

## 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 April 2023 was \$1.1513, representing an increase of 0.50% since March 2023. At the end of April, net cash for the Fund was 32.30%.

	30-April-2023	31-March-2023	Return (Monthly)
NTA per unit*	1.1513	1.1456	0.50%

*\*Past performance is not an indication of future performances*

### MARKET OUTLOOK AND PORTFOLIO PERFORMANCE

Since our last ASX the S&P500 has managed to lift, albeit with very narrow breadth. A better than expected reporting season combined with upbeat developments on artificial intelligence helped the tech sector outperform and push US equities higher in April and this month.

Despite the Fed maintaining a hawkish stance, inflation remains elevated while the US labour market is still highly resilient. Unemployment has fallen to 3.4% and which is proving an obstacle to bringing inflation down quickly. While the March quarter was better than expected, the hurdle rate was low with consensus earnings forecasts revised sharply lower beforehand. There was also wide dispersion with many companies missing earnings expectations and lowering guidance. The US banking system continued to be volatile with other regional banks being buffeted by outflows of deposits.

Despite the confluence of negative factors, the S&P500 managed to lift through April and May defying the **prevailing market bias to the downside. The path of least resistance for now seems to be higher for the S&P500, and we see risk of a short covering rally given hedge funds are the most heavily short SPX futures since 2011.** We opted to close out the portfolio hedge earlier this month. Our bearish outlook has not changed, but given a "prevailing bearish bias", low investor positioning, significant short interest and abundant cash and liquidity on the sidelines, the technical outlook potentially favours further upside in the S&P500 over the near term in our view.

Further upside extension could therefore ensue with a short covering rally and as renewed buying interest is drawn in from the sidelines with near record levels of cash and liquidity waiting for the market to fall. However, under such a scenario where the SPX were to breakout on the upside, risk dynamics would necessarily deteriorate even further raising scope for a greater drawdown later in the year if and when recession does finally arrive.

We therefore continue to hold plenty of cash and Japanese banks that recovered in May and managed to throw off US contagion. We also hold considerable exposure to precious metal equities, and particularly in Australia where producers are generating significant free cash flow and high margins with spot A\$ gold prices above A\$3000oz.

While Washington continues to discuss over the debt ceiling, the gold price has hit near record levels which has drawn some concern as to the sustainability of the rally. Investors seem less



Fat Prophets Global High Conviction Hedge Fund

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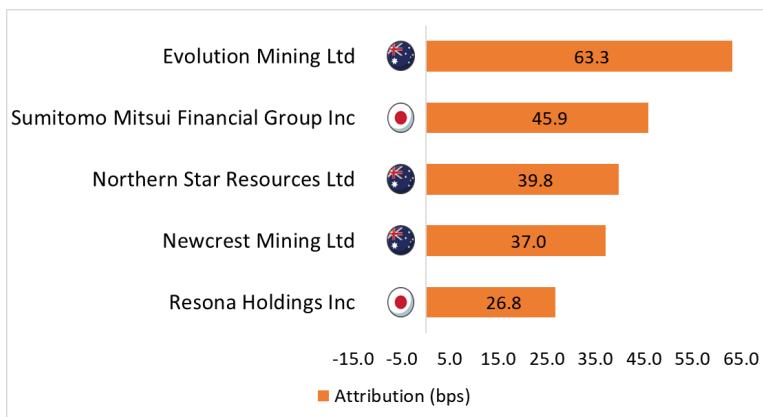
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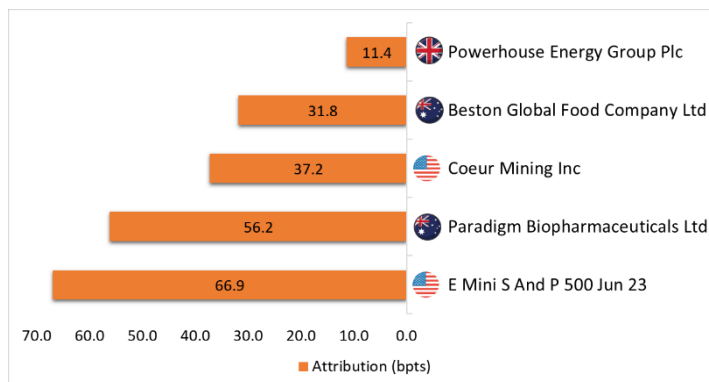
enamoured and confident compared to previous peaks – which is a positive factor. Many gold producers sell for prices well down from the record levels of a few years ago. Poor sentiment, low investor positioning and favourable technical factors are therefore all supportive and encouraging.

## POSITIVE ATTRIBUTIONS

Precious metal equities performed well with spot gold prices hitting record levels. US dollar weakness was one catalyst. Central bank buying has been another and Washington’s discussion over the debt ceiling have been other. **Evolution Mining** continued to rebound from oversold levels. **Newcrest** is still vulnerable to takeover by Newmont. **Sumitomo Mitsui and Resona** recovered from oversold levels and as confidence returned to the Japanese banking sector.






## NEGATIVE ATTRIBUTIONS

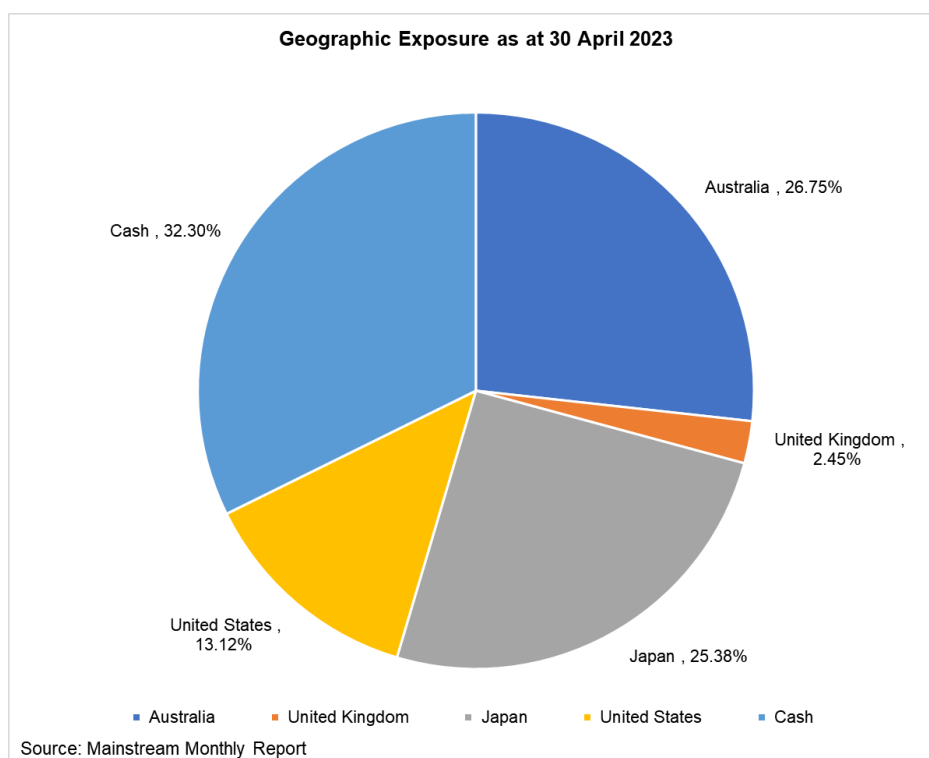


The **portfolio hedge (via short S&P500 futures)** detracted from performance again in April as S&P500 rallied back to near 4200. As noted above, we have since closed out the hedge. **Beston Global Foods** disappointed investors with a shock downgrade to earnings guidance.

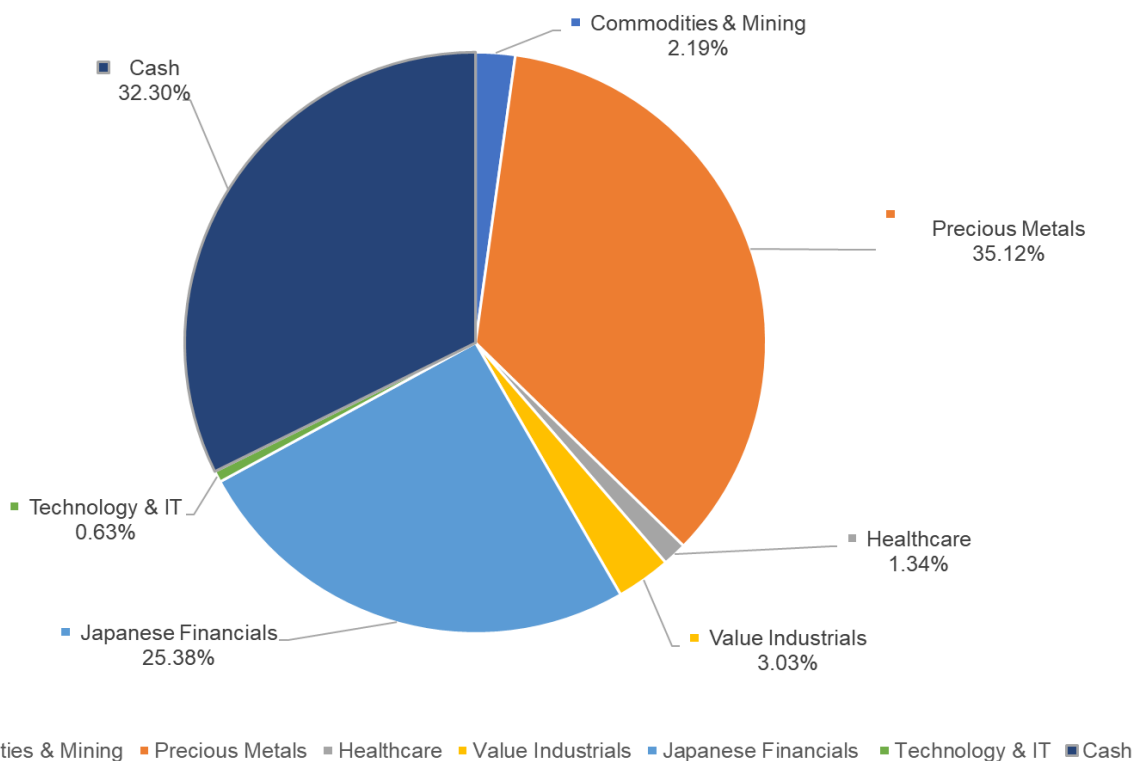
## TOP 10 HOLDINGS

Top 10 Holdings	Country	30 April 2023
Sumitomo Mitsui Financial Group	Japan	10.30%
Evolution Mining Ltd	Australia	6.01%
Northern Star Resources	Australia	5.48%
Resona Holdings Inc	Japan	5.24%
Newcrest Mining Limited	Australia	5.22%
Chiba Bank Ltd	Japan	4.13%
Global X Sil Min ETF	United States	3.68%
Mitsubishi UFJ Financial Group	Japan	3.54%
VanEck Vectors Junior Gold Miners ETF	United States	3.33%
Mizuho Financial Group	Japan	3.18%

 SMFG	 Evolution	 NORTHERN STAR	 RESONA	 NEWCREST	 三井住友	GLOBAL X	 MUFG	 VanEck	 MIZUHO
TYO: 8316	ASX: EVN	ASX: NST	TYO: 8308	ASX: NCM	TYO: 8331	NYSE: SIL	TYO: 8306	NYSE: GDXJ	TYO: 8411



Sector Dispersion as at 30 April 2023



Rources: Mainstream Monthly Report

**Angus Geddes**  
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**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 [here](#) 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/instol/>. 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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