

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 in July 2023 with pre-tax and post-tax NTA increased **4.02% and 2.73% to \$1.0237 and \$1.0825 respectively**. At the end of July, cash held was 23.75% of the portfolio with net exposure being 76%.

	31 July 2023	30 June 2023	Change
Pre-Tax NTA	\$1.0237	\$0.9841	+4.02%
Post-Tax NTA	\$1.0825	\$1.0537	+2.73%

MARKET OUTLOOK AND PORTFOLIO CHANGES

During July net tangible asset backing for the Fund increased just over 4% whilst some of the cash in the portfolio was deployed to raise equity exposure. In terms of performance in July, the Japanese banks in the portfolio performed solidly after the Bank of Japan surprised markets with a relaxation of the 10yr yield cap from 0.5% to 1%. Japanese bond yields rose which benefited the banks and the sector was rerated strongly in July.

Consensus amongst many economists is that there will be a recession for the US next year. We are not so sure the US is completely out of the woods, but an argument can be made to hold less cash & liquidity. We subsequently positioned the portfolio predominantly within defensive names in the **global energy sector**.

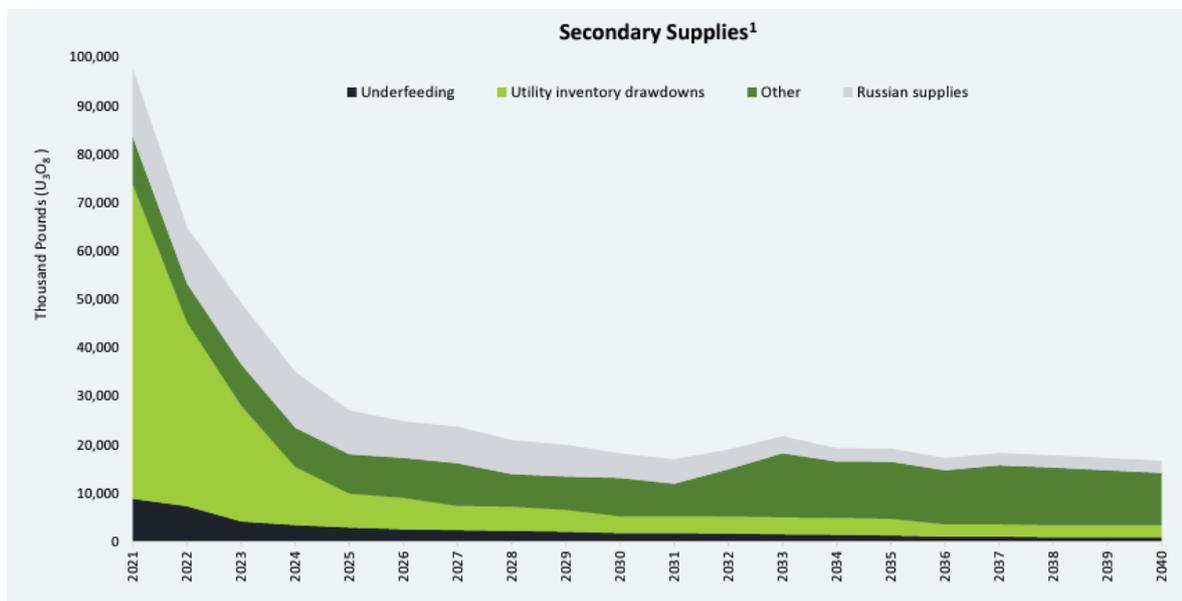
Oil prices have been weak throughout much of the year due to expectations of a US recession. However, recently Saudi Arabia and Russia have implemented production cuts whilst on the supply side, production has been slow to grow. Global demand is set to keep rising and we make a case for WTI crude prices heading back into the mid \$90s over the coming year. At these levels many of the oil and gas producers will be generating high free cashflows and returning dividends to shareholders. We added **Santos and Woodside Energy in Australia and Inpex in Japan**.

Whilst the Bank of Japan is going to carefully move down the path to normalising monetary policy, higher interest rates after decades of holding them down near zero has to be positive for the economy, and the financial sector. Unlike other developed markets, Japan as a country has benefited from inflation which is driving the fastest wage growth in decades. We continue to see Japan's economy as a beneficiary of higher inflation that will also be positive for domestic equities. Consequently, we remain overweight Japan and added the largest oil & gas producer **Inpex** to the portfolio in July.

Adhering to the energy theme, we see opportunity with the uranium sector and established two positions in the global sector, one of which is among Australia's larger uranium producers. We believe the uranium market is going through an important inflection and spot prices are poised to advance significantly, following a period of lengthy consolidation.

The nuclear energy sector is pivoting and set to make a potential comeback in 2024 and beyond. Climate change is pressuring nations to diversify away from fossil fuels towards clean energy solutions. Renewables will undoubtedly form a big part of the clean energy solution, but nuclear is destined to play a larger role to shore up nation baseloads to respective power grids.

Nuclear is today the second largest source of global clean energy with almost zero carbon emissions and one of the few long-term viable sources of low carbon emission baseload power. In terms of the global uranium market, we believe there is a coming supply shortage with inventory levels rapidly reducing. This could be a precursor to a quantum jump in uranium prices. The Fund has positions in US listed **Global X Uranium Producers ETF (URA)** and **Paladin Energy** that were added to this week. Both the UTA and Paladin are set to benefit from higher spot prices.



Sources: UxC Market Outlook, Q2 2023. "Other" includes US Government supplies, MOX and reprocessed fuel.

Bear markets typically end and bottom out when stocks no longer fall on bad news. This seems to increasingly be the case for Hong Kong listed Chinese equities. On this front the **Hang Seng Tech index** appears to be getting closer to an important topside inflection. Valuations for major Chinese technology companies are valued on multiples that are a fraction of counterparts in the US. Sentiment towards China generally and the tech sector is notably depressed, but price action has improved recently. The Hang Seng remains well supported above what we believe was the capitulatory October low.

Alibaba is one example, where a strong earnings beat was reported this week. Alibaba is priced at on a forward of c10X and c8X if cash is backed out with earnings expected to grow in the high teens over the next several years. With this in mind, we established moderate positions in **Alibaba, Meituan, Tencent, Baidu and the Hong Kong Clearing & Exchanges**.

KEY METRICS		
EOM Gross Assets	EOM Cash	Current Net Exposure (4/08/2023 estimate)
\$31.02M	23.75%	85%

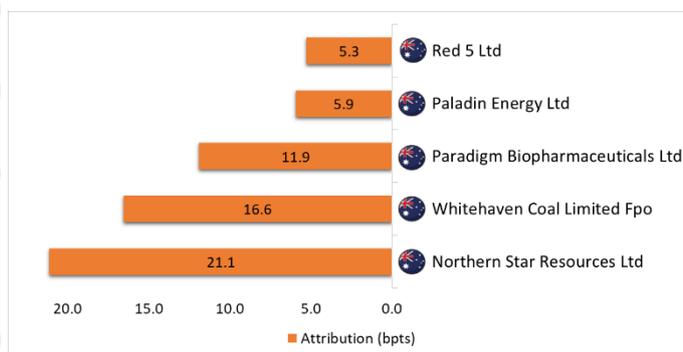
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POSITIVE ATTRIBUTIONS

The Japanese equity market performed well in July, but the Japanese bank stocks were particularly strong, recovering fully from the selloff earlier in the year. **Sumitomo Mitsui Financial Group, Chiba Bank and Mizuho Financial Group** all responded positively to the BOJ's relaxation of the yield cap. **Evolution** performed strongly after delivering a solid earnings beat.



NEGATIVE ATTRIBUTIONS



The **Fund's precious metal exposure detracted from performance in July**. Gold corrected in the face of US dollar strength. **Northern Star** disappointed investors missing consensus earnings estimates. Whitehaven also declined on a falling coal prices.

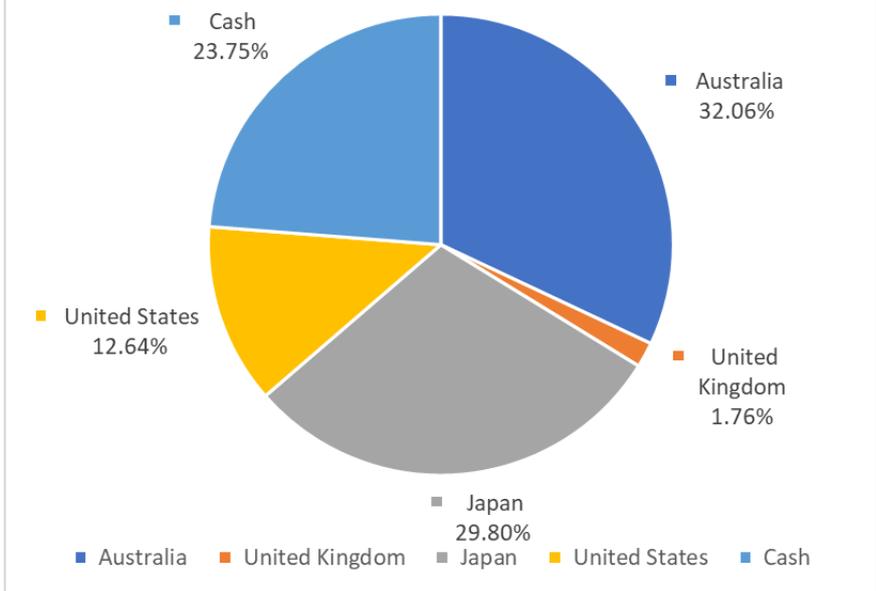
TOP 10 HOLDINGS

Top 10 Holdings	Country	31 July 2023
Sumitomo Mitsui Financial Group	Japan	10.39%
Evolution Mining Ltd	Australia	5.73%
Resona Holdings Inc	Japan	5.01%
Northern Star Resources	Australia	4.16%
Mizuho Financial Group	Japan	4.05%
Mitsubishi UFJ Financial Group	Japan	4.01%
Chiba Bank Ltd	Japan	3.87%
Telstra Group Ltd	Australia	3.43%
Global X Uranium ETF	United States	3.36%
Woodside Energy Group Ltd	Australia	2.51%

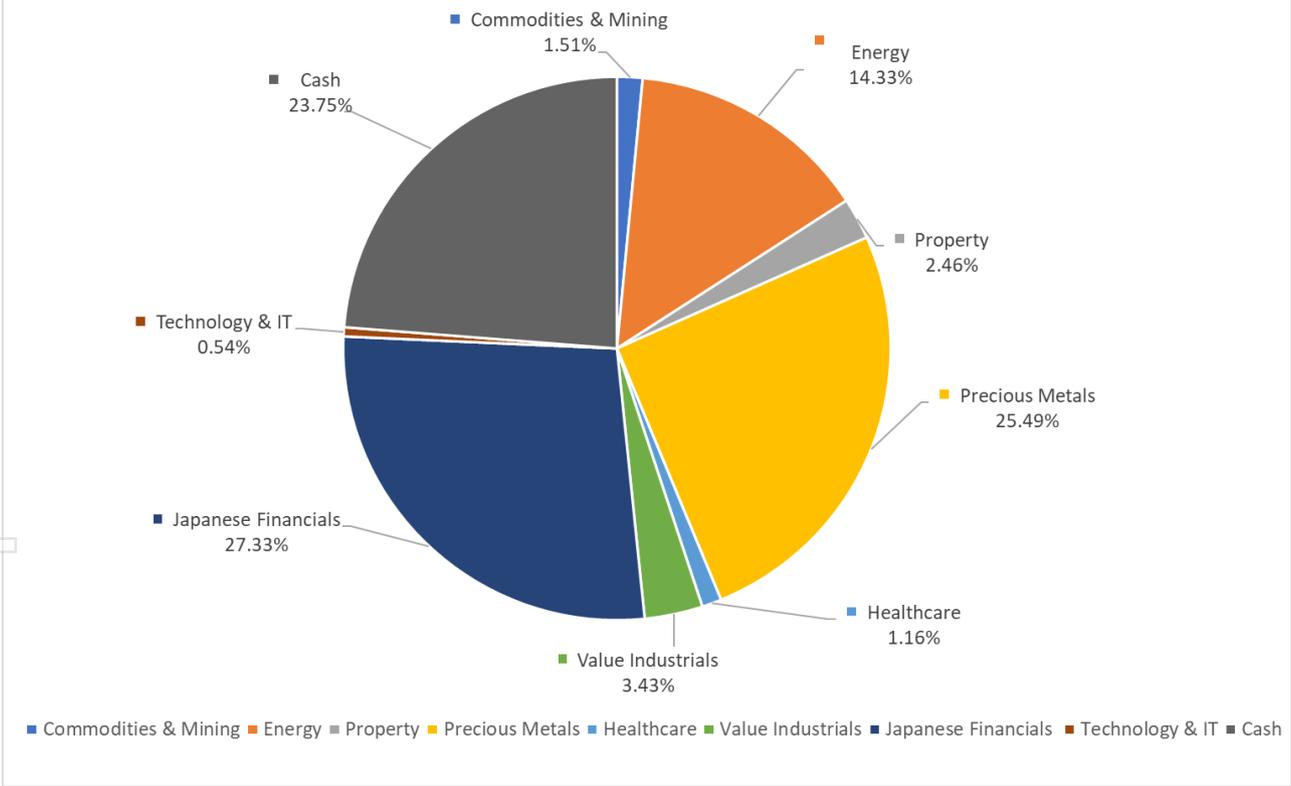
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Geographic Exposure as at 31 July 2023



Sector Dispersion as at 31 July 2023



Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund



Fat Prophets Global Contrarian Fund
www.fpcontrarian.com.au
invest@fatprophets.com.au
Ph: 1300 881 177

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

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