

## 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 October with pre-tax and post-tax NTA increasing **3.29% to \$1.2925** and **2.53% to \$1.2784** respectively. At the end of October, the Fund had drawn borrowings of 17.93% reflecting modest portfolio leverage which lifted net exposure to 117.93%.

	31 <sup>st</sup> October 2024	30 <sup>th</sup> September 2024	Change
Pre-Tax NTA	\$1.2925	\$1.2513	3.29%
Post-Tax NTA	\$1.2784	\$1.2468	2.53%

### MARKET OUTLOOK AND PORTFOLIO CHANGES

The Fund built on the positive performance in September with NTA up again in October. However, since the end of month, financial markets have been dominated by US politics. The Republican sweep resulted in the biggest one-day rally in history to ever immediately follow a US election. While stocks and the US dollar soared, bonds came under significant pressure as investors viewed Trump's campaign policies as being inflationary. This did not stop the Fed from cutting rates again immediately after the US election. However, the question remains as to whether bonds will continue to weaken **or will the Fed be proven right in surmising lower risks of inflation are now outweighed by a slowing job market.**

Near term, gold, precious metals and commodities have corrected in line with a stronger dollar, however over the medium to longer run, **the bull market will likely reassert, particularly if Trump policies prove to be inflationary.** US fiscal spending and federal deficits can be expected to rise exponentially amidst a future environment of lower taxes. All of this leads to future inflation, and in time a sharply weaker US dollar. We **therefore remain committed** to our PGM exposure within the Fund.

Whilst the immediate reaction following the Republican sweep was negative for China/Hong Kong equities, it is plausible that **China is keeping powder dry until Trump trade and tariff policies are better known closer to inauguration.** Beijing is now faced with possibly less time to shore up and turnaround an ailing economy. Timing is everything, and we would expect an upsized stimulus package that targets consumer confidence and spending to be confirmed soon.

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ASX Announcement – 14<sup>th</sup> November 2024

Since our last update, China/Hong Kong equity benchmarks have receded following the big rally in September and October. We continue to see value in these markets, and an imperative for the Government to take greater steps to shore up the economy. The recent ramping up of monetary policy stimulus will in our opinion, **soon be followed by an appropriate fiscal response**. The Chinese government has **significant levers to exercise at its discretion**, while consumers have one of the highest saving rates in the world. With the CSI300 and Hang Seng priced on a historically low forward PE multiple of c10X, we see significant opportunity and recovery potential over the coming year. We anticipate the corporate sector **will soon return to above average rates of growth**.

Our long-held view has been that the US and global bonds are in a secular bear market, which began when the Fed overstimulated the economy during the pandemic and mis-timed the outbreak of inflation. Whilst near term, the Fed and many central banks have commenced easing cycles, looking out over the year ahead, **we remain fervent outright bears on US bonds. A change of course by the US government**.

Rising bond yields in the US and **internationally are going to be beneficial for Japanese financials, one of our largest exposures within the portfolio**. Following a recent reset which began in early August in conjunction with the big unwind of the short yen carry trade, **Japanese banks and financials are resuming well established upward trends**. Higher bond yields have provided a tailwind for the Fund's Japanese financial holdings. The banks, insurance and financial stocks performed strongly in Japan in October and into November with the TOPIX Bank index approaching this year's record highs. **We continue to see Japanese financials as providing a compelling hedge against bond market weakness, with earnings and revenues positively correlated to higher yields and valuations still not demanding on a P/B basis**.

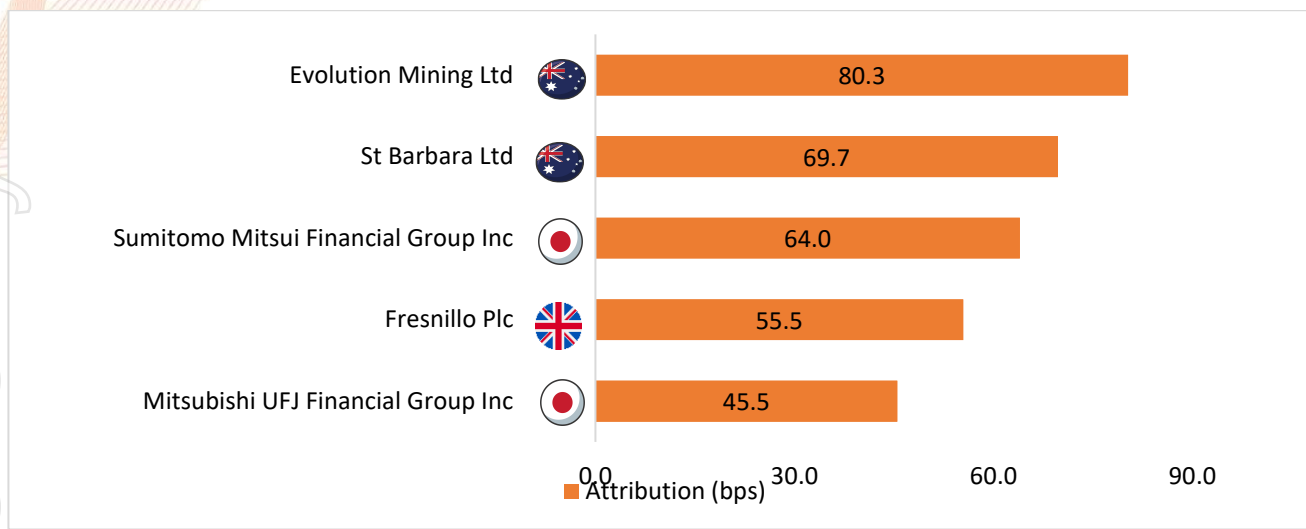
### KEY METRICS

EOM Gross Assets	EOM Cash	Current Net Exposure (31/10/2024 estimate)
\$36.58M	-17.93%	117.93%

### POSITIVE ATTRIBUTIONS

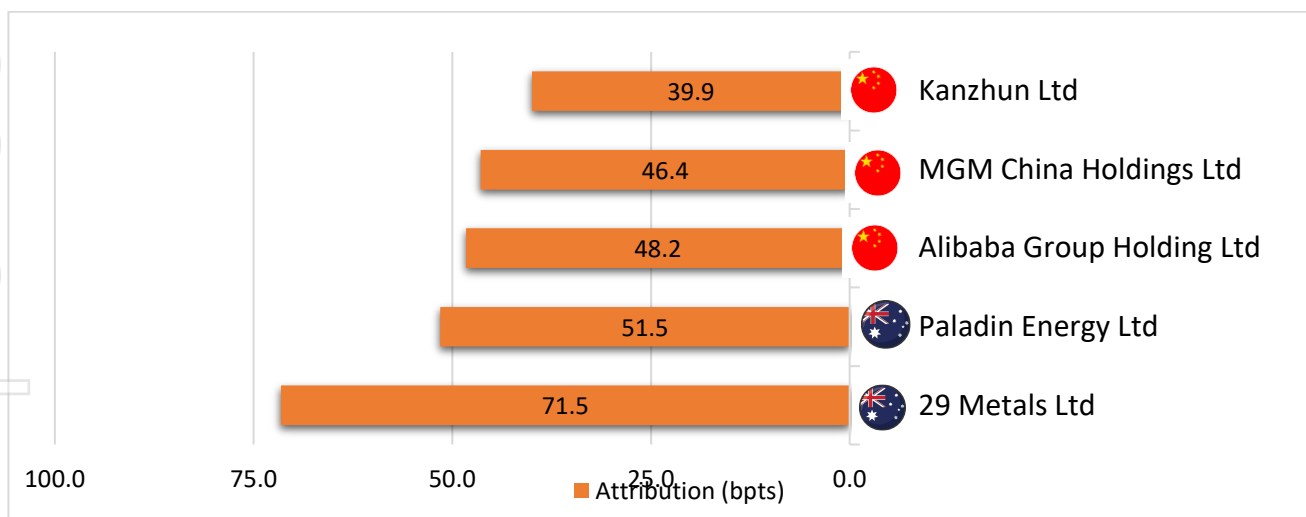
Precious metals provided the largest positive attribution to the portfolio in October. Australian gold producers **Evolution Mining and St Barbara** rose on the back of higher spot A\$ gold prices, which hit a record high above A\$4200oz. Evolution delivered ahead of expectations on earnings and gold production. Silver producer Fresnillo also received a boost from silver spot prices hitting decade highs. Sumitomo Mitsui Financial Group and Mitsubishi UFJ confirmed solid profit results, while rising JGB and US bond yields also provided a tailwind.

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**NEGATIVE ATTRIBUTIONS**

In terms of negative attributions, our copper and uranium exposures in **Paladin Energy and 29 Metals** both underperformed after reporting disappointing production. In Paladin’s case, the uranium miner is having to halt production for a few months to sort out technical issues. **Alibaba, MGM China and Kanzhun** corrected mainly on profit taking following a strong performance late September and earlier in the month.



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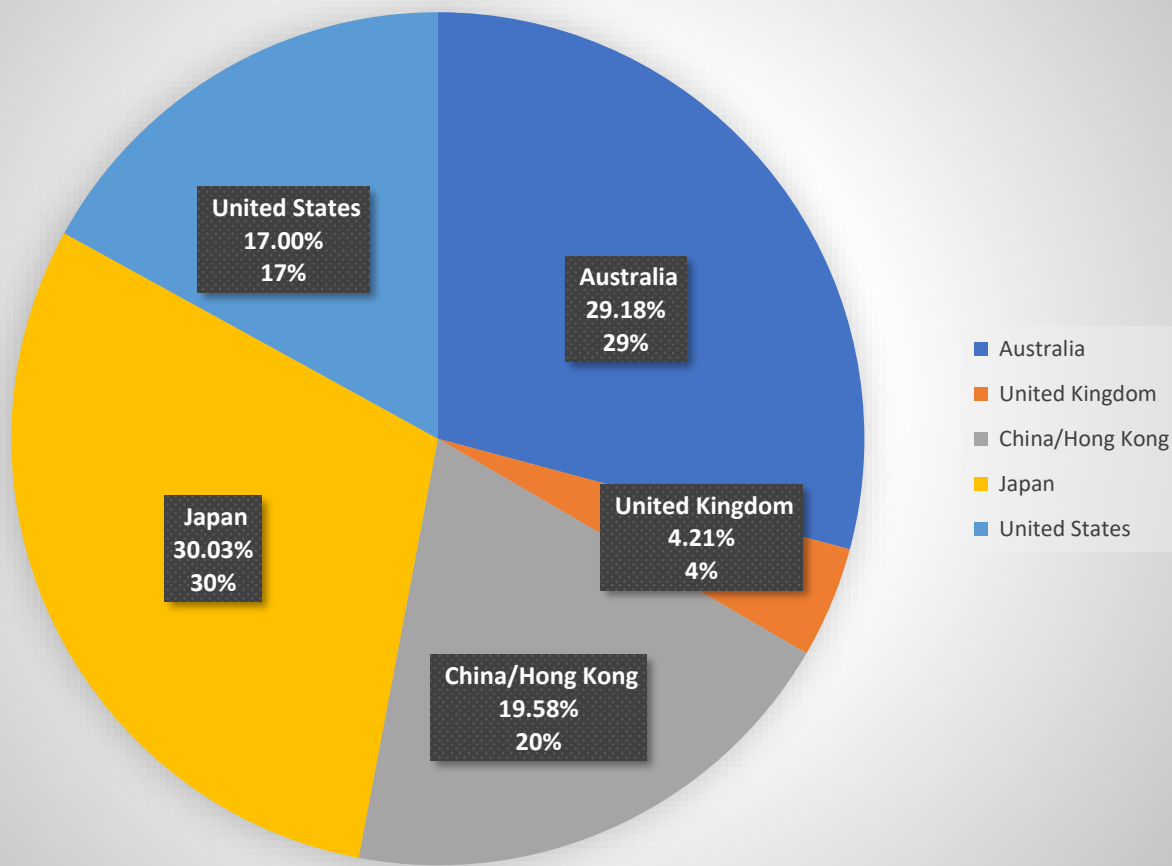
## TOP 10 HOLDINGS

Top 10 Holdings	Country	31 <sup>st</sup> October 2024
Sumitomo Mitsui Financial Group	Japan	9.08%
Evolution Mining Ltd	Australia	6.87%
Coeur Mining	United States	5.37%
Meituan	Hong Kong	4.89%
Northern Star Resources	Australia	4.34%
Mitsubishi UFJ Financial Group	Japan	4.17%
Mizuho Financial Group	Japan	3.96%
Paladin Energy	Australia	3.81%
Tencent Holdings Ltd	Hong Kong	3.40%
Fresnillo PLC	UK	3.17%

									
TYO 8053	ASX EVN	NYSE CDE	HKG 3690.HK	ASX NST	TYO 8306	TYO 8411	ASX PDN	HKG 700.HK	LON FRES

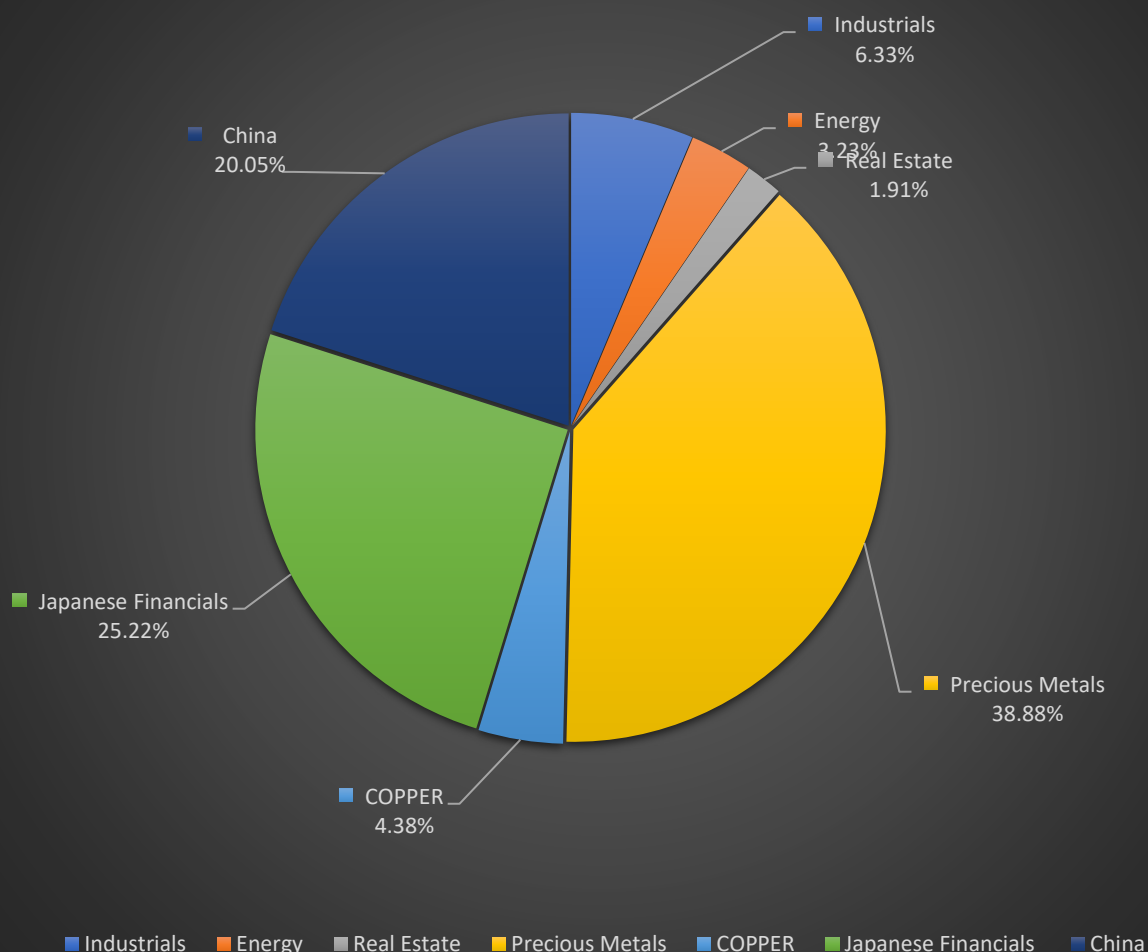
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### Geographic Exposure as at 31st Oct 2024



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### Sector Dispersion as at 31st October 2024



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