

Fat Prophets Global Contrarian Fund (ASX Code FPC)

Estimated Pre-Tax NTA 19th February 2025

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as at Wednesday 19th February 2025:

	Amount (\$)
Pre-Tax NTA (as at 19 th February 2025)	1.4069
Pre-Tax NTA (as at 29 th January 2025)	1.3044
Change in NTA (29 th January 2025 – 19 th February 2025)	7.86%

The Fund continued to have strong performance in February, boosted by large cap China technology companies including Alibaba, Japanese banks and precious metals. Estimated pre-tax NTA has reached the highest level in nearly four years. Since our last update, gold has retested the record highs as the US dollar has weakened. Tariff threats from the Trump Administration have raised concerns on inflation which boosted demand for gold. We continue to see the gold sector as screening cheap, particularly in Australia where **A\$ gold prices made new record highs above A\$4700oz this month.**

The Bank of Japan is preparing to raise lift rates, which will further boost net interest margins for the Japanese banks. All the banks we hold in the portfolio reported strong earnings for the December quarter, higher dividends and share buyback programs. While bank stocks around the world have rallied, **we still see comparatively significant value in Japanese banks** that are still priced at around 1X price to book.

In regard to our position in major Chinese technology companies, we believe an important inflection point has finally arrived. Investors are becoming more cognisant that the perceived technology gap between China and US tech companies could narrow significantly this year given the recent inroads into AI. We also believe that the fiscal stimulus response expected to come from the Chinese government at key meetings in March and April - will surprise **in terms of size. Beijing appears to have got the message on a number of fronts.**

The recent meeting between President Xi and key CEOs at China's leading tech companies represented a significant pivot and departure from the regulatory crackdown a few years ago. The Government now appears fully committed to supporting the tech sector and recognises the key role technology plays in the economy. We also anticipate a fiscal package to be delivered shortly that could deliver an upside surprise to financial markets in terms of magnitude and finely tuned to target domestic consumption. **The bull market we foreshadowed in Chinese equities last year appears to be now getting significant traction.**

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