

Fat Prophets Global High Conviction Hedge Fund (FATP) announces a Disclosure

Dear Unitholders,

The estimated net tangible asset backing per unit of the Fat Prophets Global High Conviction Hedge Fund in December 2022 was \$1.1993, representing a decrease of 11.16% since inception. At the end of December, net cash for the Fund was 14.61%.

	31-December - 2022	30-November- 2022	Return (Monthly)	21-Jan-2022 (Inception)	Return (Since Inception)
NTA per unit*	1.1993	1.1556	3.78%	1.3500	-11.16%

*Past performance is not an indication of future performances

MARKET OUTLOOK AND PORTFOLIO PERFORMANCE

The Fund increased 3.78% over the month. 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 '23 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 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.

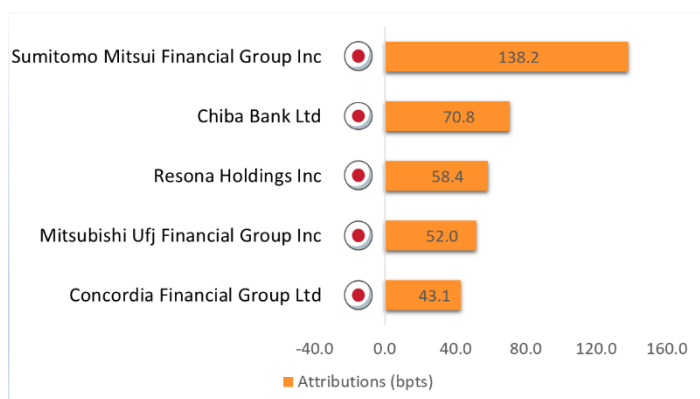


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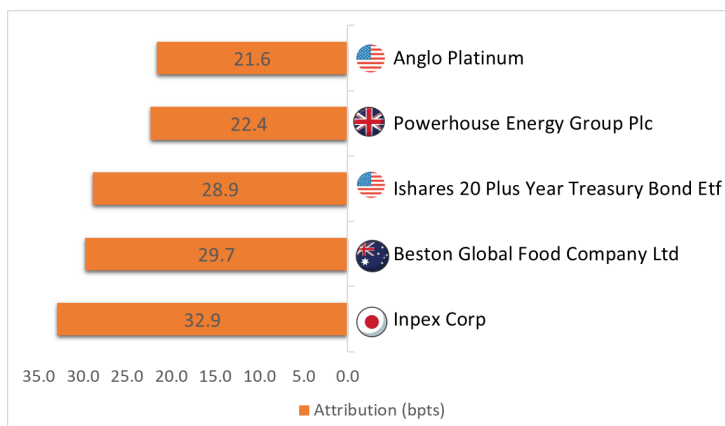
POSITIVE ATTRIBUTIONS

Sumitomo Mitsui Financial Group posted strong results in November, beating consensus expectations, while announcing a share buyback. **Resona Holdings** also posted strong profit figures, beating consensus expectations and received broker upgrades throughout the month. The two Japanese financials continue to benefit from talks about a tweak in the YCC policy. **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 the monetary policy tightening.

NEGATIVE ATTRIBUTIONS



Paradigm Biopharmaceuticals fell on no news and low volumes. **Powerhouse Energy** fell on low volumes early in the month, but released a technical presentation on their DMG technology towards end of month. **Coeur Mining** fell on no news even as gold soared throughout the month. **Microsoft and Apple** both fell on rising interest rates in the month with the broader tech sector falling on concerns of weaker earnings next year. Apple's iPhone factory in China had a covid

breakout which prompted a lockdown without warnings, which had a material impact on the production of phones.

TOP 10 HOLDINGS

Top 10 Holdings	Country	31 December 2022
Sumitomo Mitsui Financial Group	Japan	11.35%
iShares 20+ Year Treasury Bond	United States	10.35%
Resona Holdings Inc	Japan	6.47%
Mizuho Financial Group	Japan	5.53%
Chiba Bank Ltd	Japan	5.18%
Northern Star Resources	Australia	3.48%
Mitsubishi UFJ Financial Group	Japan	3.41%
Concordia Financial Group Ltd	Japan	3.15%
ProShares Ultra 7-10 Year Treasury	United States	3.13%
Global X Sil Min ETF	United States	3.10%



iShares



RESONA

MIZUHO



SIGAFU



NORTHERN STAR

MUFG

CONCORDIA FINANCIAL GROUP

ProShares

GLOBAL X

TYO:
8316

NDQ:
TLT

TYO:
8308

TYO:
8411

TYO:
8331

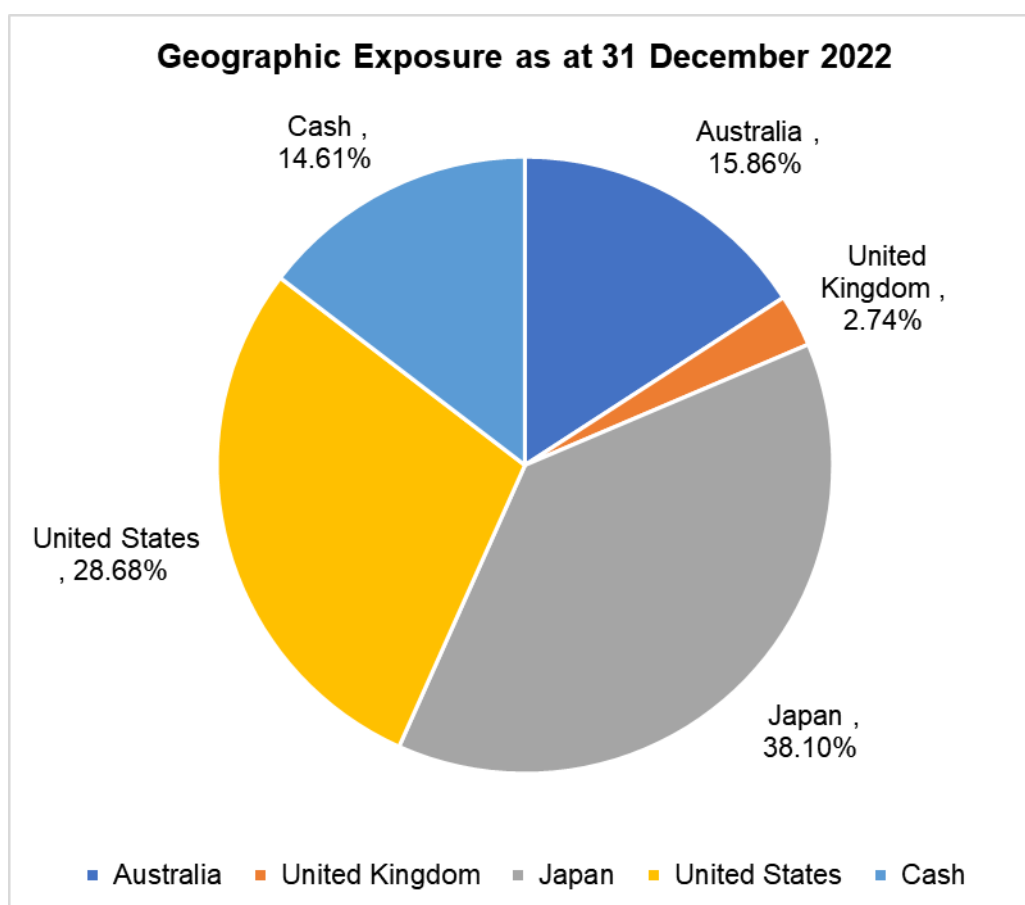
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NST

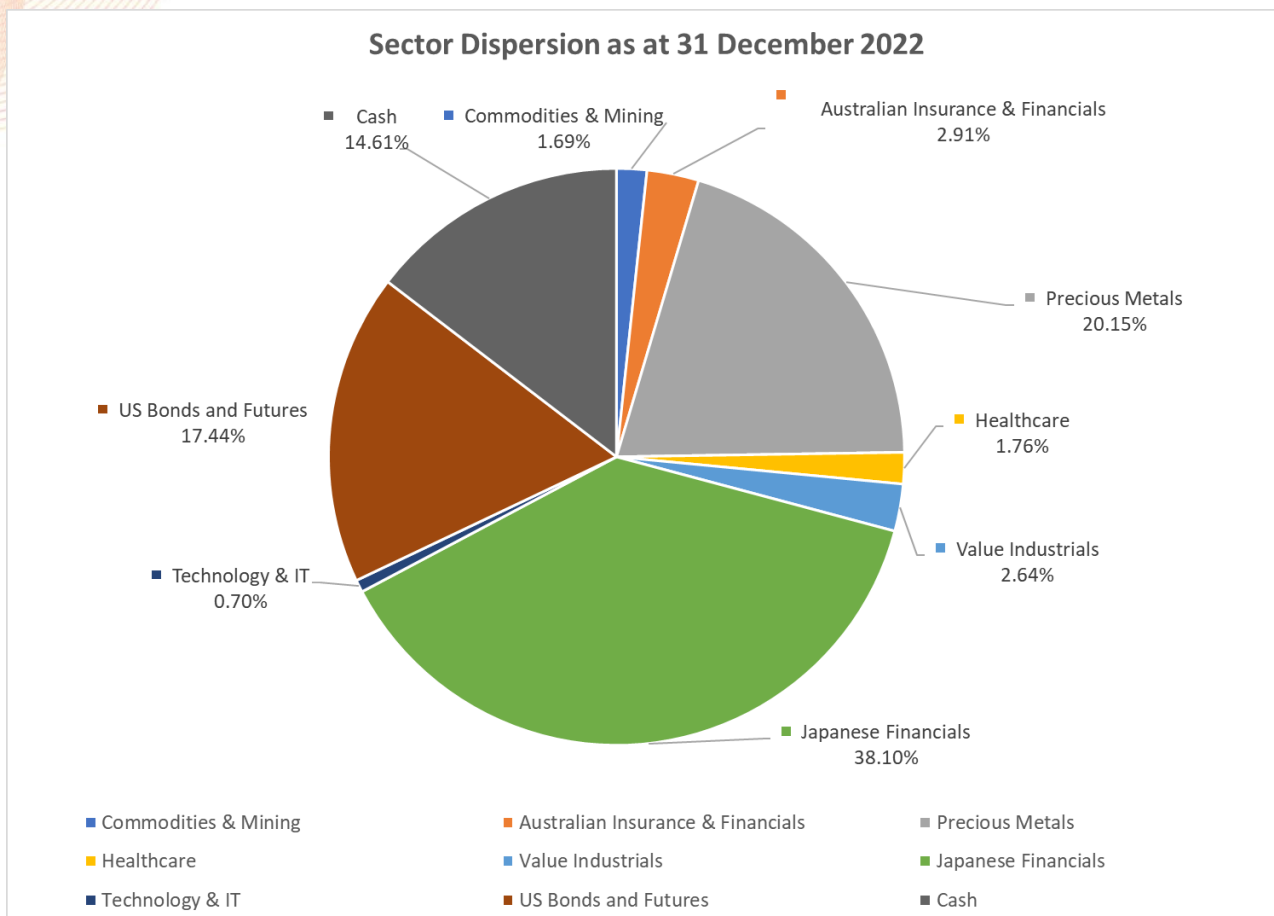
TYO:
8306

TYO:
7186

NYSE:
UST

NYSE:
SIL





Angus Geddes
 Chief Investment Officer
Fat Prophets Global High Conviction Hedge Fund

Equity Trustees Limited (“Equity Trustees”) (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Fat Prophets Global High Conviction Hedge Fund (“the Fund”). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). The Investment Manager for the Fund is Fat Prophets Funds Management Pty Limited (“Fat Prophets”) ABN 92 615 545 536, AFSL 229 183. This fact sheet has been prepared by Fat Prophets to provide you with general information only. In preparing this fact sheet, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Fat Prophets, Equity Trustees nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

The Fund’s Target Market Determination is available here <https://www.eqt.com.au/insto/>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.



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