

## 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 during August with pre-tax and post-tax NTA 7.48% to \$1.1509 and 5.61 % to \$1.1712 respectively. At the end of August, the fund had drawn borrowings of 1.67% reflecting modest portfolio leverage which lifted net exposure to 101.7%.

	31 <sup>st</sup> August 2024	31 <sup>st</sup> July 2024	Change
Pre-Tax NTA	\$1.1509	\$1.2440	-7.48%
Post-Tax NTA	\$1.1712	\$1.2408	-5.61%

### MARKET OUTLOOK AND PORTFOLIO CHANGES

The Fund experienced a significant drawdown in August primarily due to the risk off volatility move in financial markets caused by the short yen carry trade unwind. The Japanese stock market declined 25% in three days which impacted our portfolio. Since that time, the TOPIX and Nikkei indexes have recovered significantly. **We don't see a bear market in Japanese equities occurring anytime soon.** Japanese corporates are amongst the most defensive in terms of balance sheet strength and low levels of leverage. We believe a wholesale recovery continuing in Japanese equities with much of the short yen carry trade now unwound. **The Japanese banking sector where the fund has significant exposure, stands to benefit from further rises in interest rates.**

Precious metals also succumbed to the risk off move, but since our last update, **there has been a notable weakening of the US dollar.** We believe the dollar is entering a secular bear market, and regardless of who wins in the November election, the US government will add significant debt and fiscal spending in the years ahead. Additionally, the Fed is likely to commence an aggressive easing cycle. Fed funds futures markets are currently pricing in around 100 bp of cuts prior to year end.

Meanwhile, the de-dollarisation of other nations away from the US dollar system is likely to accelerate. **Animal spirits in precious metals could be on the cusp of making a big return.** Gold has hit a record high, and we continue to see precious metal equities screening cheap and a coming big shift of financial flows back into the sector, which has largely been ignored over the past decade.

Profit taking in the uranium and a general de-rating of the uranium sector surprised us during August, however we continue to see a long-term opportunity given growing power demand around the AI rollout and the green energy transition.

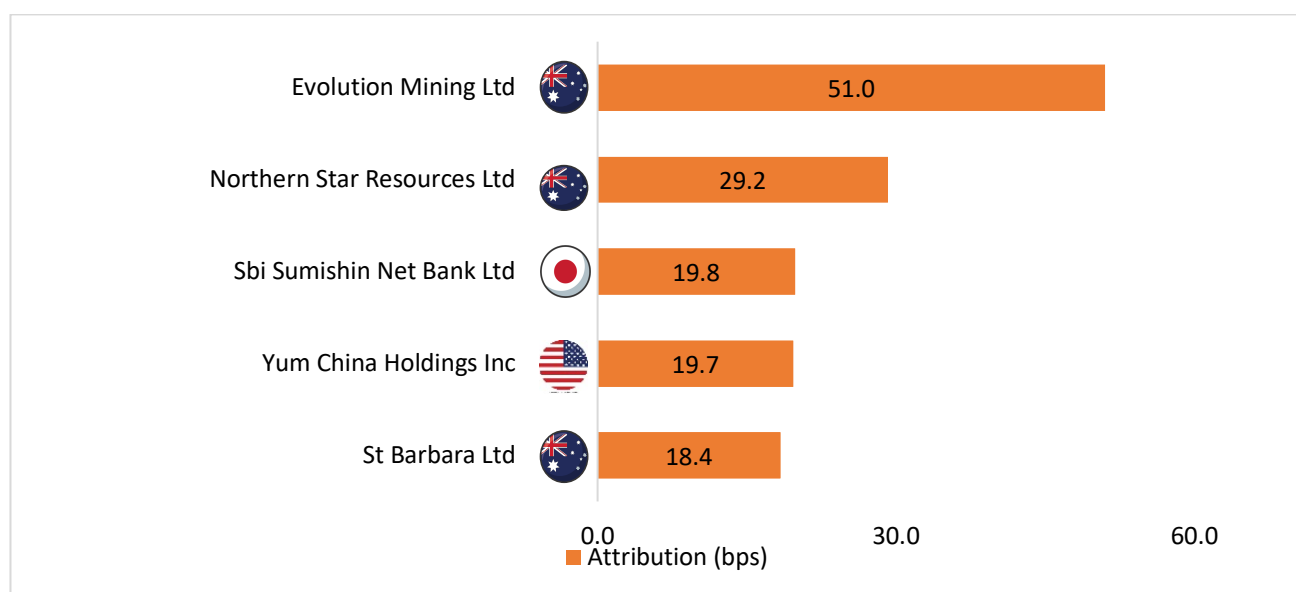
Since our last monthly update, we removed close to all the leverage within the portfolio and reduced exposure across the board. While risks around the US economy could intensify, a recession is unlikely in our view. Earnings expectations for the September quarter could prove to be too elevated, rendering the market vulnerable to downgrade revisions in the weeks ahead.

## KEY METRICS

EOM Gross Assets	EOM Cash	Current Net Exposure (31/07/2024 estimate)
\$33.68M	-1.67%	101.7%

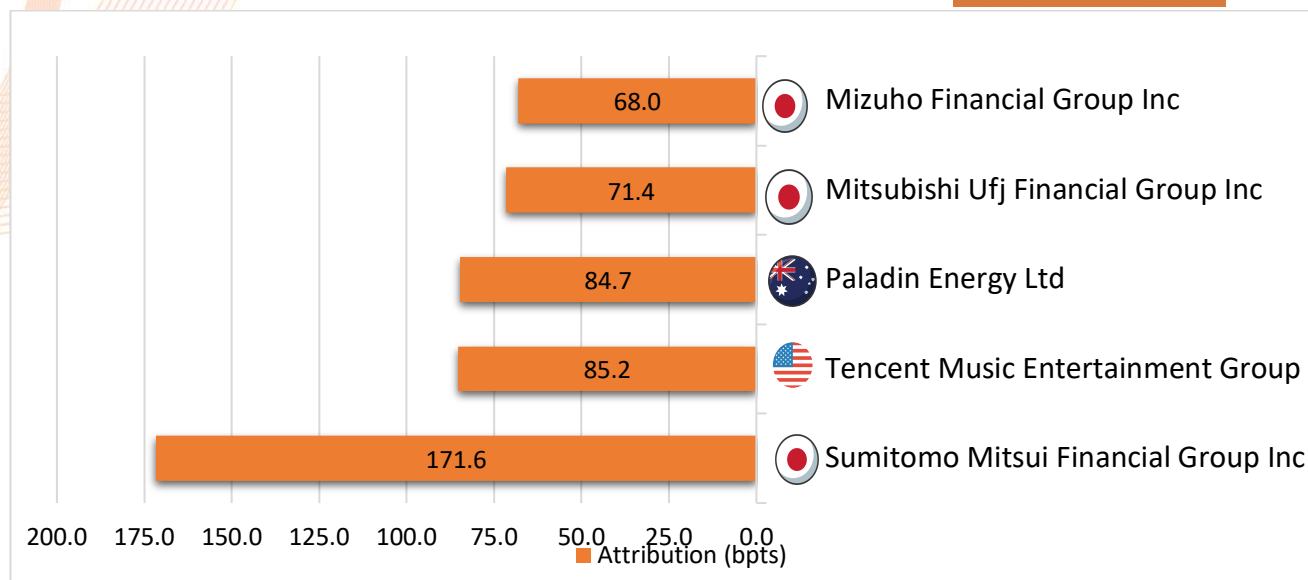
## POSITIVE ATTRIBUTIONS

Precious metals provided the largest positive attribution to the portfolio in August. Australian gold producers **Northern Star** and **Evolution Mining and St Barbara** rose on the back of higher spot gold prices, which hit a record high amidst turmoil in FX markets, and notably the decline in the US dollar. Yum China performed well following a solid profit result as did SBI Sumishen Bank.



## NEGATIVE ATTRIBUTIONS

In terms of negative attributions, our Japanese bank positions came under immense pressure after the Japanese stock market declined 25% in three days. **Sumitomo Mitsui Financial Group, Mitsubishi UFJ and Mizuho** were all large contributors to negative attribution as long Japanese equity positions were unwound quickly alongside the short yen carry trade. **Tencent Music** derated after reporting lower than expected growth. Paladin continued to fall on the wake of the recent acquisition and amidst profit taking in the uranium sector.

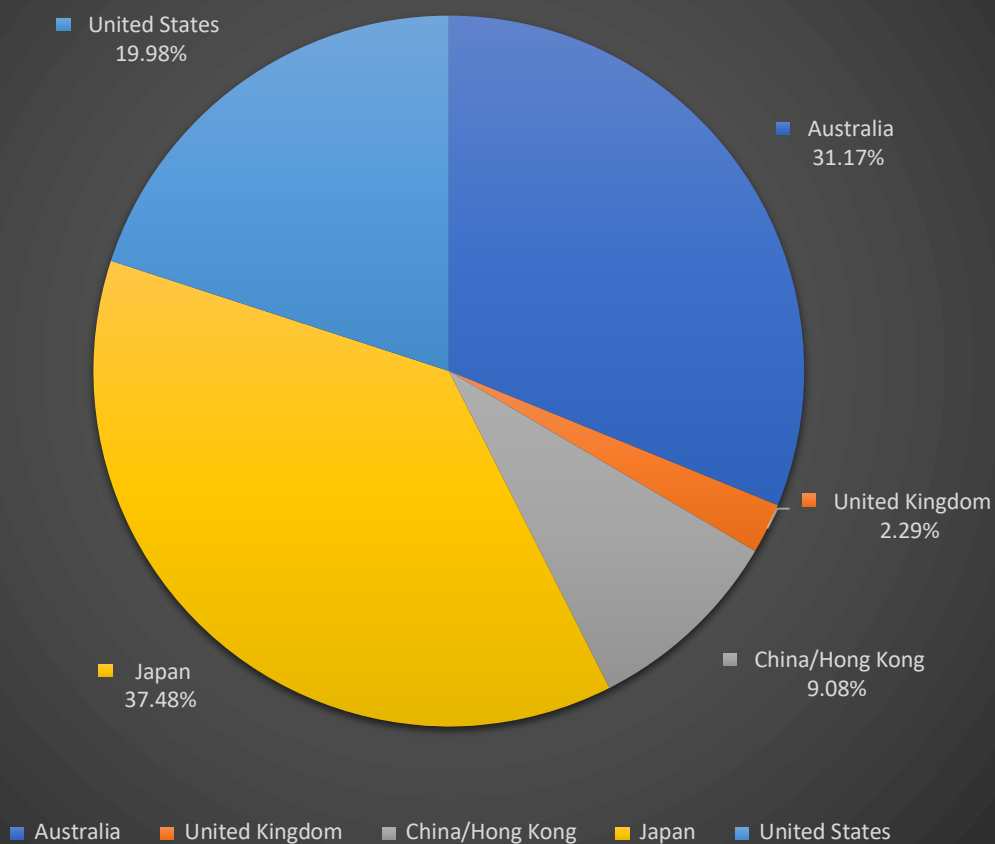


## TOP 10 HOLDINGS

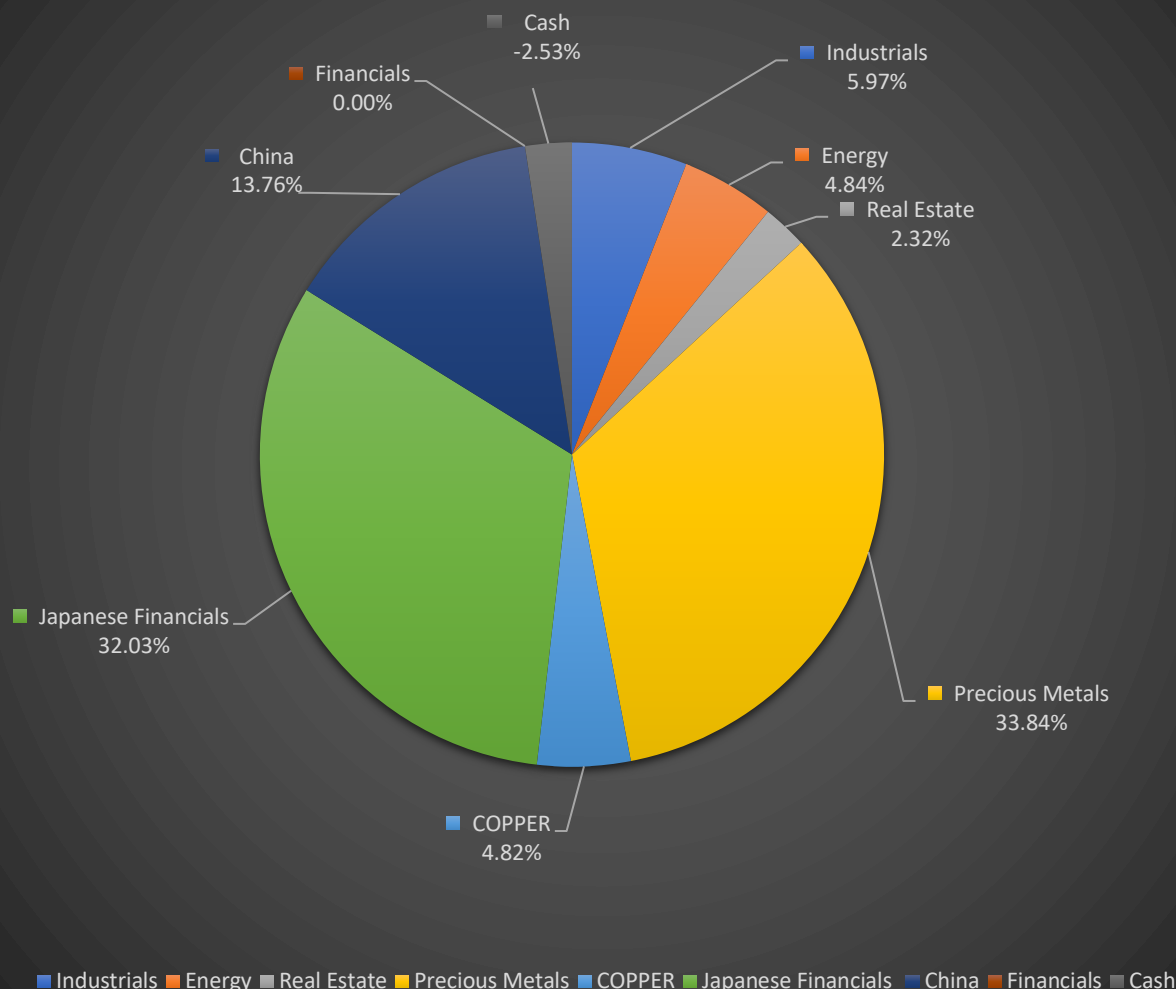
Top 10 Holdings	Country	31 August 2024
Sumitomo Mitsui Financial Group	Japan	9.90%
Evolution Mining Ltd	Australia	6.17%
Paladin Energy	Australia	5.06%
Mitsubishi UFJ Financial Group	Japan	4.39%
Mizuho Financial Group	Japan	4.15%
Northern Star Resources	Australia	4.14%
Global X Uranium ETF	United States	3.87%
Coeur D'alene Mines Corp	United States	3.84%
Dai-ichi Life Holdings Inc	Japan	3.46%
Resona Holdings Inc	Japan	3.44%

TYO 8053	ASX EVN	ASX PDN	TYO 8306	TYO 8411	ASX NST	NYSE URA	NYSE CDE	TYO 8750	TYO 8308

## Geographic Exposure as at 31 August 2024



## Sector Dispersion as at 31 August 2024



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