

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 12th February 2025

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at Wednesday 12th February 2025:

	Amount (\$)
Pre-Tax NTA (as at 12 th February 2025)	1.3730
Pre-Tax NTA (as at 29 th January 2025)	1.3044
Change in NTA (29 th January 2025 – 12 th February 2025)	5.26%

The Fund continued to perform since our last update with estimated pre-tax NTA increasing to the highest level in three years. All three key investment themes including China/Hong Kong tech, Japanese financials and precious metals contributed positively to performance attribution. Since our last update we sold our position in **Bloom Energy** to increase exposure to **platinum and select China technology stocks**.

One core holding Alibaba benefited this week from a deal that will be signed with Apple. Apple will incorporate **Alibaba's AI model into all iPhones sold within China** where ChatGPT is banned. Whilst less than feared tariffs on China to date have fuelled the rally, we believe the undervalued tech sector will continue to re-rate as global investors reassess the recent inroads into AI with the advent of DeepSeek and other models. While it was still widely assumed the US has an unrivalled advantage over China and the world in technology and AI, we believe the gap could narrow significantly this year. China produces more tech scientists each year than the rest of the world combined. We added exposure to **Baidu**, one of China's leading technology companies.

We added EV manufacturer **BYD** to the portfolio. BYD is the leading EV maker in China delivering 4.3 million units last year, easily surpassing Tesla which sold 1.8 million. BYD's technology leadership and cost advantage is almost unrivalled and is driving volume growth and an increase in overseas and premium sales mix which will positively flow through to earnings. BYD has achieved strong sales and revenue growth amidst a sluggish Chinese economy and subdued consumer spending.

We also bought **Kingdee International Software** which was established back in 1993 and is a leading provider of digital management solutions in China. The company provides digital management solutions to more than 7.4 million enterprises, government agencies, and other organizations in China and worldwide. The company is well positioned to benefit over coming years from the rollout of AI. **Kingdee is consistent with our contrarian thesis that Chinese technology companies are significantly undervalued compared to US counterparts.**

We increased exposure to major platinum producer **Sibanye-Stillwater**, which is listed in the US. Sibanye-Stillwater is one of the world's largest primary producers of platinum, palladium, and rhodium

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and is a top tier gold producer. It also produces and refines iridium and ruthenium, nickel, chrome, copper and cobalt. The Group has recently begun to diversify its asset portfolio into battery metals mining and processing and increase its presence in the circular economy by growing its recycling and tailings reprocessing exposure globally. **Sibanye** is consistent with our contrarian bullish outlook for platinum and is materially undervalued in our opinion.

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