

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

Dear Shareholders,

The estimated net tangible asset backing decreased slightly during November with pre-tax and post-tax NTA lower by -0.12% to \$1.2910 and -0.01% respectively. At the end of November, the Fund had drawn borrowings of 19.28% reflecting portfolio leverage which lifted net exposure to 119.28%.

	30 <sup>th</sup> Nov 2024	31 <sup>st</sup> October 2024	Change
Pre-Tax NTA	\$1.2910	\$1.2925	-0.12%
Post-Tax NTA	\$1.2773	\$1.2784	-0.01%

### MARKET OUTLOOK AND PORTFOLIO CHANGES

The Fund closed nearly flat in November after what was a tumultuous month that followed the US election. Following a Republican sweep, the dollar and bitcoin surged with US equities while bonds fell dramatically. The threat of tariffs impacted China/Hong Kong equities while gold and silver corrected sharply. Conversely, higher bond yields pushed many of the Japanese financials in the portfolio back up to two decade highs. It was a volatile month, but the Fund recovered the drawdown from earlier on to close out nearly flat at the end of November. In December, the Fund has got off to a positive start with estimated pre-tax NTA up over 4% as disclosed on Friday to the ASX.

The Fed cut rates immediately after the US election, and expectations are running high that they will do so again at FOMC in the next week. Gold and precious metals managed to recover from last month's corrective selloff, and we are confident that upward momentum will continue into the new year despite a stronger dollar. **China's central bank resumed buying in November following a 6 month pause. We believe that other central banks will also continue buying gold in the wake of Trump's trade threats towards countries attempting to shift away from the dollar.**

**Trump policies could also prove to be inflationary.** Despite the appointment of fiscal hawk Scott Bessent as Treasury Secretary, US spending and federal deficits could still rise exponentially over coming years amidst an environment of lower taxes. Additionally corporate M&A within the gold sector could accelerate next year given valuations are still cheap relative to historical norms. This was highlighted in December with **Northern Star's \$5 billion bid for De Grey Mining**. We continue to see Australian gold miners as being significantly undervalued, particularly now with A\$ spot gold prices back above \$4200oz. Northern Star's takeover places a spotlight on the inherent cheapness of the gold mining sector, and the fact that it is better to acquire rather than develop new mines. **We believe that rising**



Fat Prophets Global Contrarian Fund  
[www.fpccontrarian.com.au](http://www.fpccontrarian.com.au)  
[invest@fatprophets.com.au](mailto:invest@fatprophets.com.au)  
Ph: 1300 881 177

ACN: 615 414 849  
3/22 Market Street, Sydney  
NSW 2000

**M&A will dominate the sector over the coming year. The Fund also holds Gold Road, which is a direct beneficiary of the De Grey takeover, holding some 17% of the company.**

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.** A recent meeting of the Politburo implies that more significant fiscal stimulus is coming, that importantly will be fiscal in nature, and target domestic consumers. The pivot by China is the most dramatic in a decade, and we believe that the Government has now prioritised the stability of the economy. We believe that China/Hong Kong equities are in the early stage of a new bull market, which has much further to run given how depressed valuations still are.

**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 during November, and we expect this to continue into the new year. Meanwhile the Bank of Japan is the only major global central bank that is pursuing tighter monetary policy, and we expect more rate hikes next year. **Japanese financials provide a compelling hedge against bond market weakness, with earnings and revenues positively correlated to higher yields while valuations still not demanding on a P/B basis.**

We added a new company to the portfolio, US based and fast-growing **Bloom Energy**. Bloom Energy provides power fuel cells, which are scalable in terms of customer electricity requirements. The fuel cells also allow independence from the grid. The US is going to need significantly more power with the coming AI wave, rollout of data centres, and green energy transition, where Bloom is set to be a major beneficiary.

The US power market is reaching a critical inflection point whereby not only customers, but also utilities recognize the critical time to power constraints and are turning to alternative sources of power, namely fuel cells in this case, to serve new load. Bloom is well positioned for significant growth in the years ahead.

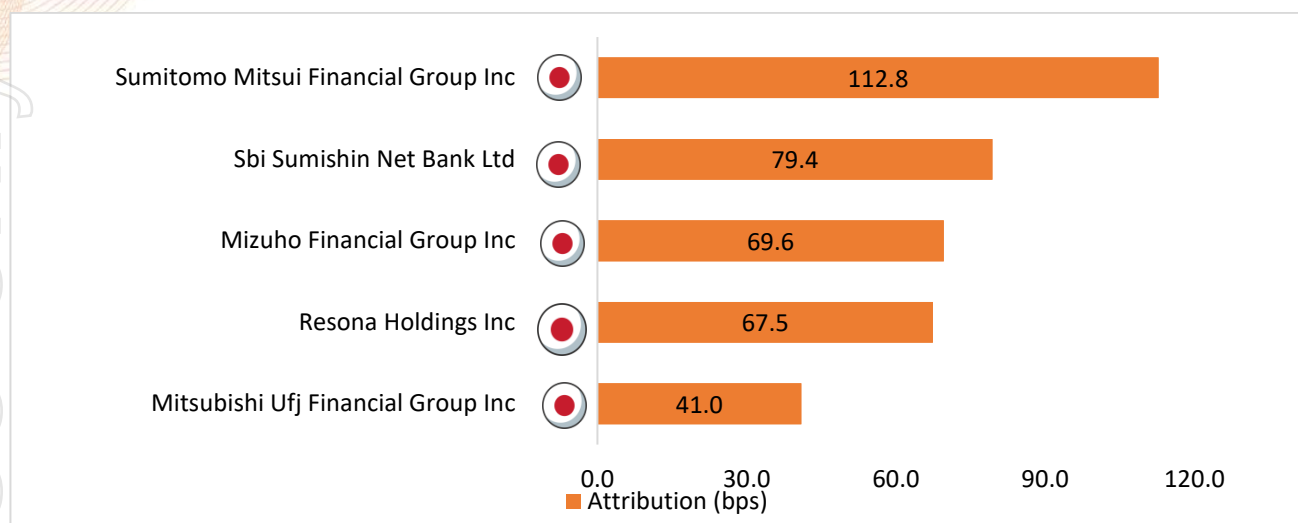
## KEY METRICS

EOM Gross Assets	EOM Cash	Current Net Exposure (31/10/2024 estimate)
\$36.52M	-19.28%	119.28%

## POSITIVE ATTRIBUTIONS

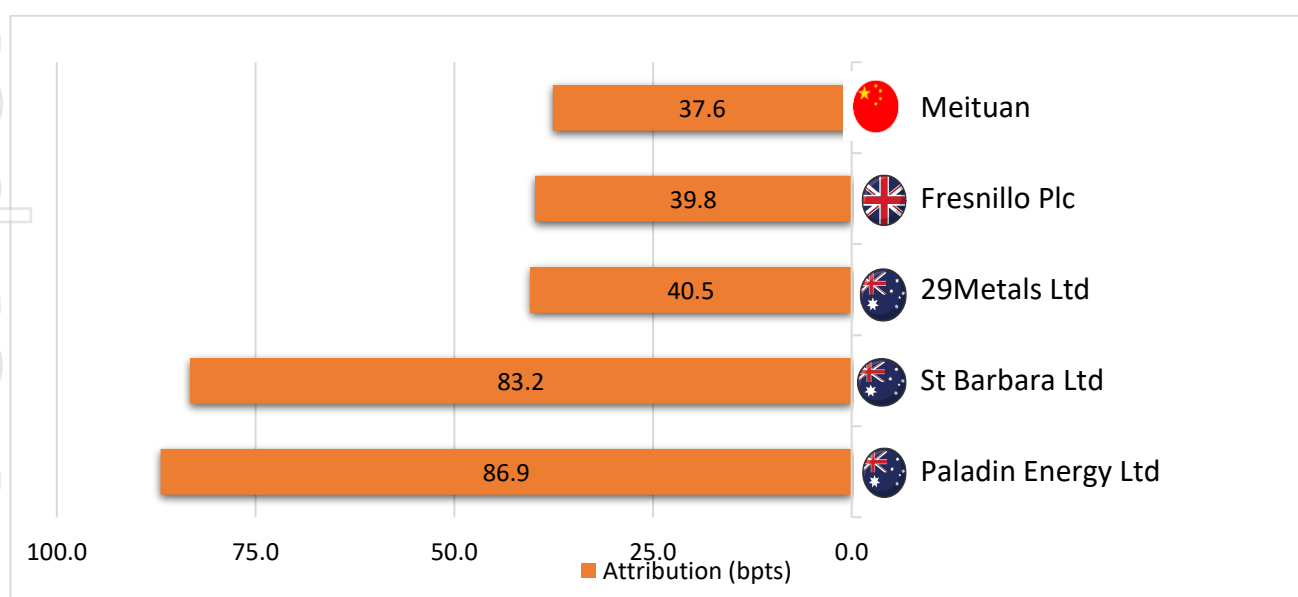
The Japanese financials were the standout positive attribution contributors in November, with **Sumitomo Mitsui Financial Group, SBI Sumishen, Mizuho, Resona and Mitsubishi UFJ** all doing the

heavy lifting within the portfolio. Rising JGB yields amidst higher global bond yields and expectations that the Bank of Japan will soon hike rates again, provided a big tailwind for Japanese banks.






### NEGATIVE ATTRIBUTIONS

In terms of negative attributions, the selloff in China/Hong Kong stocks impacted the portfolio with technology food delivery platform **Meituan** amongst the portfolio's bigger losers. We were however encouraged by results which revealed another very strong quarter, with revenues and earnings growing rapidly on the top and bottom line. The selloff in the gold and silver miners also weighed on **Fresnillo**. **St Barbara** and copper producer **29 Metals** were also down on lower spot prices but also capital raisings to shore up balance sheets. **Paladin** continued to underperform following the unexpected shut down of the Langer Heinrich mine (which has since restarted).

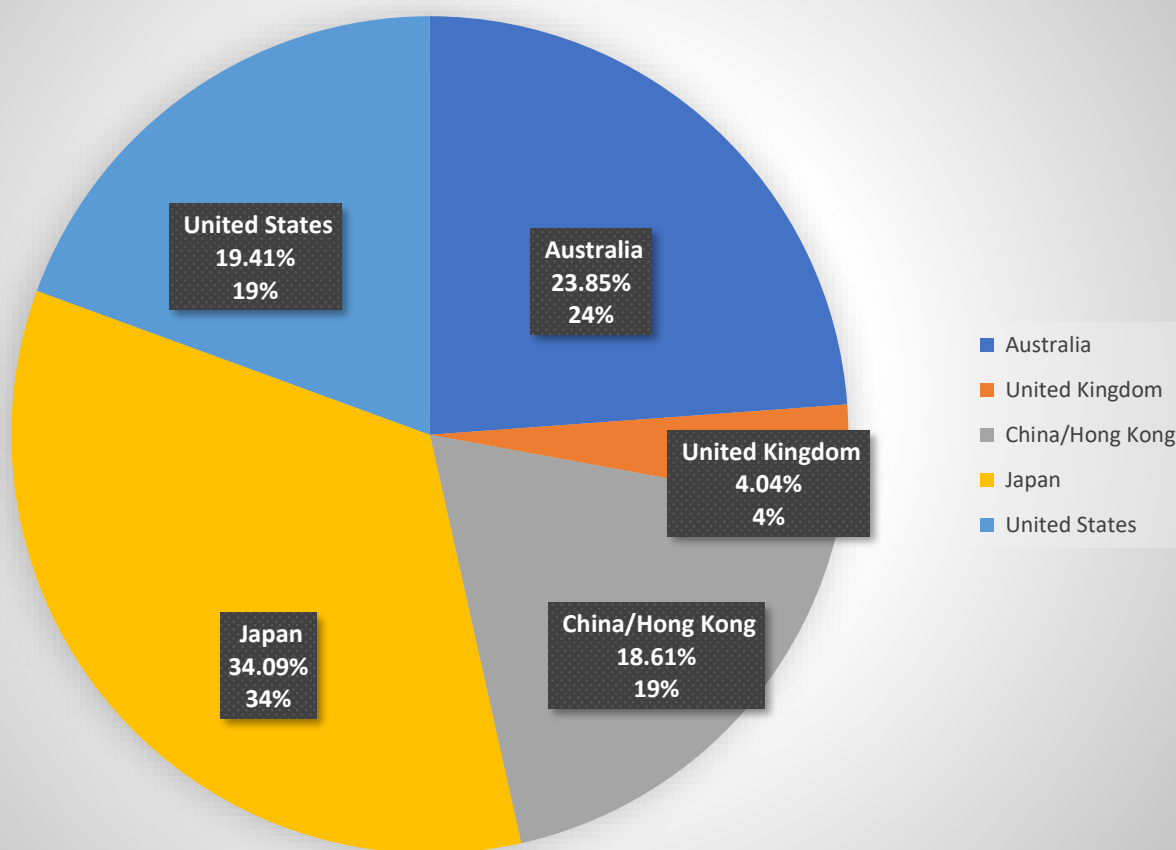


## TOP 10 HOLDINGS

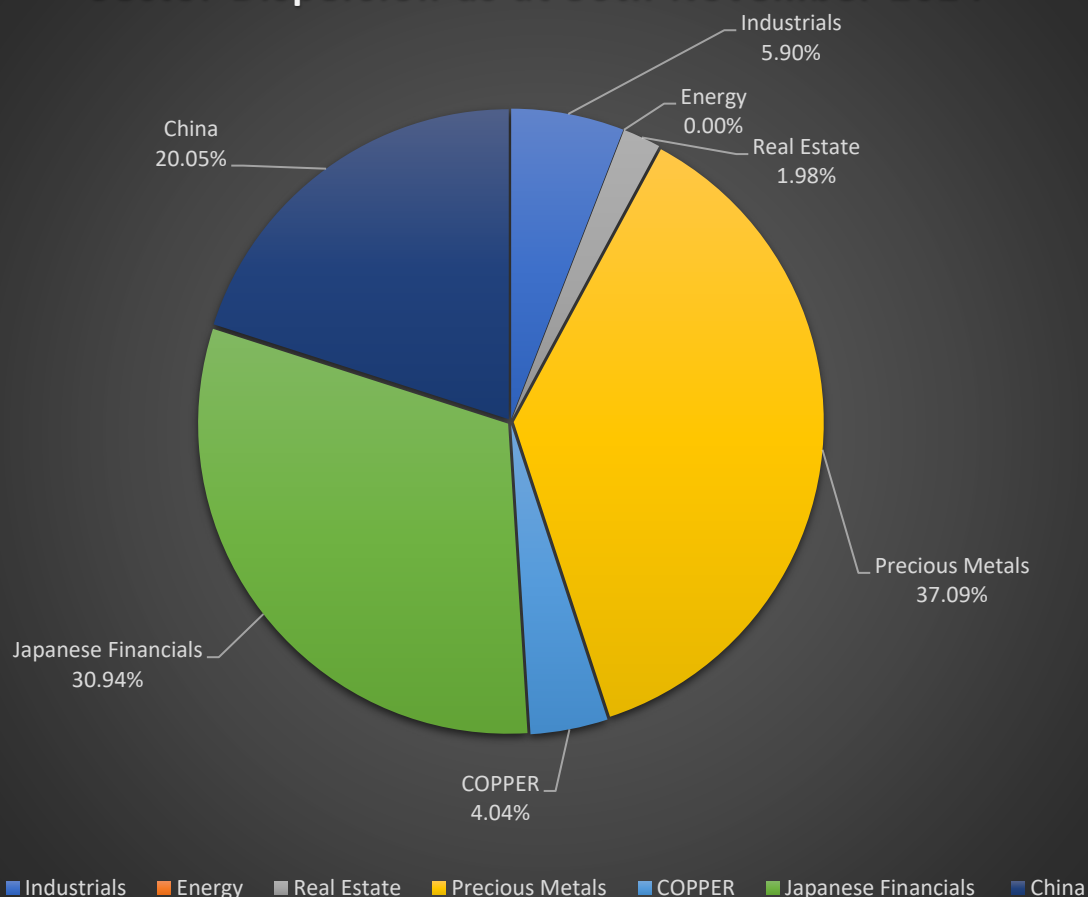
Top 10 Holdings	Country	30 September 2024
Sumitomo Mitsui Financial Group	Japan	10.45%
Evolution Mining Ltd	Australia	6.64%
Coeur Mining	United States	5.42%
Mizuho Financial Group	Japan	4.76%
Mitsubishi UFJ Financial Group	Japan	4.69%
Meituan	Hong Kong	4.55%
Northern Star Resources	Australia	4.29%
Resona Holdings Inc	Japan	3.81%
SBI Sumishin	Japan	3.49%
Tencent Holdings Ltd	Hong Kong	3.37%

									
TYO 8053	ASX EVN	NYSE CDE	TYO 8411	TYO 8306	HKG 3690.HK	ASX NST	TYO 8308	TYO 7163	HKG 0700

## Geographic Exposure as at 30th November 2024



## Sector Dispersion as at 30th November 2024



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