

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 January 2023 was \$1.2243, representing an increase of 2.08% since December 2022. At the end of January, net cash for the Fund was 15.20%.

	31-January- 2023	31-December - 2022	Return (Monthly)
NTA per unit*	1.2243	1.1993	2.08%

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

MARKET OUTLOOK AND PORTFOLIO PERFORMANCE

January was a positive month for the Fund considering the high cash carry and hedging within the portfolio. Global benchmarks also had a solid performance however we hold doubts regarding the sustainability of the rally. We remain cognisant of downside risks including the earnings outlook for CY23 and recessionary risks, a hawkish Fed, and sticky inflation accompanied by an impervious labour market. Following the rally from the October lows, equity valuations are now higher, particularly in the US, while positioning is no longer at a bearish extreme.

During the month the portfolio benefited from falling interest rates and a long position in US government bonds, and a further rally in Japanese banks. A weaker dollar also boosted precious metals. The rally in global equities cost the fund in terms of the short hedge in S&P 500 E-mini futures.

The Fund has benefited from the recent narrative of falling inflation, a weaker US dollar and rising bond prices. However, with the 'blow out' US nonfarm payrolls data coming in well above expectations, we believe the "goldilocks narrative" may now be compromised. With unemployment at the lowest level in 50 years amidst ultra-tight labour market conditions, inflation could prove highly stubborn to bring back down to target.

Consequently, the Fed is now expected to lift rates further and hold for longer than expected. This is occurring at a time when corporate earnings are likely to fall. Valuations appear overextended while investor under positioning and poor sentiment has corrected from the bearish extreme that was present in October last year. **We remain of the view that risk resides to the downside following the recent rally.** Tomorrow's CPI print in the US, brings elevated significance for financial markets.

Since December, we profitably sold a position in US Government and corporate bonds with the view that interest rates can extend higher over coming months with a hawkish Fed and inflation still high. We established a long position in the US dollar index, which included short currency positions against the euro, pound, and yen. The DXY has fallen sharply and now looks overdone near term. While we believe the US dollar vulnerable, in the short run it could benefit from higher rates and market volatility.

If a US recession were to arrive later in the year, the case for owning bonds could become more compelling. Near term however, risks remain elevated from still high inflation and the threat posed from rising short duration rates.

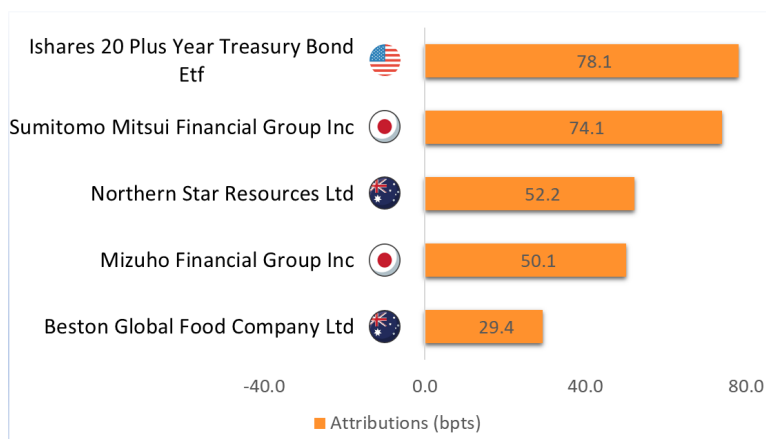


Fat Prophets Global High Conviction Hedge Fund
<https://www.fatprophets.com.au/fatp/>
invest@fatprophets.com.au
 Ph: 1300 881 177

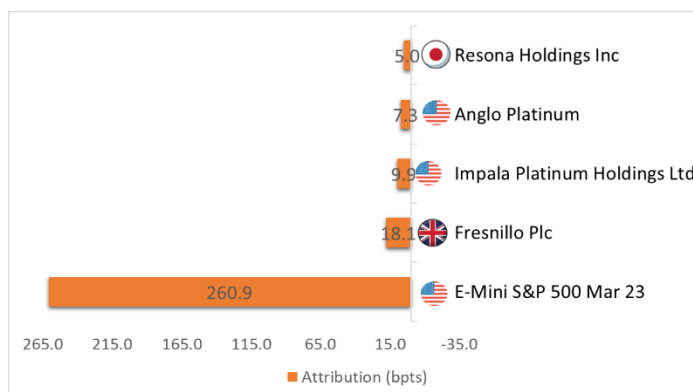
ARSN: 649 028 722
 3/22 Market Street, Sydney
 NSW 2000

POSITIVE ATTRIBUTIONS

The **Ishares 20yr+ US T Bond ETF** was the primary performer portfolio as interest rates declined following the FOMC meeting. We have since closed this position out. Japanese banks including **Sumitomo Mitsui Financial Group** and **Mizuho Financial Group** continued to performed strongly as the sector rerated in the wake of YCC being relaxed and strong earnings results. **Beston Foods** reported strong earnings results and confirmed guidance for this year. **Northern Star** rose on a strengthening gold price.



NEGATIVE ATTRIBUTIONS



The hedge in the portfolio comprising a **short position in S&P 500 E-Mini futures** weighed on returns as equities sustained a rally into January. Platinum and silver price declines weighed on producers **Anglo Platinum, Impala Platinum and Platinum Group Metals and Fresnillo**.

TOP 10 HOLDINGS

Top 10 Holdings	Country	31 January 2023
Sumitomo Mitsui Financial Group	Japan	11.65%
iShares 20+ Year Treasury Bond	United States	10.56%
Resona Holdings Inc	Japan	6.17%
Mizuho Financial Group	Japan	5.81%
Chiba Bank Ltd	Japan	5.08%
Northern Star Resources	Australia	3.94%
Mitsubishi UFJ Financial Group	Japan	3.51%
Global X Sil Min ETF	United States	3.16%
ProShares Ultra 7-10 Year Treasury	United States	3.16%
Concordia Financial Group Ltd	Japan	3.14%



iShares



MIZUHO



MUFG

GLOBAL X

ProShares

CONCORDIA FINANCIAL GROUP

TYO:
8316

NDQ:
TLT

TYO:
8308

TYO:
8411

TYO:
8331

ASX:
NST

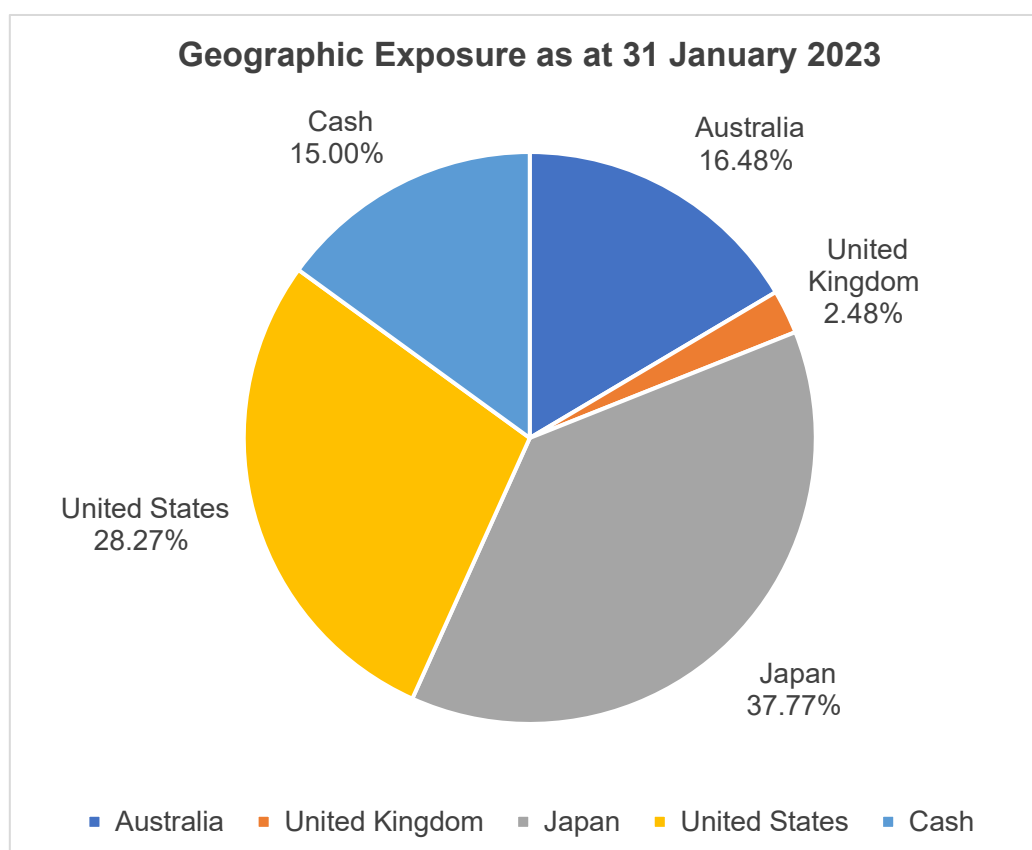
TYO:
8306

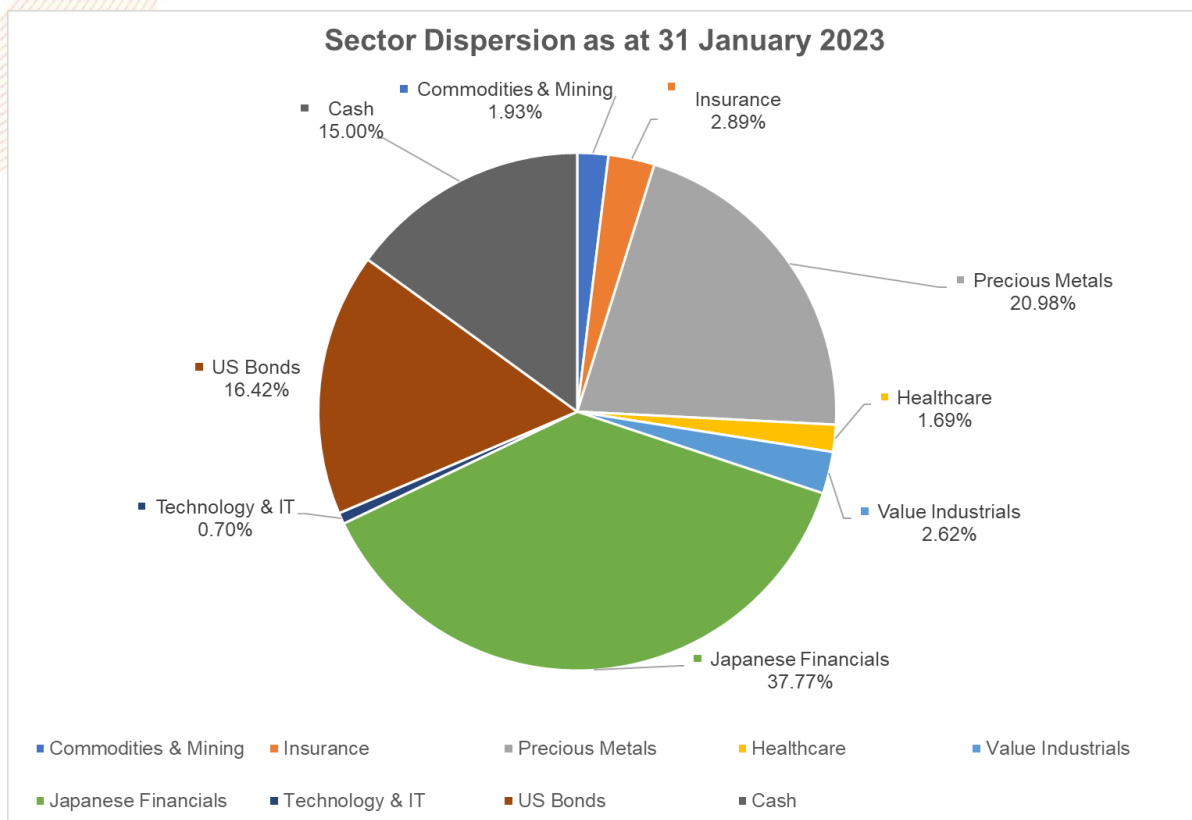
NYSE:
SIL

NYSE:
UST

TYO:
7186

Geographic Exposure as at 31 January 2023





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.



Fat Prophets Global High Conviction Hedge Fund
<https://www.fatprophets.com.au/fatp/invest@fatprophets.com.au>
Ph: 1300 881 177

ARSN: 649 028 722
3/22 Market Street, Sydney
NSW 2000