

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 9 August 2023

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at 9th August 2023 was as follows:

	Amount (\$)
Pre-Tax NTA (as at 9 August 2023)	0.9928
Pre-Tax NTA (as at 31 July 2023)	1.0237
Change in NTA (31 July 2023 to 9 August 2023)	-3.02%

For the period from 31 July 2023 to 9 August 2023 the Fund recorded a 3.02% decrease in estimated pre-tax NTA from \$1.0237 to \$0.9928. The decline in NTA as recorded on the 9th August has been mitigated in recent days following big moves in the energy sector and a large rise in Japanese oil and gas producer **Inpex** following a large earnings beat. Since our last update, oil and gas prices have reasserted on the topside which has boosted our energy investments. We believe that uranium prices are poised for a sizeable breakout given tightening supply and rising demand.

The nuclear energy sector is pivoting and set to make a potential comeback in 2024 and beyond. Climate change is pressuring nations to diversify away from fossil fuels towards clean energy solutions. Renewables will undoubtedly form a big part of the clean energy solution, but nuclear is destined to play a larger role to shore up nation baseloads to respective power grids.

Nuclear is today the second largest source of global clean energy with almost zero carbon emissions and one of the few long-term viable sources of low carbon emission baseload power. In terms of the global uranium market, we believe there is a coming supply shortage with inventory levels rapidly reducing. This could be a precursor to a quantum jump in uranium prices. The Fund has positions in US listed **Global X Uranium Producers ETF (URA)** and **Paladin Energy** that were added to this week. Both the UTA and Paladin are set to benefit from higher spot prices.

Bear markets typically end and bottom out when stocks no longer fall on bad news. This seems to increasingly be the case for Hong Kong listed Chinese equities. On this front the **Hang Seng Tech Index** appears to be getting closer to an important topside inflection. Valuations for major Chinese technology companies are valued on multiples that are a fraction of counterparts in the US. Sentiment towards China generally and the tech sector is notably depressed, but price action has improved recently. The Hang Seng remains well supported above what we believe was the capitulatory October low.

Alibaba is one example, where a strong earnings beat was reported this week. Alibaba is priced at on a forward of c10X and c8X if cash is backed out with earnings expected to grow in the high teens over the next several years. With this in mind, we established moderate positions in **Alibaba, Meituan, Tencent, Baidu and the Hong Kong Clearing & Exchanges.**

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