

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 19th June 2024

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 19th June 2024.

	Amount (\$)
Pre-Tax NTA (as at 19 th June 2024)	1.2222
Pre-Tax NTA (as at 29 th May 2024)	1.3040
Change in NTA (29 th May 2024 – 19 th June 2024)	-6.27%

The Fund has had a drawdown in June, primarily due to a correction underway within the resources and Japanese financials' sector. This follows a strong period for the Fund since the beginning of the year, Copper, uranium and precious metals have also corrected lower after a solid run amidst a stronger US dollar – which we believe will prove transitory. The Fed is likely to commence easing later this year, which could induce weakness in the dollar.

Japanese financials and China/Hong Kong equities have also corrected in June. With respect to the Japanese banks, a decision by the BOJ to keep interest rates on hold has been the principal catalyst. We continue to believe there is a strong probability of the BOJ putting through the first hike in July.

We added **British Telco BT Group** to the portfolio this month, with the view that after a decade of underperformance there is a solid case for a significant turnaround. We believe BT Group is being significantly undervalued by the market. BT is nearing the end of a lengthy and heavy CAPEX cycle, so free cashflow is set to improve dramatically in the years ahead after a big commitment to Fibre investment winds down. We also believe UK large cap equities are amongst the cheapest globally and as such, defensive.

The Telco is well positioned within the UK fixed and mobile markets and is the only national operator in the UK. **After a turbulent period in recent years, the future for BT is looking more promising.** Regulatory risks are also dissipating, competition appears to be becoming more rational. BT has significant pricing power and stands to benefit from the rollout of AI and the coming wave of infrastructure upgrades whilst capex is past peak levels. BT is priced on a 12-month dividend yield of 5.7%.

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