

## 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 September **with pre-tax and post-tax NTA +8.72% to \$1.2513 and +6.45% to \$1.2468 respectively**. At the end of September, the Fund had drawn borrowings of 8.61% reflecting modest portfolio leverage which lifted net exposure to 108.61%.

	30 <sup>th</sup> September 2024	31 <sup>st</sup> August 2024	Change
Pre-Tax NTA	\$1.2513	\$1.1509	8.72%
Post-Tax NTA	\$1.2468	\$1.1712	6.45%

### MARKET OUTLOOK AND PORTFOLIO CHANGES

The Fund had a solid turnaround in September following a tough August. The portfolio incurred large gains in China, Hong Kong and Japan. **The catalyst for the big jump in China/Hong Kong ensued after a big monetary policy initiative from the PBOC that surprised investors.** We believe the China/Hong Kong stock market has now reached a significant inflection point and exited a multi-year bear market. The Chinese government appears determined to arrest any further erosion in the economy and property market. 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 the population has one of the highest saving rates in the world.

We have conviction that Chinese equities are on the cusp of a new bull market after key benchmarks fell to their lowest respective valuation in decades. **We have added to key positions in Alibaba, Tencent Holdings, Kanzhun, Meituan and Yum China.** With the CSI300 and Hang Seng priced on a forward PE multiple of c10X we see further opportunity and recovery potential and anticipate China's corporate sector to **return to above average rates of growth.**

**China's monetary policy stimulus also provided a solid boost to commodities and the resources sector. Along with a weaker US dollar,** gold recently surged to a new record high above \$2700 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 fresh five-year highs in recent weeks. With the A\$ spot gold price nearing \$4000oz, we believe the rerating of the precious metals sector has much further scope to rise. We also believe the US dollar could come under more pressure if the Fed follows through with more rate cuts over the coming year and eases faster and more aggressively than other

central banks. **A weaker greenback would be positive for commodities, precious metals but also emerging markets including China.**

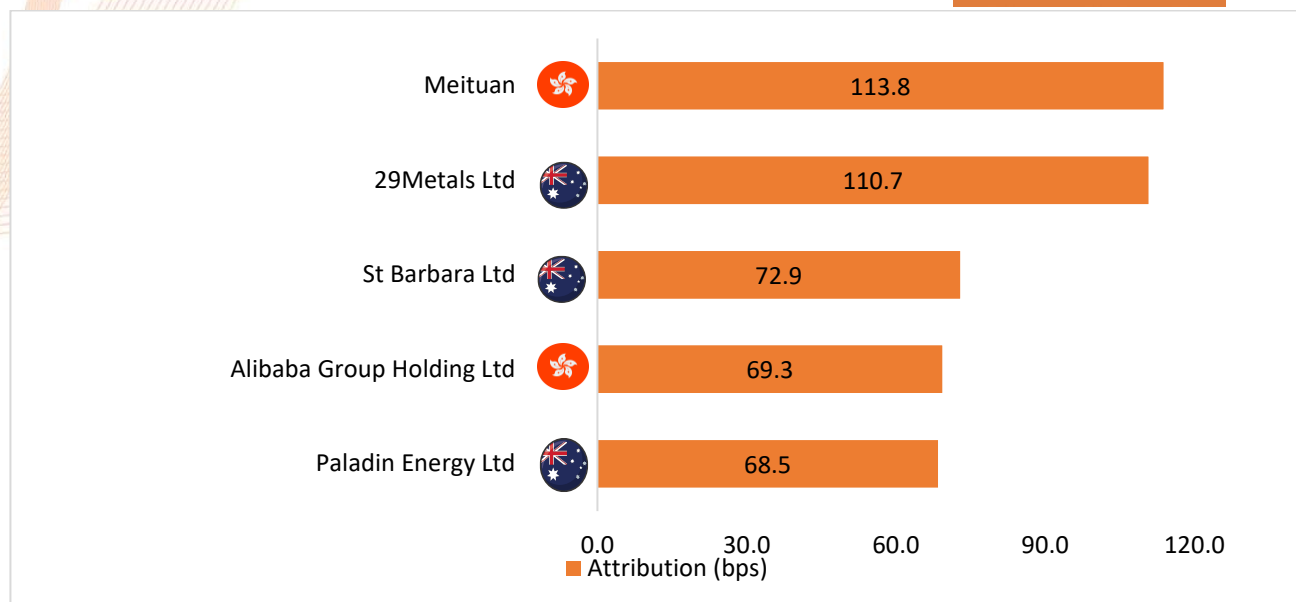
Finally, our Japanese holdings continued to recover following the August setback amidst improved sentiment around China and with the election out of the way. The TOPIX benchmark is now within less than 10% of the record highs. Whilst the volatility in early August was acute, it has been encouraging to see Japanese equities quickly rebound.

**The c24% discount to pre-tax NTA is excessive in the Board's view. The active buyback is proving highly accretive to NTA.**

KEY METRICS		
EOM Gross Assets	EOM Cash	Current Net Exposure (30/09//2024 estimate)
<b>\$35.70M</b>	<b>-8.61%</b>	<b>108.61%</b>

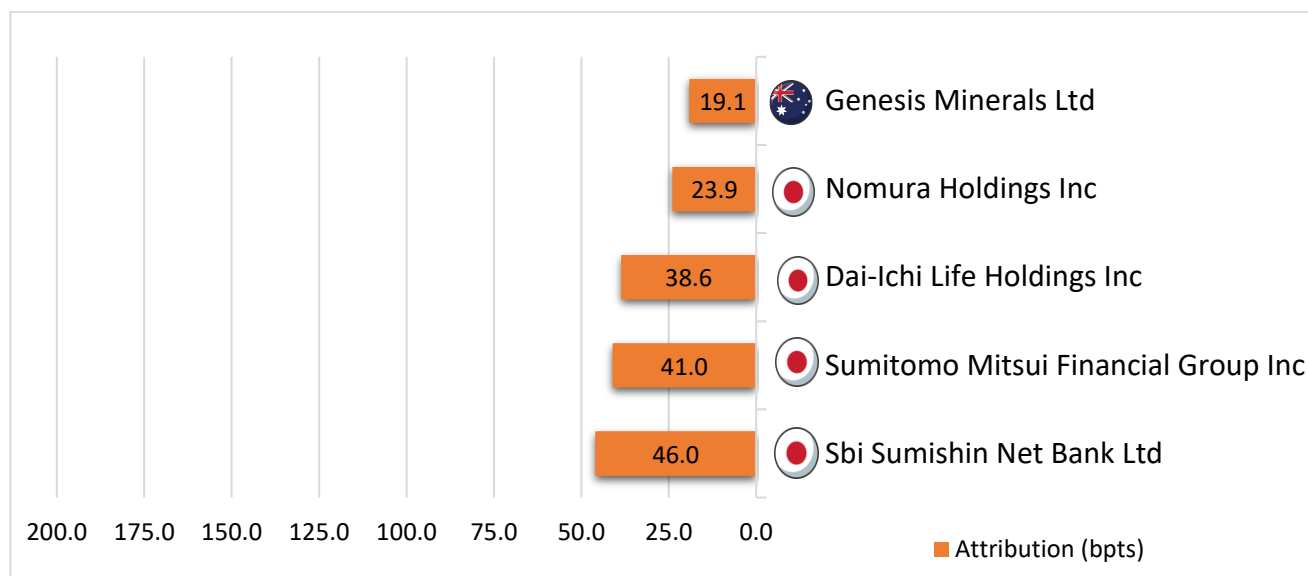
## POSITIVE ATTRIBUTIONS

China's **Alibaba Group and Meituan** provided the largest individual positive attribution in September. The monetary policy stimulus being conducted by the PBOC will likely be accompanied by more fiscal stimulus that will be pivotal in turning China's economy around. Precious metals miner **St Barbara** and copper producer **29 Metals** performed well on the back of a weaker US dollar which lifted spot prices, 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. The recovery in the uranium sector continued with **Paladin Energy**.



## NEGATIVE ATTRIBUTIONS

The Japanese banks and insurance stocks came under some pressure as bond yields ticked lower with some doubt emerging over the path of future rate hikes by the BOJ. We see this as a transitory issue, with Japan committed to higher rates and inflationary pressures returning. **Sumitomo Mitsui Financial Group, Mitsubishi UFJ and SBI Sumishen, Nomura and Dai-ichi** were moderately lower during the month. **Most of the short / yen carry trade has now been unwound.**













## TOP 10 HOLDINGS



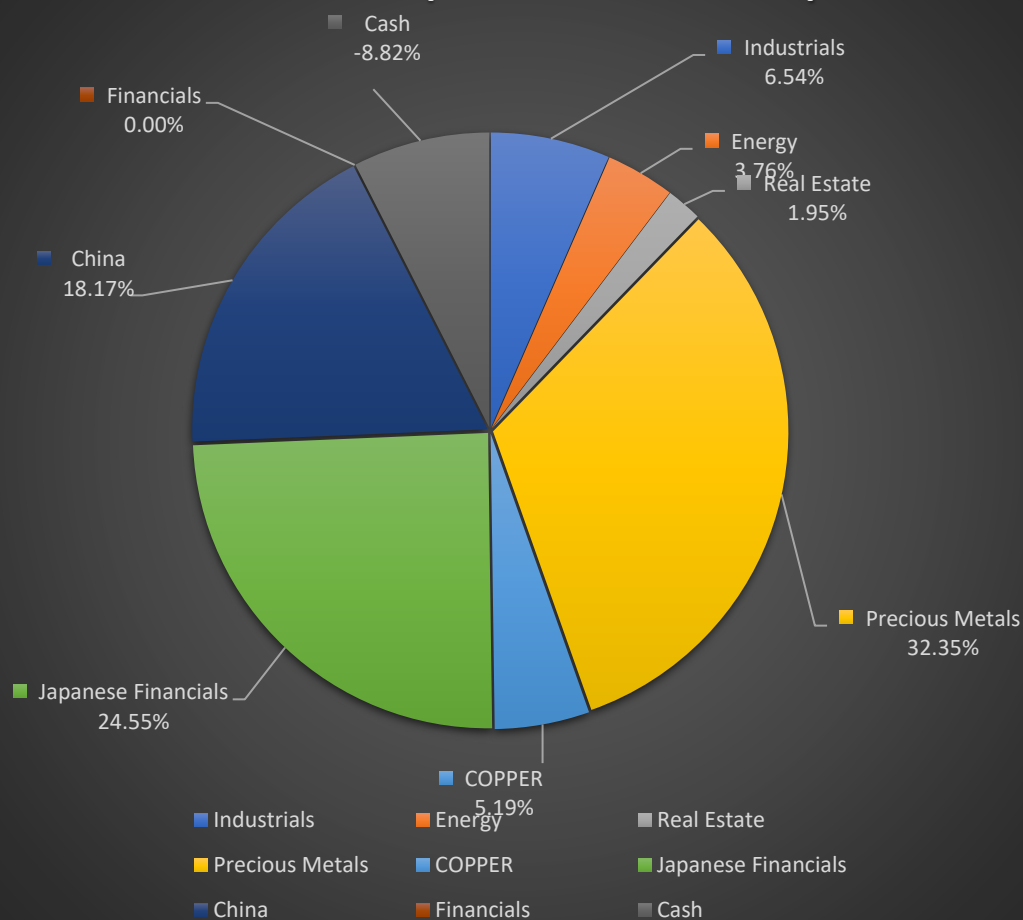
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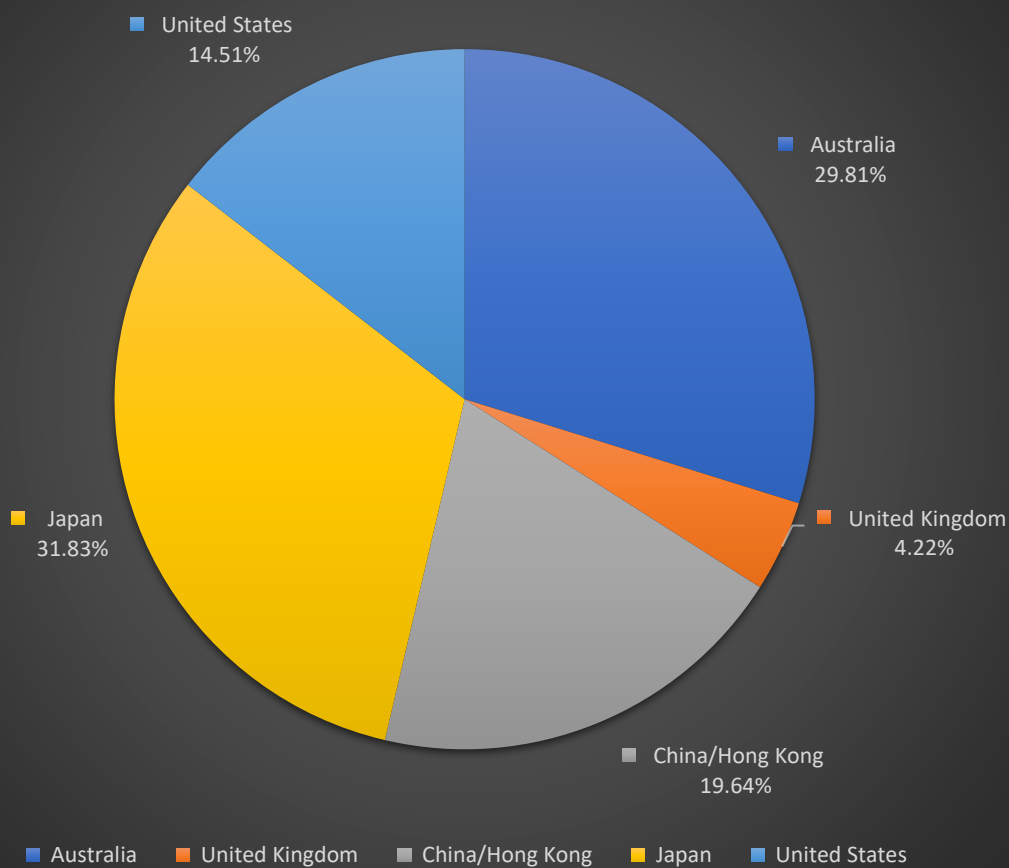
Top 10 Holdings	Country	30 September 2024
Sumitomo Mitsui Financial Group	Japan	8.68%
Evolution Mining	Australia	6.22%
Coeur Mining	United States	5.54%
Paladin Energy	Australia	4.41%
Northern Star Resources	Australia	3.99%
29 Metals	Australia	3.88%
Mitsubishi UFJ Financial Group	Japan	3.83%
Mizuho Financial Group	Japan	3.72%
Meituan	Hong Kong	3.56%
Resona Holdings Inc	Japan	3.06%

									
TYO 8053	ASX EVN	NYSE CDE	ASX PDN	ASX NST	ASX 29M	TYO 8306	TYO 8411	HKG 3690.HK	TYO 8308

## Sector Dispersion as at 30 September 2024



## Geographic Exposure as at 30 September



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