

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

Dear Unitholders,

The estimated net tangible asset backing of the Fat Prophets Global High Conviction Hedge Fund in August 2022 per unit was \$1.1160 for a decrease of 17.33% since inception. At the end of August, net cash for the Fund was 72.49%.

	31-August-2022	31-July-2022	Change (Monthly)	21-Jan-2022 (Inception)	Change (Inception)
NTA per unit	1.1160	1.1374	-1.88%	1.3500	-17.33%

MARKET OUTLOOK AND PORTFOLIO PERFORMANCE

The Fund fell 1.88% during August, while the MSCI Global Index lost 4.14% and the S&P500 was down 4.24%. Equity and bond markets declined as the Fed remains firmly committed to curbing inflation. Fed funds futures are now pricing in a near 100% probability of a 75 bp hike in September. The Fed's reaffirmation of a hawkish stance on inflation continued to support the US dollar which weighed on major currencies and commodities.

Weaker crude markets are a signal to us that all is not well in the global economy despite ongoing energy shortages in Europe. We believe this is evidence that not only global demand is slowing but that China's economy is struggling, as the authorities persist with draconian covid restrictive policies. Chinese trade data continues to be weak despite frantic efforts by the Government to reboot growth which have included rate cuts, fiscal stimulus, and bank and property developer bailouts. We believe this is a key risk yet to be faced by financial markets over coming quarters.

As we approach October and the US earnings season, we maintain a cautious stance within the portfolio holding significant cash and a currency hedge on the Chinese renminbi. Inflation is set to remain elevated for some time with a Fed pivot unlikely anytime soon. US companies are possibly on the cusp of a significant downgrade cycle with expectations remaining too high and overly optimistic. Cost inflation could soon begin to weight on corporate margins and top line revenue growth looks to be stalling. And notably, a tight labour market will place further upward pressure on operating expenses. **We remain bearish particularly towards US equities with the view a further downward correction will play out over coming months.**

Against the backdrop of an historically weaker Japanese yen, we have added to holdings in Japanese banks. We hold the view that yen's fall will inevitably induce inflation in Japan that will elicit a response from the BOJ. The BOJ continues to deploy yield curve control and prevent the 10Y JGB yield from rising above a ceiling of 0.25%. However, widening interest rate differentials will at some point lead to a tightening of monetary policy, whereby the BOJ continues to print money intervening directly in the domestic bond market. The BOJ now owns close to 50% of outstanding JGB issuance. Any pivot in monetary policy could produce a significant rerating for Japan's banks.

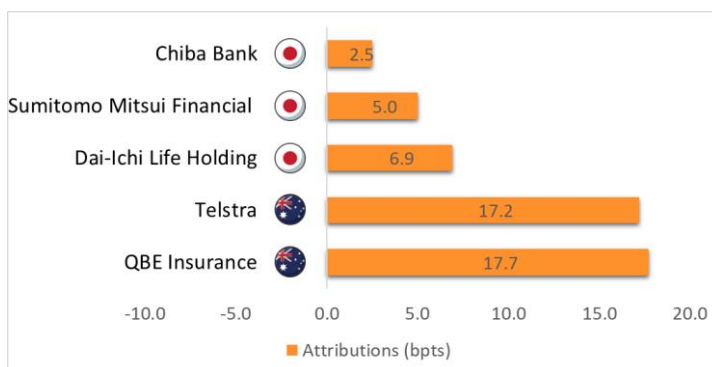
We have doubled our exposure to Japanese banks including **Resona, Sumitomo Mitsui, Mitsubishi UFJ and Chiba** at very attractive valuations. Japanese banks sell on price-to-book ratios of c0.45X which is comparable to struggling Europe but they are more insulated from a stronger economy.



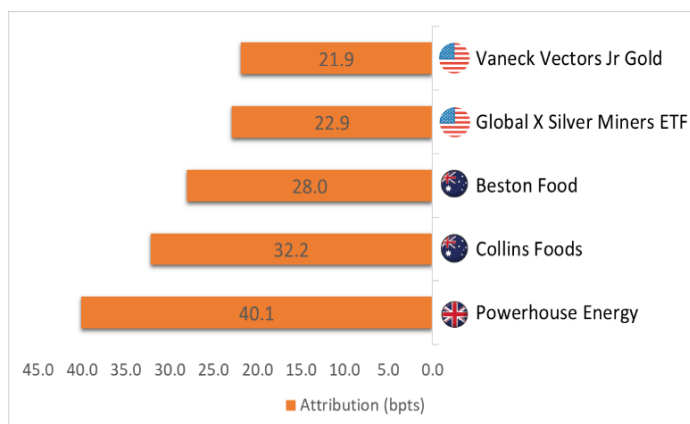
We also have established a hedge against the growth slowdown in China, shorting the renminbi against the US dollar. Persistent covid lockdowns, struggling domestic growth, rising unemployment and falling exports place China’s growth trajectory clearly at risk. The Chinese yuan has pushed down to a 2 year low against the strong US dollar, but we remain bearish on the currency given growing domestic economic problems. With a widening interest rate gap with the US, we expect further devaluation in coming months.

POSITIVE ATTRIBUTIONS

Chiba Bank and **Sumitomo Mitsui** benefitted from rising JGB yields. **Dai-ichi** was in talks on a 1 billion deal with Westpac life insurance. **Telstra** performed strongly as the NBN roll-out was complete with little concerns on earnings headwinds. Investors are pleased with more rational pricing as the TPG/Vodafone appears to be an oligopoly in the mobile market. **QBE Insurance** stands as a big beneficiary of the rising rate environment and rising insurance premiums.




NEGATIVE ATTRIBUTIONS



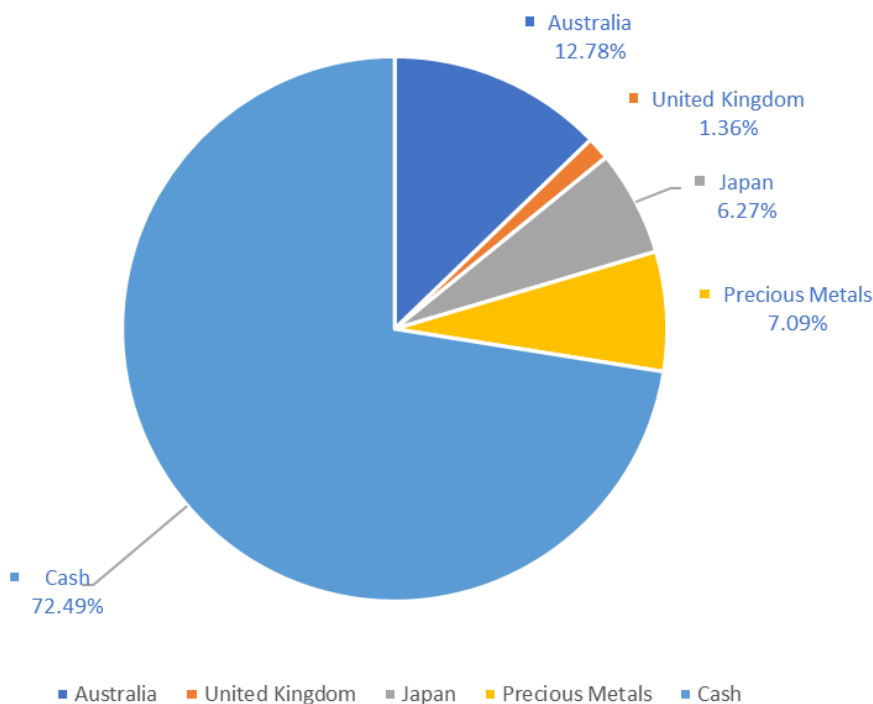
VanEck Jr Gold ETF was under pressure as gold slipped due to rising Treasury yields, mixed US economic growth and a strong US dollar. **Global Silver Miners ETF** struggled as silver continued to decline over the month. **Beston** fell during the month as they reported a net loss due to reliability issues with its Jervois mozzarella plant and sluggish demand in the Aussie food sector. **Collins Food Group** came under pressure from rising bond yields and as discretionary retailers derated in Australia. We reduced exposure to **Powerhouse** after a no. of board resignations.

TOP 10 HOLDINGS

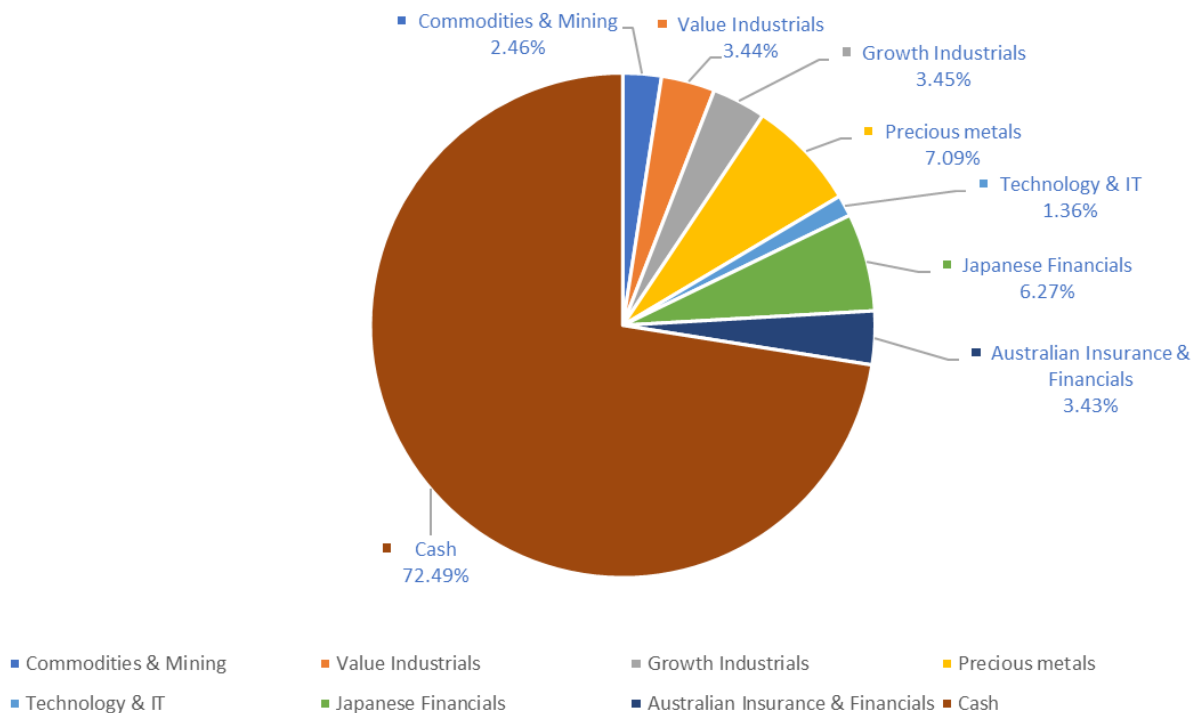
Top 10 Holdings	Country	31 August 2022
Collins Foods Ltd	Australia	3.45%
Telstra Corporation Limited	Australia	3.44%
QBE Insurance Group Limited	Australia	3.43%
Beston Global Food Co Ltd	Australia	2.46%
Sumitomo Mitsui Financial Group	Japan	2.46%
Global X Sil Min ETF	United States	1.78%
VanEck Vectors Jr Gold Miners ETF	United States	1.66%
Mitsubishi UFJ Financial Group	Japan	1.37%
Powerhouse Energy Group PLC	United Kingdom	1.36%
Resona Holdings Inc	Japan	1.32%

									
ASX: CKF	ASX: BHP	ASX: QBE	ASX: BFC	TYO: 8316	NYSE: SIL	NYSE: GDXJ	TYO: 8306	LSE: PHE	RESONA TYO: 8308

GEOGRAPHIC EXPOSURE AS AT 31 AUGUST 2022



SECTOR DISPERSION AS AT 31 AUGUST 2022



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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