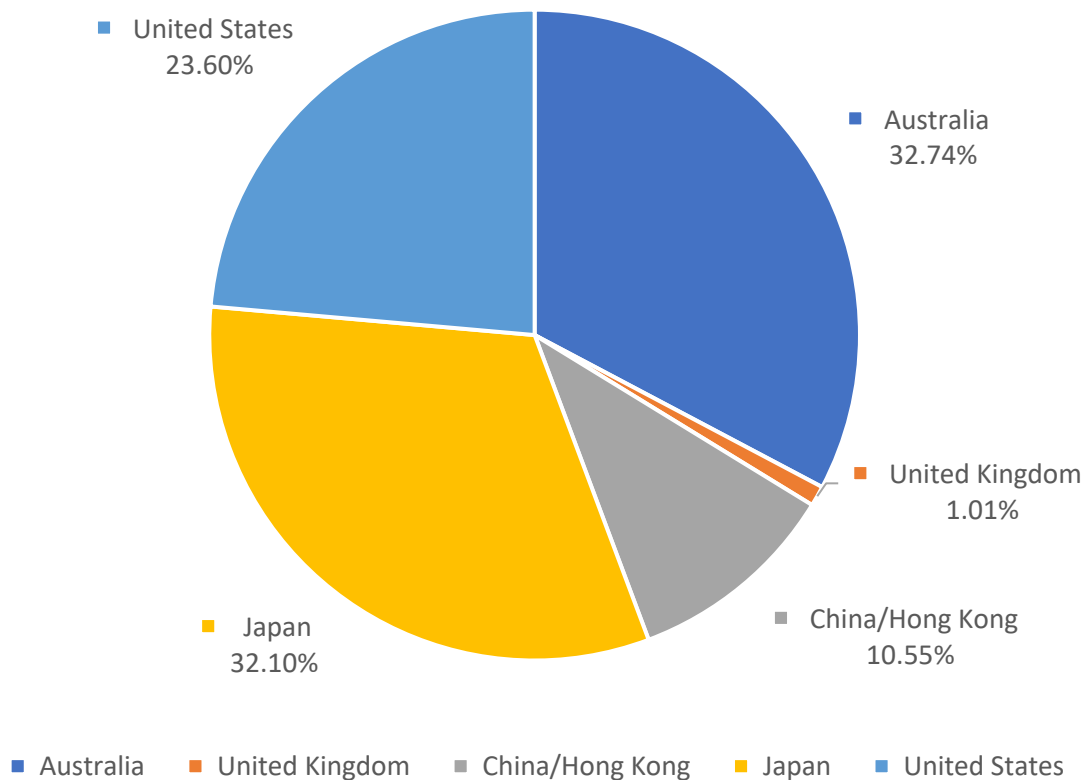


## TOP 10 HOLDINGS

Top 10 Holdings	Country	31st March 2024
Sumitomo Mitsui Financial Group	Japan	10.83%
Paladin Energy	Australia	8.06%
Global X Uranium ETF	United States	5.37%
Evolution Mining Ltd	Australia	4.99%
Coeur D'alene Mines Corp	United States	4.58%
Mitsubishi UFJ Financial Group	Japan	4.38%
Whitehaven Coal Limited	Australia	4.27%
Northern Star Resources	Australia	4.26%
Mizuho Financial Group	Japan	4.08%
Sbi Sumishin Net B Npv	Japan	3.98%

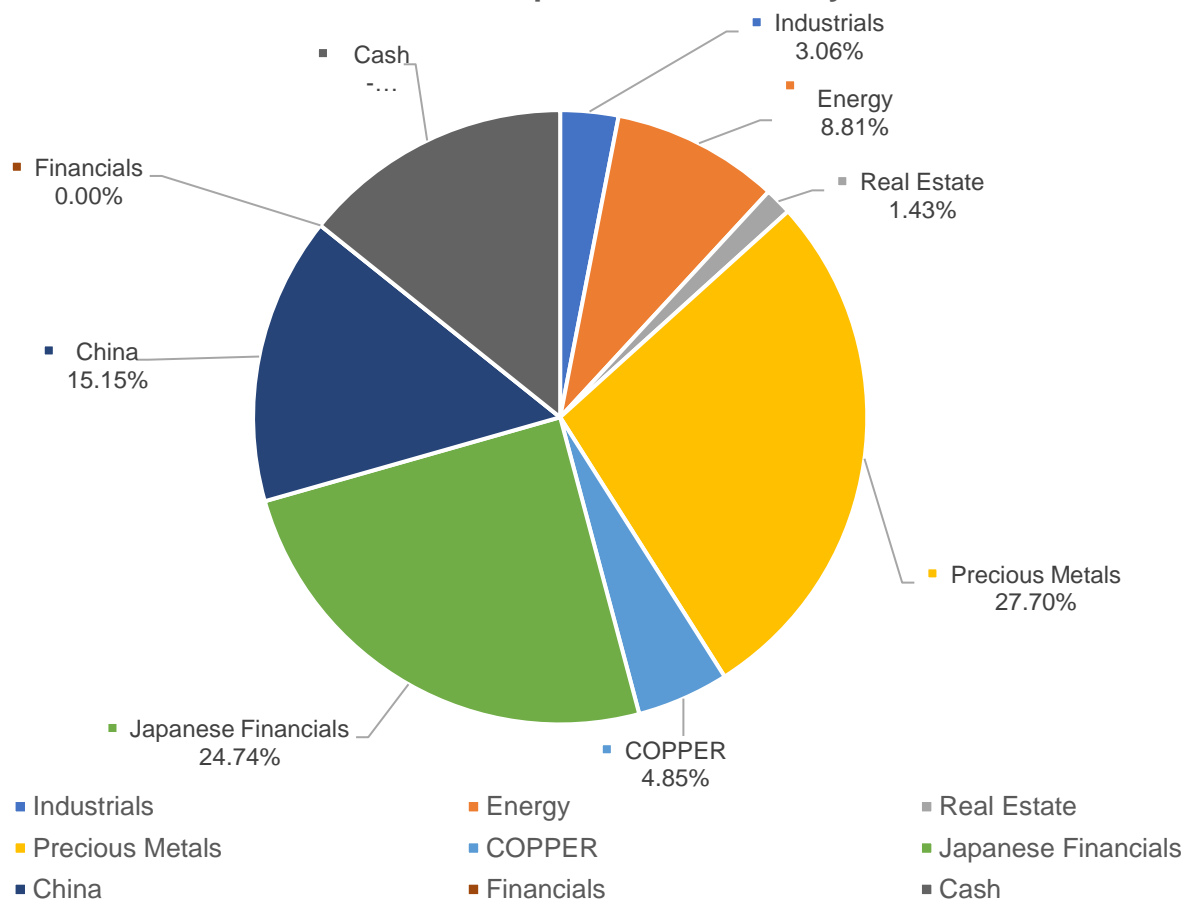
									
TYO: 8316	ASX: PDN	NYSE: URA	ASX: EVN	NYSE: CDE	TYO: 8306	ASX: WHC	ASX: NST	TYO: 8411	TYO: 7163.jp

### Geographic Exposure as at 31st May 2024



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### Sector Dispersion as at 31 May 2024



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

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