

## Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

The Fund performed strongly throughout March versus global benchmarks **where the MSCI World Index declined c5%**. The estimated net tangible asset backing rose sharply in March with pre-tax and post-tax NTA rising **+10.91% to \$1.4734 and +8.36% to \$1.4177** respectively, which was a solid performance given the decline in the US and many international benchmarks. The Fund has outperformed again in April (month to date), sustaining a lesser decline versus global benchmarks. At the end of March, the Fund had gross asset exposure of 125.21% reflecting leverage of 25.21%.

	31 <sup>st</sup> March 2025	28 <sup>th</sup> February 2025	Change
Pre-Tax NTA	\$1.4734	\$1.3285	10.91%
Post-Tax NTA	\$1.4177	\$1.3083	8.36%

### MARKET OUTLOOK AND PORTFOLIO CHANGES

Since the end of March and ‘Liberation Day’, financial markets have been extremely volatile given dramatic escalation and then partial de-escalation of tariffs and ensuing tensions around US trade. Volatility has spiked to levels last seen during the pandemic. The past several weeks have been historically eventful, with American exceptionalism quickly being replaced with financial markets repudiation following the biggest disruption to the global trade order in over a century. **Notably, our high conviction view of a weaker US dollar this year has played out dramatically.**

The Fund has outperformed during this period, primarily due to gold and precious metals exposure. We remain of the view that the Fund’s three core investment thematic - **gold & precious metals, Japanese banks and large cap China technology stocks are well positioned to weather the storm.**

US treasuries have recently failed to provide a safe-haven harbour during the market turmoil. Gold in contrast, has made new record highs above US\$3200oz. Gold and precious metal miners have thrived in the incumbent uncertain environment, which we believe will continue. We also see further weakening in the US dollar, given the isolationist trade policies pursued by the US government. America’s fiscal position could deteriorate further this year given the tariffs will likely push up inflation and bond yields and widen the trade deficit. **Gold and precious metal miners should continue outperforming in the**

**incumbent environment.** The world order on trade has been significantly disrupted, and it is difficult to envision a total return to the old system anytime soon.

Japanese equities came under pressure with tariffs levied at 25%, but we see the selloff being overdone. Last year when the short yen carry trade unwound, Japanese equities crashed 25% in three days, only to recover quickly due to strong underlying fundamentals. Japan's government will likely also seek to mitigate the trade deficit with the US through negotiation, with discussions to get underway this week. We take solace from the fact that TOPIX Index is now priced on a PE of c12X, **which provides a solid value backstop, amidst an economy that is now reflating.** Japanese corporates have some of the most solid balance sheets in the world, with low levels of gearing and plenty of cash. Japanese banks are set to report earnings next month, where analysts are generally upbeat on expected results.

Despite the trade focus now shifting to China, we believe the government has prepared for the looming standoff with the US over tariffs. Beijing is expected to imminently ramp up fiscal and monetary stimulus support measures. The current standoff is representative of **'mutually assured economic destruction'** for both the US and Japan. America will not be able to reconfigure supply lines with China anytime soon, and we expect the Trump administration to walk back some of the harsher tariff measures. To avoid an inflationary outbreak in the US and further deterioration in the bond market, it is in the economic interests of the Trump Administration and China to **negotiate a better outcome on tariffs.** China's economy in turn is reliant on exports. **There is now a clear and urgent imperative for Beijing to act quickly with fiscal stimulus to boost domestic consumption.**

Similar to Japan, we take some consolation from the portfolio's major China tech companies primarily being domestically focused (with lower tariff exposure) and having much cheaper valuations. Unlike US equities, China tech is still very under owned as an asset class amongst global investors. **Whilst recent market volatility and general trade uncertainty has been disturbing, we remain optimistic that the worst-case scenario on tariffs will not be imposed by the US government.**

There are a number of factors which provide confidence of a deeper Trump pivot on global trade. China, Japan and Europe are **the largest owners of US debt.** Foreign demand could therefore wane into ongoing selling pressure. Further weakness in the US bond market and dollar could place the Trump administration under more pressure to reduce or mitigate the tariffs.

Additionally, we believe the tariffs will inevitably **prove to be a negative sum gain for the US if enacted to the fullest extent.** Inflation could soon accelerate. The White House appears determined to reshore manufacturing to the US, but it is unclear how this will be achieved. Many US corporates will be unable to reconfigure supply lines anytime soon. The labour market is presently at full employment, with a question mark over where actual workers will come from. America has a very high cost base. Interest costs on the \$37 trillion Federal debt could also blow out and widen the US budget deficit further if bond yields rise above the 5% highs seen in 2023.

**KEY METRICS**

EOM Gross Assets	EOM Cash	Gross Asset Exposure (31/03/2025 estimate)
\$40.906m	-25.21%	125.21%

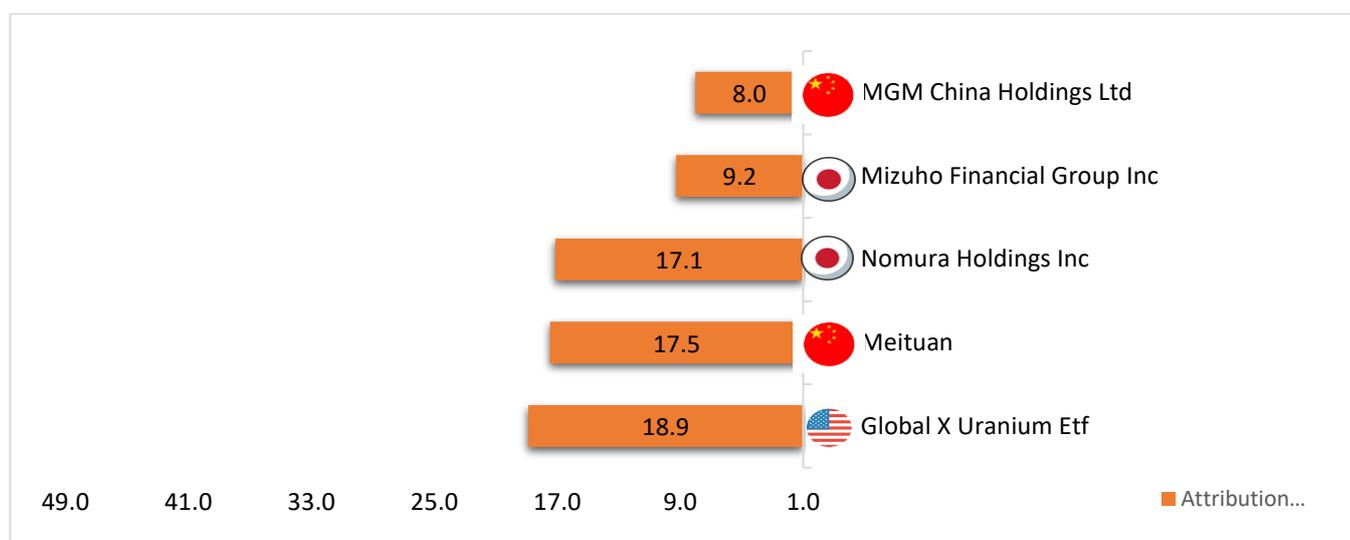
**POSITIVE ATTRIBUTIONS**

Gold and precious metal miners performed strongly, China technology companies performed well during March with **Evolution**, contributing the most to attribution. Silver miner **Fresnillo** delivered solid earnings results, well ahead of consensus estimates. **Coeur Mining** and **Impala Platinum** benefited from higher silver and platinum prices. **Mitsubishi Heavy Industries** stands to benefit from higher defence spending by the Japanese government.



## NEGATIVE ATTRIBUTIONS

In terms of negative attributions, market volatility weighed on uranium prices and miners which impacted the **Global X Uranium Miners ETF**. Japanese banks and financials came under pressure in line with broader market weakness with **Nomura and Mizuho** weighing in the portfolio. China stocks corrected in late March following a very strong run which impacted **MGM China and Meituan**.

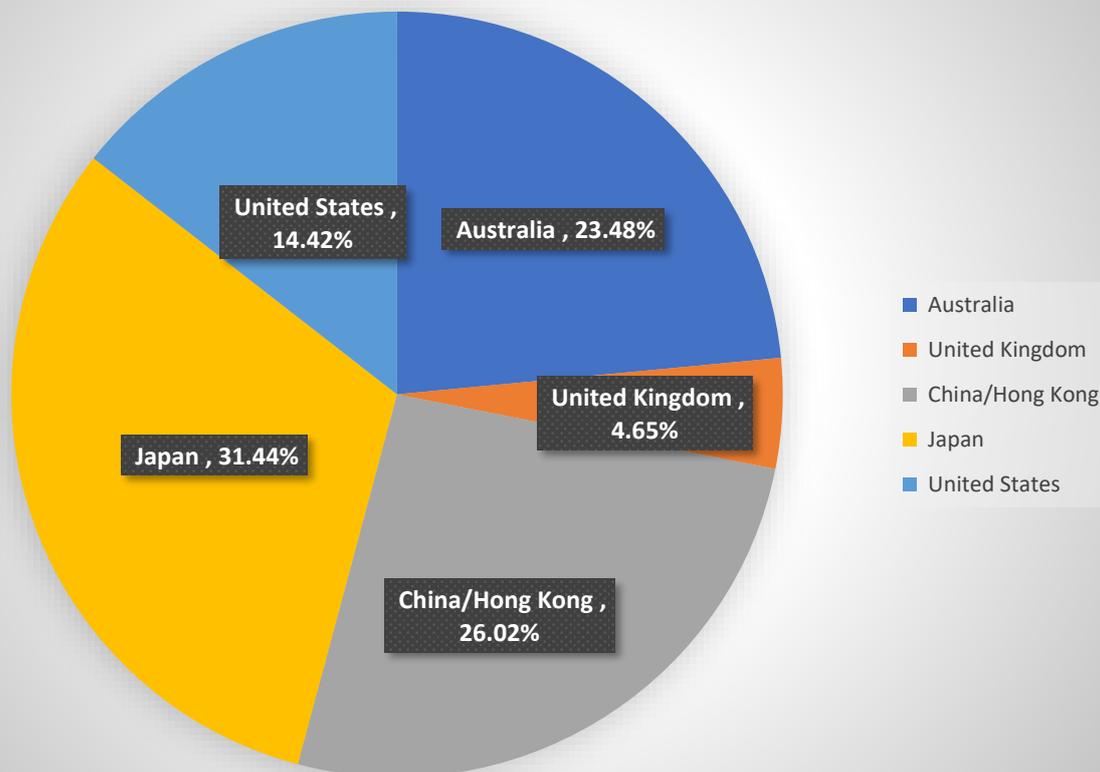


## TOP 10 HOLDINGS

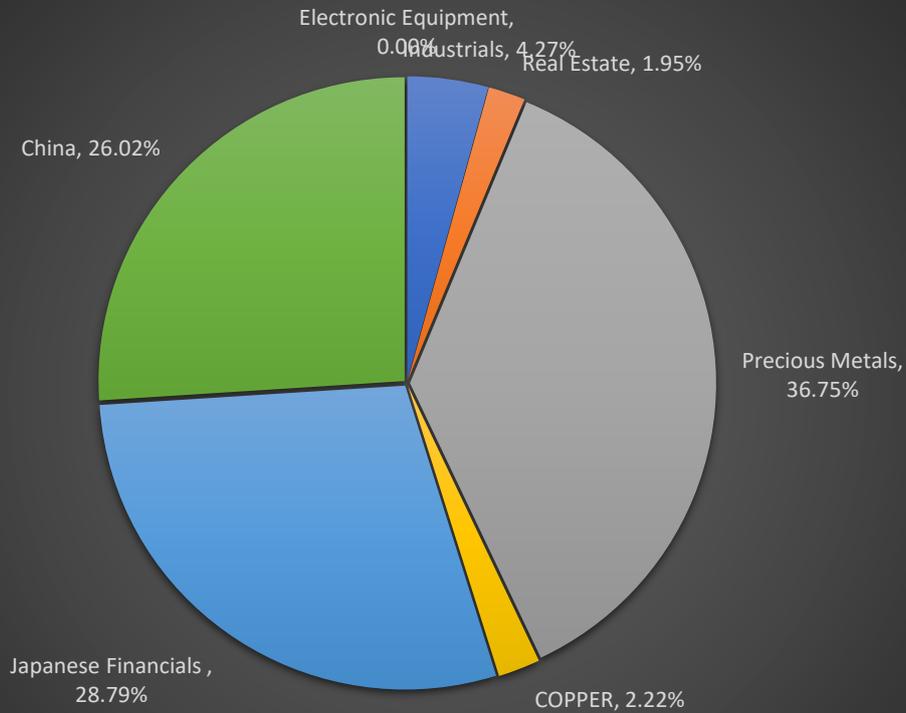
Top 10 Holdings	Country	30 September 2024
Sumitomo Mitsui Financial Group	Japan	10.08%
Evolution Mining Ltd	Australia	8.33%
Mitsubishi UFJ Financial Group	Japan	4.93%
Mizuho Financial Group	Japan	4.78%
Coeur Mining	United States	4.64%
Northern Star Resources	Australia	4.01%
Tencent Holdings	Hong Kong	3.93%
Meituan	Hong Kong	3.92%
Alibaba Group Holding Ltd	Hong Kong	3.87%
Fresnillo PLC	United Kingdom	3.79%

									
<b>TYO</b> <b>8316</b>	<b>ASX</b> <b>EVN</b>	<b>TYO</b> <b>8306</b>	<b>TYO</b> <b>8411</b>	<b>NYSE</b> <b>CDE</b>	<b>ASX</b> <b>NST</b>	<b>HKG</b> <b>700.HK</b>	<b>HKG</b> <b>3690.HK</b>	<b>HKG</b> <b>9988.HK</b>	<b>LSE</b> <b>FRES.L</b>

### Geographic Exposure as at 31st March 2025



### Sector Dispersion as at 31st March 2025



■ Industrials ■ Real Estate ■ Precious Metals ■ COPPER ■ Japanese Financials ■ China ■ Electronic Equipment

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



Fat Prophets Global Contrarian Fund  
[www.fpcontrarian.com.au](http://www.fpcontrarian.com.au)  
[invest@fatprophets.com.au](mailto:invest@fatprophets.com.au)  
Ph: 1300 881 177

ACN: 615 414 849  
3/22 Market Street, Sydney  
NSW 2000