

Fat Prophets Global Contrarian Fund (ASX Code FPC)
Estimated Pre-Tax NTA 25th September 2024

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at Wednesday 25th September 2024:

	Amount (\$)
Pre-Tax NTA (as at 25th September 2024)	1.1924
Pre-Tax NTA (as at 28th August 2024)	1.1444
Change in NTA (28th August – 25th September 2024)	+4.2%

After a poor start to September, the Fund advanced into positive territory with large gains in China/Hong Kong being one driver of the turnaround. At the time of writing on the 27th September, estimated pre-tax NTA **had further materially improved** since Wednesday as the rally in China/Hong Kong and Japan continued. **The catalyst for the big jump in China/Hong Kong equities, which had the best gains in years, was a big monetary policy initiative from the PBOC that surprised the market.**

There are decent prospects that Beijing will announce further fiscal stimulus measures in the coming weeks with the Government now determined to shore up the economy with a “whatever it takes” attitude. We maintain our high conviction view that Chinese equities are on the cusp of a new bull market after key benchmarks fell to the lowest valuations in decades. **We added to key positions in Alibaba, Tencent Holdings, Kanhun, Meituan and Yum China in recent weeks. The monetary stimulus measures were also a powerful boost to commodities and the resources sector, which had its best rally in years.**

Another factor driving performance this month has been prominent weakness in the US dollar that has propelled gold to a record high above \$2,700 and silver to the highest levels in a decade. Many of our core gold and silver mining names including Evolution Mining, Coeur Mining, and St Barbara made five-year highs this week. We believe the US Fed will follow with more rate cuts this year and ease faster and more aggressively than other central banks, setting the dollar up for further weakness. **A weaker greenback will be positive for commodities, precious metals but also emerging markets including China.**

Finally, our Japanese holdings continued to recover amidst the improved sentiment around China. The TOPIX benchmark is now within less than 10% of the record highs. Whilst the volatility encountered in early August was the most since the onset of the pandemic, it has been encouraging to see Japanese equities quickly rebound following the biggest fall since the 1989 crash. **The c30% discount to pre-tax NTA is excessive in our view, and we are re-engaging the buyback which is highly accretive to NTA. Some value investors might find this an attractive opportunity.**

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