

## 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 November 2022 with pre-tax and post-tax NTA lifting **4.87% and 3.69% to \$1.0048 and \$1.0768 respectively**. At the end of November, net leverage for the Fund was 1.77%.

	30-November-2022	31-October-2022	Change
Pre-Tax NTA	\$1.0048	\$0.9581	+4.87%
Post-Tax NTA	\$1.0768	\$1.0385	+3.69%

### MARKET OUTLOOK AND PORTFOLIO PERFORMANCE

**November was a positive month for the Fund as US October inflation surprised on the downside with early signs that price pressures are moderating.** This outcome precipitated a decline in bond yields and the US dollar which helped global markets rally. The signal being sent by the bond market, which has one of the most prominent inversions in years, is a warning that US and global growth is set to slow markedly next year with the rising risk of a synchronised recession. Another red light is the weakness in the energy markets as crude price fell below \$75. **We are therefore looking ahead to the first quarter of next year with a degree of caution.**

Bonds after performing badly this year could soon return to favour if inflation declines quickly (our base case) and the outlook for 2023 growth deteriorates further. The recent steep fall in M2 money supply growth could be a precursor of what is to come for inflation, where we see a sharp decline into next year, although the Fed's target of 2% is likely to prove optimistic.

With this in mind, we added exposure to US Treasury & Corporate bonds given the aforementioned outlook for slowing growth and falling inflation – **but also a hedge against broader equity market volatility** which we see returning in the first quarter of next year amidst the quarterly earnings season. With this in mind, we **reduced** equities exposure, while adding to discounted precious metals names that should benefit from a weakening US dollar.

In China, vaccinations are being ramped up as the Government prepares for a full reopening next year. This could well mean that the Chinese economy accelerates in 2023, but the incumbent Covid-19 wave which has only just begun could still cause widespread near-term disruption and weigh on the growth outlook for next year. **We subsequently took profits and exited our short position on the Renminbi versus the US dollar.**

The next several months could prove volatile for financial markets. We also believe this could prove to be a time of significant opportunity. We took steps **recently to partially hedge the portfolio via a short position in SPX futures above 4000**. With the forward PE on the S&P500 currently at around 19X, **risk near term resides to the downside in our view**. Earnings estimates are likely to prove too high, given many companies over-earned in recent years due to significant government stimulus, which is now unwinding. We **also see a payback in demand as consumer spending slows**. Next year we see a narrative of falling margins, elevated costs and tougher conditions as the global economy slows.

The discount of the share price to post-tax NTA has widened in the last month as a result of the increase in the post-tax NTA over that period. With the approval at the 2022 AGM of the equal access buyback for 2023, we believe the potential arbitrage window could help narrow the discount. This year has certainly been challenging with macro headwinds proving to be the most difficult in over a decade. Finally, a thank you to all shareholders who supported us this year as well as those who participated in the recently completed successful Shareholder Purchase Plan.

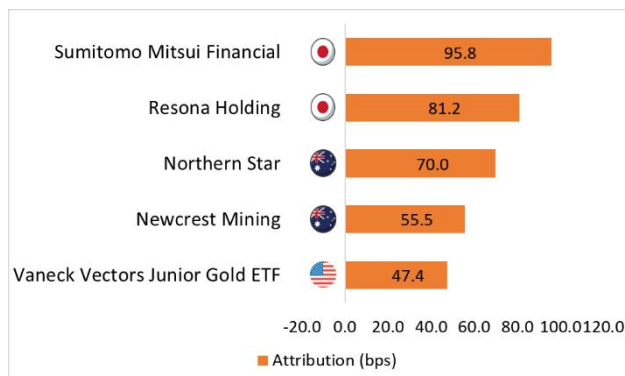
## KEY METRICS

Gross Assets	Leverage	Trailing 12 month Dividend Yield (FF)
\$33.17M	1.77%	8.82%

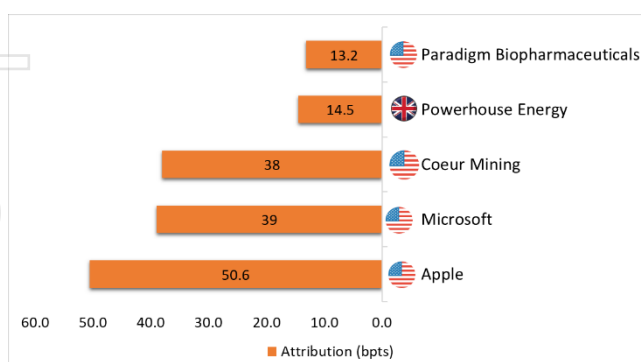
Dividend yield is calculated based on closing share price as of 29/07/2022

## POSITIVE ATTRIBUTIONS

**Sumitomo Mitsui Financial Group** posted strong results in November, beating consensus expectations, while announcing a share buyback. **Resona Holdings** posted a strong profit result, beating consensus expectations. The two Japanese financials continue to benefit from the anticipated relaxation of YCC policy next year. **Northern Star, Newcrest Mining and VanEck Vectors Junior Gold ETF** performed strongly as gold prices rose on a softer US dollar caused by the US Fed nearing the end of monetary policy tightening.



## NEGATIVE ATTRIBUTIONS



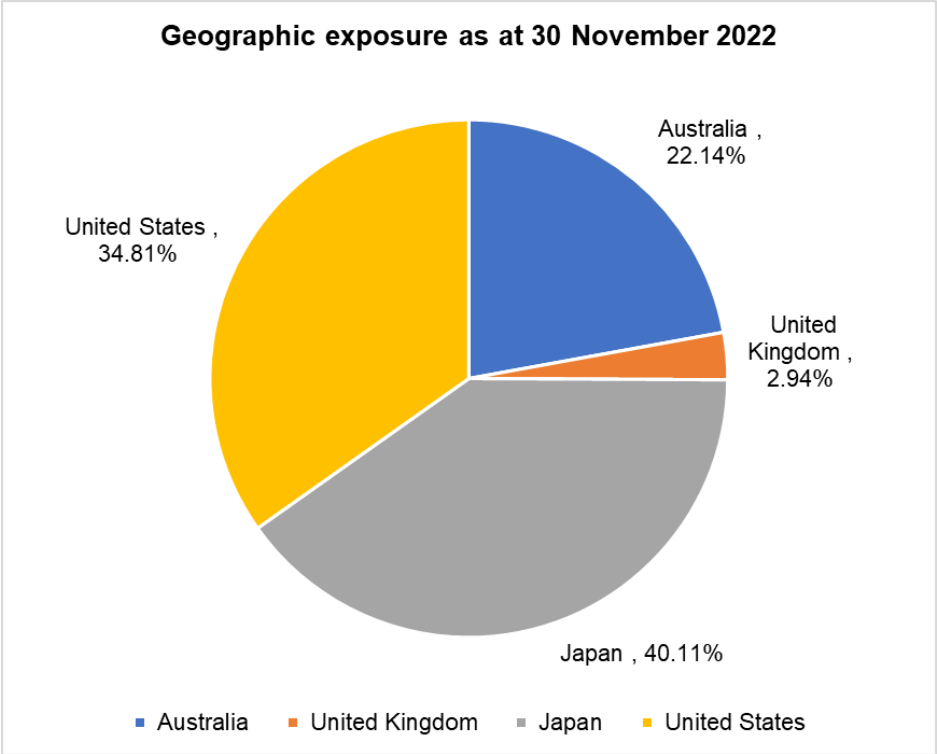
**Paradigm Biopharmaceuticals** fell on no news and on low volumes. A meeting with management confirmed a positive outlook for the drug pipeline in '23. **Powerhouse Energy** released a technical presentation on their key DMG technology towards end of month. **Coeur Mining** missed on earnings which fell short of expectations due to cost pressures. **Microsoft and Apple** were trading positions disposed of last month.

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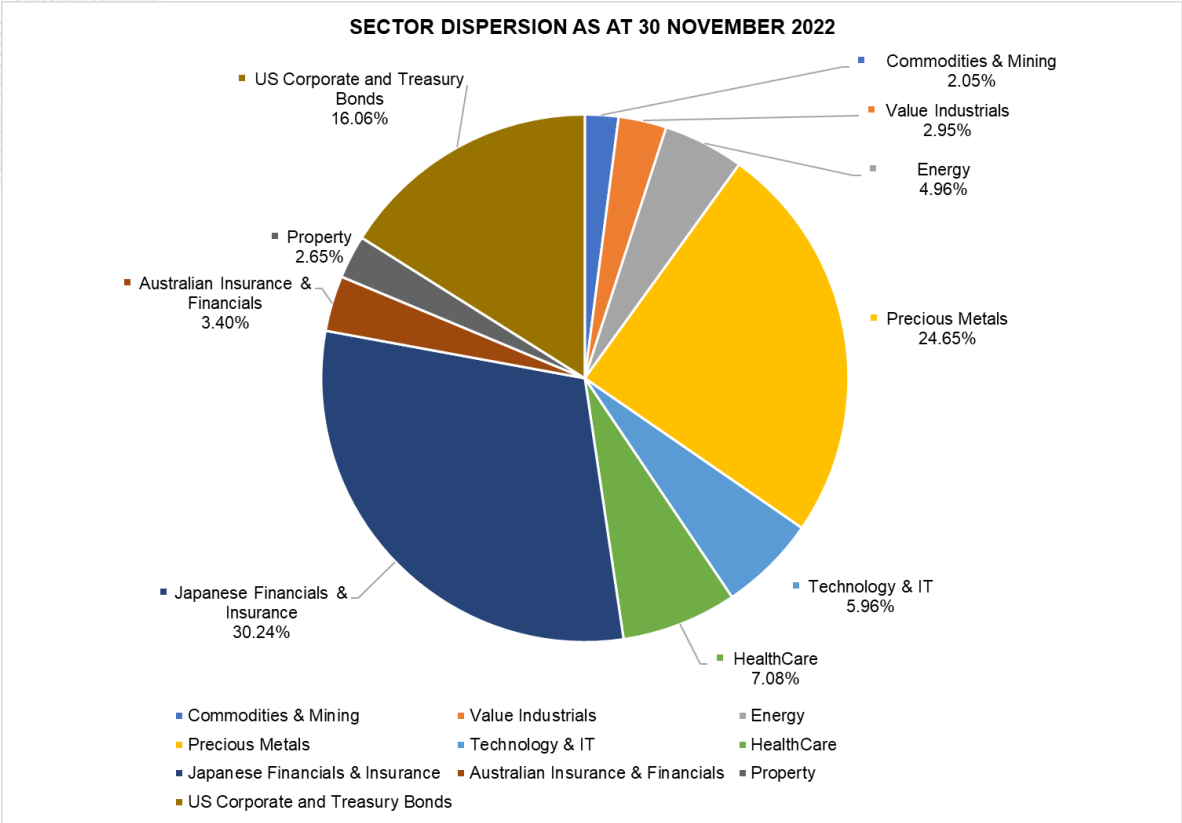
**TOP 10 HOLDINGS**

Top 10 Holdings	Country	30 November 2022
iShares 20+ Year Treasury Bond	United States	10.57%
Sumitomo Mitsui Financial Group	Japan	8.68%
Mizuho Financial Group	Japan	5.54%
Resona Holdings Inc	Japan	5.12%
Inpex Corp	Japan	5.04%
Nintendo Company	Japan	5.00%
Newcrest Mining Limited	Australia	4.29%
Chiba Bank Ltd	Japan	3.87%
Northern Star Resources	Australia	3.83%
QBE Insurance Group Limited	Australia	3.46%

									
NDQ: TLT	TYO: 8316	TYO: 8411	TYO: 8308	TYO: 1605	TYO: 7974	ASX: NCM	TYO: 8331	ASX: NST	ASX: QBE



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**Fat Prophets Global Contrarian Fund**

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