GLOBAL HIGH CONVICTION HEDGE FUND

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 September 2022 per unit was $1.1013 for a decrease of 18.42% since inception. At the end of August, net cash for the Fund was 56.34%.

	30-September-2022	31-August-2022	Change (Monthly)	21-Jan-2022 (Inception)	Change (Inception)
NTA per unit	1.1013	1.1160	-1.32%	1.3500	**-18.42%**

MARKET OUTLOOK AND PORTFOLIO PERFROMANCE

The Fund fell 1.32% during September, while the S&P500, MSCI World Index and ASX200 fell 9.34%, 9.46%, and 7.53% respectively.

September was the most turbulent month for financial markets since the onset of the Pandemic in March 2020. The Fund's defensive stance worked well with benchmarks falling by a much greater degree. The volatility was instigated by the Fed increasing rates by 75 bps and signalling they would stay the course and maintain hawkishness in curbing inflation. The Fed's stance triggered a selloff on bond markets and strength in the US dollar as interest rate differentials widened with the RoW.

The seismic volatility forced intervention by the Japanese Ministry of Finance to intervene to stem the yen's depreciation. In the UK, announced tax cuts were seen as irresponsible adding further stimulus when inflation was already running at the highest levels since the 70s. The drop in gilt prices brought unintended consequences on pension funds and prompted the Bank of England to purchase long-dated bonds to stabilise the market. Equity markets worldwide continued to trade lower due to undeniable headwinds, such as the ongoing energy crisis in Europe, rising tensions in China/US relations, and persistently high inflation driving hawkish central bank policy.

Oil continued to decline putting one of the largest quarterly losses, as widespread fears of recession and a strong US dollar dampened global demand. Throughout the month, the price of European natural gas soared on the possible sabotage on the Nord Stream pipelines, deepening uncertainty about the continent's energy security as winter approaches. All in all, it was a rough month for the markets.

We maintained exposure to gold due to rising geopolitical tensions, increasing government indebtedness, elevated inflation, and with the exception of the dollar, **rapidly depreciating currencies. Gold in most currencies including the yen, euro, A$ and pound outperformed.** The BOE illustrated how quickly quantitative easing can be returned to, now that it is has been established as a policy tool. We believe it be only a matter of time before other governments will follow suite.

With inflation remaining elevated, and the Fed in the fight of its life, we think it is only a matter of time before US economy will join other countries and head into recession. At this point, a major top will likely be in the US dollar, and gold could have its day in the sun, especially if the Fed were to weaken and pivot earlier (as it did in the 1970s). Gold stocks came under pressure with equities generally, but on the positive side, valuations now look to be bottoming out trading at historically low multiples. The next run will in our opinion, likely be synonymous with what was witnessed in the 1970s. We see this happening soon as borrowing costs soar and an inflection point nears. **We would like to add further exposure if opportunity presents itself amidst the volatility. Although the caveat is that waiting for exactly the right moment in our view risks not being early but missing a good part of the eventual move.**

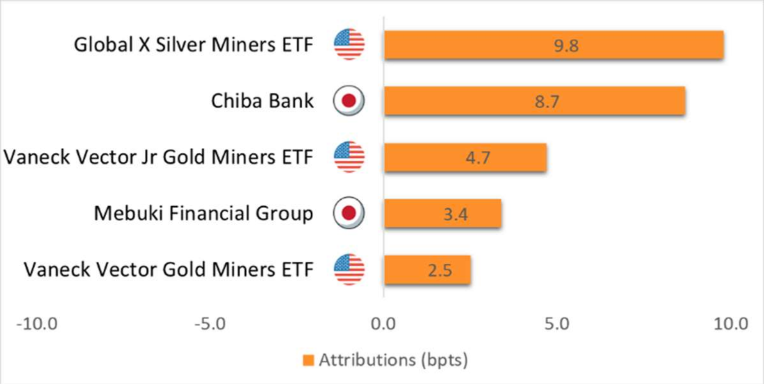
As we approach the US earnings season, we have started to see consensus forecasts downgraded for a number of bellwether companies, but this is yet to be fully factored in. Valuations are still not reflective of earnings and growth risks. On this front, we believe the S&P500 will not deliver on expected growth, and face further significant downside. The bear market is not finished yet.

A decline in earnings could amplify when unemployment inevitably starts materially moving higher and when the economy slows. We are yet to see how the Fed will behave when tested against a deteriorating US economy – whether they will maintain the course at risk of a deep economic downturn or alleviate pressure through rate cuts. **We think the opportunity to return to growth stocks will come when the Fed shows clearer signs the hiking cycle is coming to an end, or if and when a recession actually starts.**

We maintain our short position on the Chinese Renminbi against the US dollar as a hedge against China's continued growth slowdown, and as the US experiences elevated inflation with a Fed pivot unlikely in the short-term. China's factory activity continued to struggle in September as the economic recovery was challenged by lockdowns and export demand moderated. As we approach the October Congress, we believe markets will remain muted, as Covid restrictions and a slumping property market persists. **We remain bearish on China as we expect further devaluation will happen with widening interest rate differentials.**

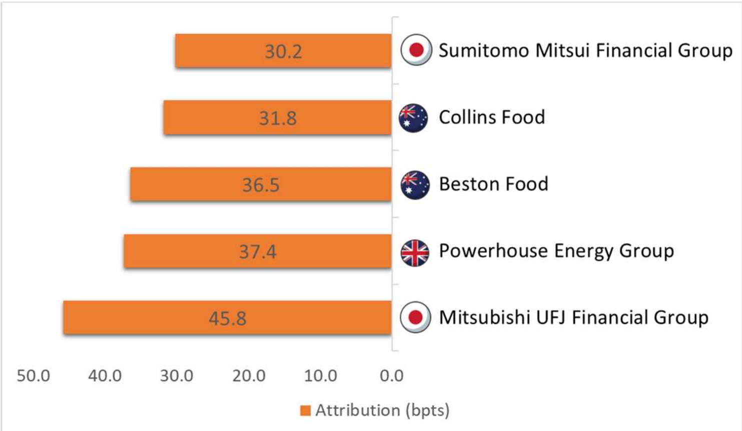
We saw the Bank of Japan intervene in the forex market, however the effects were only effective near term, as the Fed's hawkishness continues to push the Yen lower amidst the current global economic backdrop. We do not see yen depreciation continuing unchecked without risking political destabilisation, and at some point, surging inflation. We hold high conviction that the yield curve control policy will be modified soon. **We subsequently increased our exposure via regional banks Mebuki Financial Group and Concordia Financial Group, with both trading at historically low valuations.** Loosening of monetary policy would produce a significant re-rating for Japanese banks in our view.

POSITIVE ATTRIBUTIONS



The **Van Eck Gold Miners ETF** and **Van Eck Junior Gold Miners ETF** experienced a sharp mean reversion rally as gold equities look to form an important bottom. Previous rallies stalled on dollar strength but this appears increasingly less correlated as do rising interest rates. **Mebuki Financial** and **Chiba Bank** were resilient as the 10Y JGB yield remains close to the upper limit despite ongoing BOJ intervention. **Global X Silver Miners ETF** performed well for similar reasons to the two Gold Miners ETFs.

NEGATIVE ATTRIBUTIONS

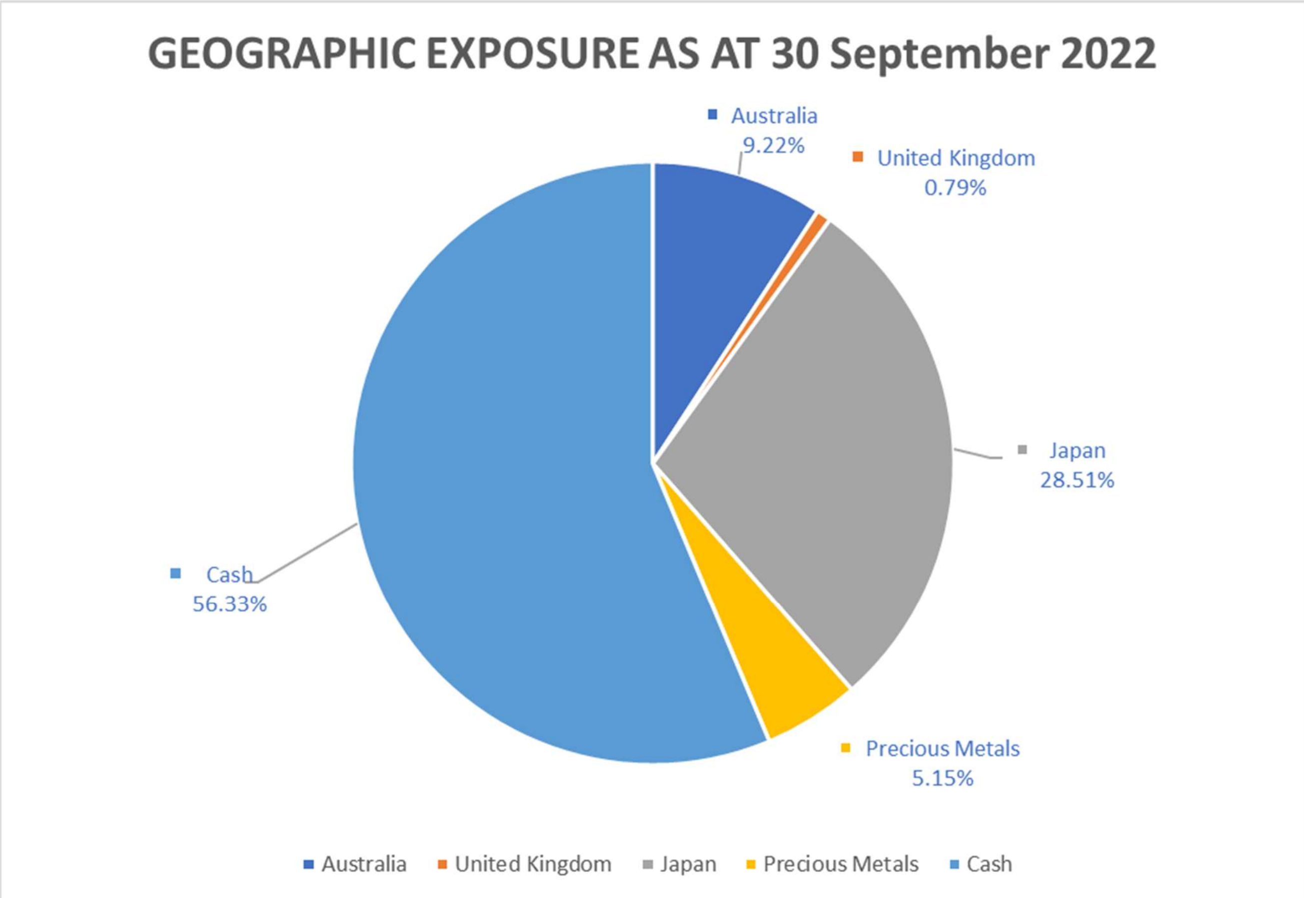


Sumitomo Mitsui Financial was punished as their brokerage unit was accused over alleged market manipulation with significant revenue impact. **Collins Food** fell on valuation sensitivity to rising rates. **Beston Global Food** also fell, but mgmt. reaffirmed strong revenue and earnings guidance last week. **Powerhouse Energy** continued to slide with worries on high inflation, and we reduced exposure during the month. **Mitsubishi UFJ** fell on concerns over $13 billion in financing to Elon Musk's Twitter deal with accumulative losses of $500 million or more.

TOP 10 HOLDINGS

Top 10 Holdings	Country	30 September 2022
Sumitomo Mitsui Financial Group	Japan	8.57%
Resona Holdings Inc	Japan	4.69%
Mizuho Financial Group	Japan	4.63%
Chiba Bank Ltd	Japan	4.17%
Telstra Corporation Limited	Australia	2.63%
QBE Insurance Group Limited	Australia	2.58%
Mitsubishi UFJ Financial Group	Japan	2.48%
Collins Foods Ltd	Australia	2.41%
Mebuki Financial Group Inc	Japan	2.02%
Concordia Financial Group Ltd	Japan	1.96%

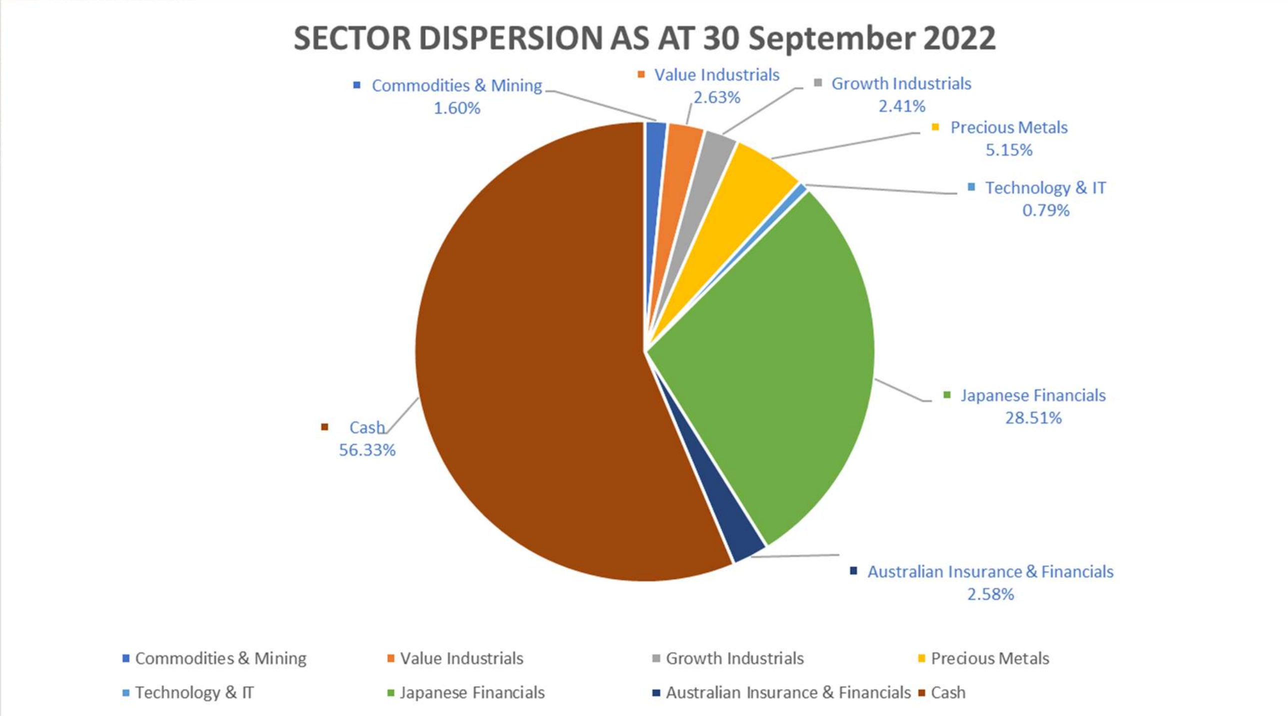
TYO: 8316	**TYO: 8308**	**TYO: 8411**	**TYO: 8331**	**ASX: TLS**	**ASX: QBE**	**NYSE: GDXJ**	**ASX: CKF**	**TYO: 7167**	**TYO: 7186**



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

GLOBAL HIGH CONVICTION HEDGE FUND



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

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