

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 16th OCTOBER 2024

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at Wednesday 16th October 2024:

	Amount (\$)
Pre-Tax NTA (as at 16 th October 2024)	1.2783
Pre-Tax NTA (as at 25 th September 2024)	1.1924
Change in NTA (25 th September – 16 th October 2024)	+7.20%

Our long-held view has been that US and global bonds are in a secular bear market, which began when the Fed overstimulated the economy during the pandemic and mistimed the outbreak of inflation. Whilst near term, the Fed and many central banks have commenced easing cycles, looking out over the medium to longer term, **we remain fervent outright bears on US bonds. A change of course by the US government is highly unlikely regardless of who wins the election next month.**

For the US, unbridled fiscal spending, rising government indebtedness and trillions in unfunded social security and Medicare liabilities will soon add to the rapidly growing debt pile – along with the annual interest bill. Under a Trump administration, **the situation could deteriorate even faster** given proposed policies to raise tariffs (inflationary) reduce taxes and increase fiscal spending.

Rising bond yields in the US and **internationally are going to be beneficial for Japanese financials our largest holding within the portfolio.** Following a recent reset which began in early August in conjunction with the big unwind of the short yen carry trade, **Japanese banks and financials are resuming well established upward trends.**

We also note that record highs in gold have occurred recently against a backdrop of a marginally stronger US dollar and higher bond yields. The historical correlation with gold, US dollar and bond yields appear to be breaking down. Whilst some investors are hedging through shorts in the bond market, others are now choosing to own gold. We believe the bull market in gold will soon broaden to the other PGMs including silver and platinum, which appears to be on the cusp of an important breakout. **In the portfolio we added exposure to silver producer Fresnillo, and South African platinum producer, Impala.**

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