

## 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 May 2023 was \$1.1235, representing a decrease of 2.41% since April 2023. At the end of May, net cash for the Fund was 36.53%.

|                      | 31-May-2023 | 30-April-2023 | Return<br>(Monthly) |
|----------------------|-------------|---------------|---------------------|
| <b>NTA per unit*</b> | 1.1235      | 1.1513        | -2.41%              |

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

### MARKET OUTLOOK AND PORTFOLIO PERFORMANCE

US equity markets have surprised on the upside with the S&P500 breaking out above important resistance and surpassing +20% from the October lows. Many investors are of the view that a new bull market has begun and that the corporate sector will sidestep recession and notch up strong earnings growth in the year ahead. We are not so convinced and see significant risks to earnings in the year ahead.

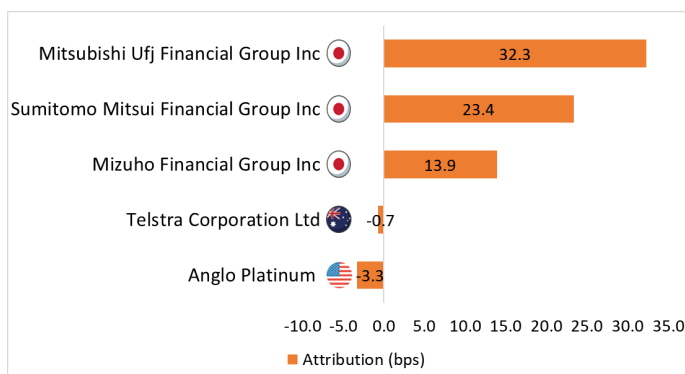
Additionally, the “risk on rally” that has pushed the SPX to within 10% of the last record high has seen much of the poor positioning and bearish sentiment present in December 2022 dissipate from the market. Meanwhile bond yields are on the march again and nearing the October 2022 highs.

The resolution of the debt ceiling issue removed one risk facing the markets. However, another bigger risk is potentially arising. The US Treasury is preparing to issue over \$1 trillion of new securities to replenish the government coffers over the coming year. We believe there is upside risk to long dated bond yields which is not being adequately reflected in equity markets – particularly long duration growth and tech stocks.

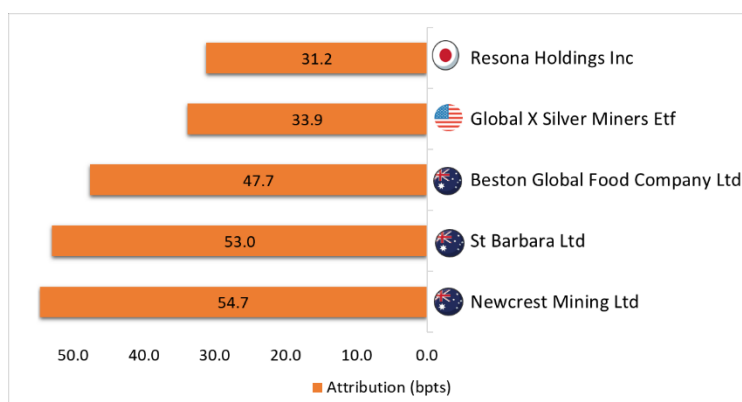
May was a difficult month for the Fund with gold prices retreating after the US dollar rebounded. Interest rate differentials once again favoured the greenback, and this pushed the dollar index off the April lows. The correction in the gold sector was the predominant headwind for the Fund in May. We also removed the hedge position on the S&P500 earlier in May with the view that the index had upside risk. We have since seen the breakout move and substantial short covering. Despite the outbreak of recent bullish optimism, we remain cautious on the market, continuing to hold plenty of cash.

## POSITIVE ATTRIBUTIONS

The Japanese equity market has performed well this year with bank stocks recovering from the selloff earlier in the year. The large cap banks rebounded strongly during May led by Sumitomo Mitsui, Mitsubishi UFJ and Mizuho Financial Group.



## NEGATIVE ATTRIBUTIONS



The Fund's precious metal exposure detracted from performance in May. REITS also came under pressure in the face of rising bond yields. As noted above, the US dollar rebound triggered a correction in gold, but we see this as being transitory given the prevalence of central bank buying this year.

## TOP 10 HOLDINGS

| Top 10 Holdings                 | Country       | 31 May 2023 |
|---------------------------------|---------------|-------------|
| Sumitomo Mitsui Financial Group | Japan         | 10.86%      |
| Resona Holdings Inc             | Japan         | 5.07%       |
| Evolution Mining Ltd            | Australia     | 4.81%       |
| Northern Star Resources         | Australia     | 4.36%       |
| Chiba Bank Ltd                  | Japan         | 4.20%       |
| Mitsubishi UFJ Financial Group  | Japan         | 3.99%       |
| Newcrest Mining Limited         | Australia     | 3.84%       |
| Mizuho Financial Group          | Japan         | 3.42%       |
| Telstra Group Ltd               | Australia     | 3.26%       |
| Global X Sil Min ETF            | United States | 2.81%       |



TYO:  
8316

TYO:  
8308

ASX:  
EVN

ASX:  
NST

TYO:  
8831

TYO:  
8306

ASX:  
NCM

TYO:  
8411

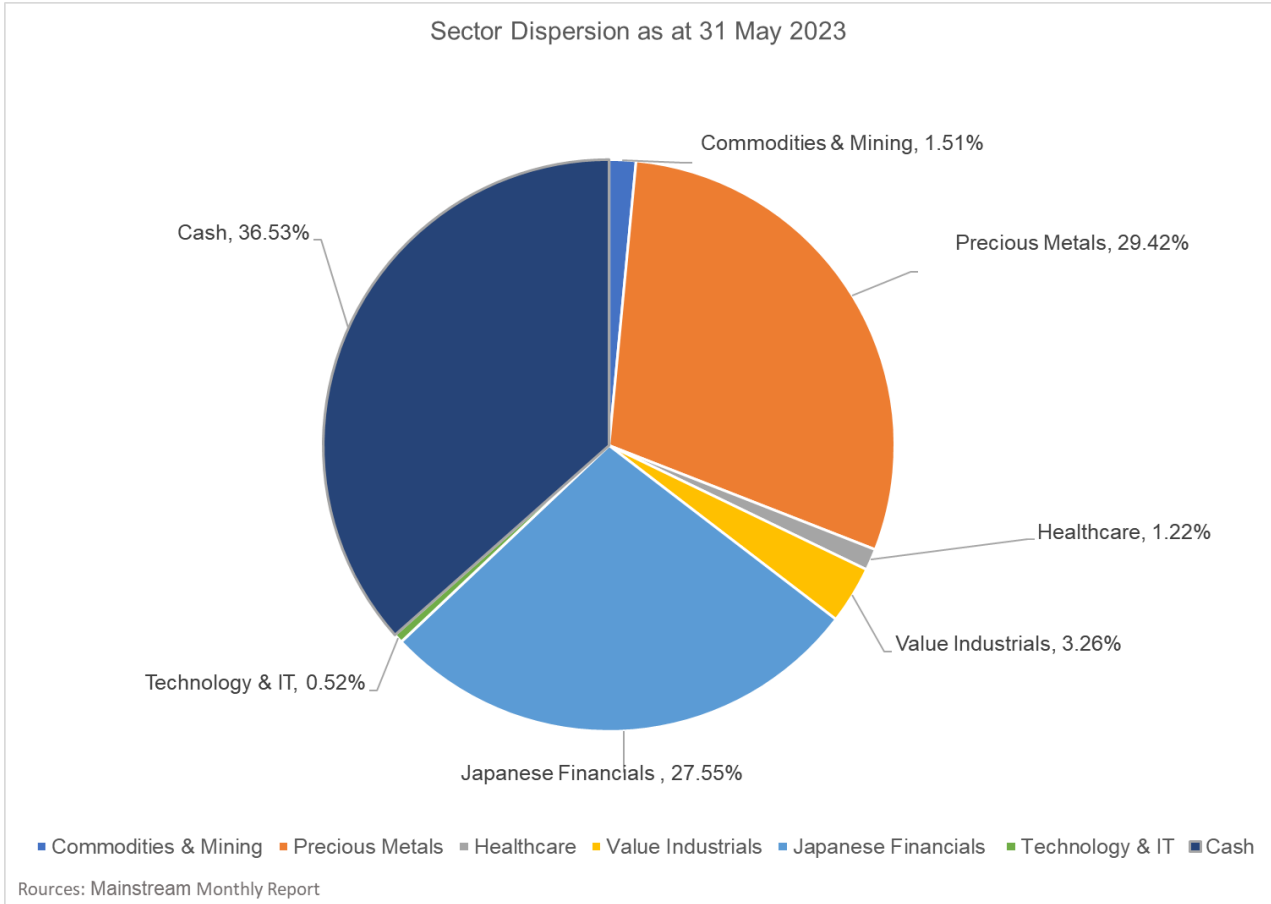
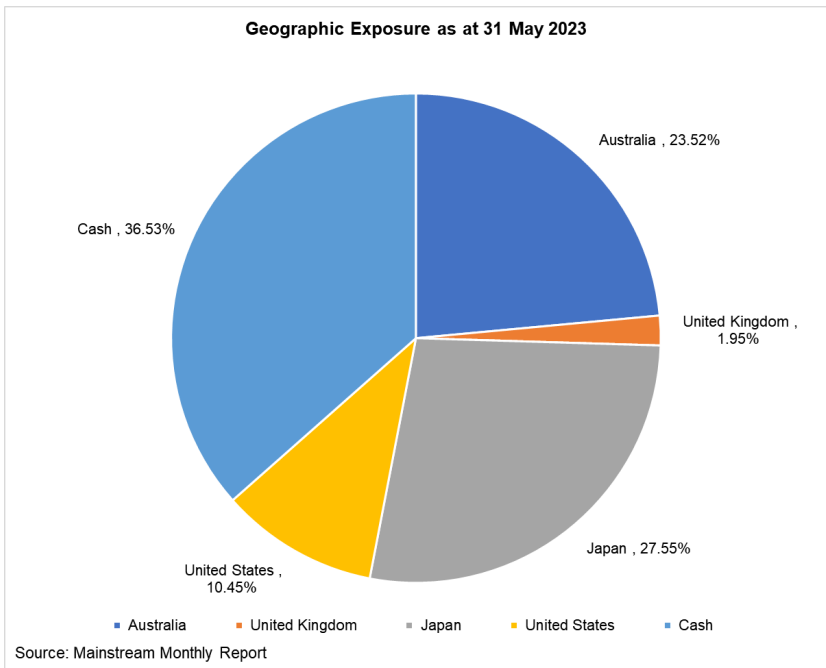
ASX:  
TLS

NYSE:  
SIL



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

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



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



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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.