

Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

The estimated net tangible asset backing increased in October 2022 with pre-tax and post-tax NTA closing at \$0.9581 and \$1.0385 respectively. At the end of October, net cash for the Fund was 20.68%.

	31-October-2022	30-September-2022	Change
Pre-Tax NTA	0.9581	0.9491	+0.95%
Post-Tax NTA	1.0385	1.0146	+2.36%

MARKET OUTLOOK AND PORTFOLIO PERFORMANCE

The Fund increased 0.95% in October. A better-than-expected inflation print accompanied by falls in bond yields, the US dollar and volatility have been the catalysts for a sharp rally in equity markets. The rebound rally that we were expecting several weeks ago has materialised. We now see a strong probability for the Fed to commence slowing the pace of monetary tightening with a potential path of 50 bps in December, 25 bps in January and possibly one more 25 bp hike in February. Greater clarity around the pathway of monetary policy easing could fuel the rally over the coming month.

We retain our view that the incumbent rally is not the end of the bear market. The next US reporting season could be problematic, as Wall Street expectations on CY23 earnings are still too high. A wave of earnings downgrades is likely to come through in January. However, as the US Fed's hiking cycle slows, we believe we have potentially reached an inflection point for bonds and the US dollar, despite still elevated inflation. A lower dollar could better position precious metals, commodities, and energy sectors. **We added precious metals exposure including Newcrest Mining (which also is leveraged to copper), Northern Star, and various platinum exposures including Anglo Platinum, Platinum Group Metals, and Impala Platinum, as well as Japanese energy producer Inpex.**

China's Congress in October saw President Xi Jinping secure another 5 years in power and a restructuring of his leadership team, with the new Politburo consisting of loyalists. President Xi's policies lacked clarity on economic stimulus and Chinese equities declined to decade-lows. Whilst covid restrictions are seen to be easing, China is unlikely to fully reopen the economy until early next year. **While the US dollar is set for a reversal, we unwound some of our short exposure on the Chinese Renminbi.**

Turning to Japan, headline inflation came in at 3% and while this is approaching the BOJ's target level, the policy meeting in October confirmed no change to the yield curve control. We still retain the view the policy will be relaxed at some point with 20Y and 30Y JGB yields trading at multiples of the 10Y yield and as inflation begins to heat up after decades of stagnation. **The relaxation of these policies will favour our Japanese bank exposures. Mebuki Financial Group and Resona Holdings have both reported strong profit results accompanied with share buybacks. Our other banks are due to report shortly.**

KEY METRICS

Gross Assets

\$31.63M

Cash

20.68%

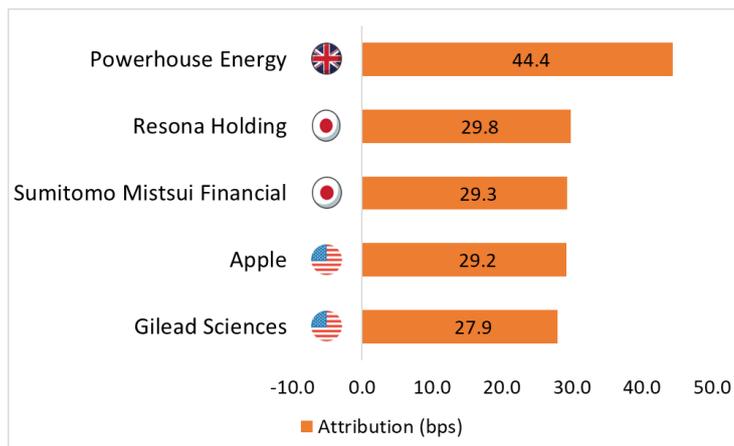
Trailing 12 month
Dividend Yield (FF)

8.52%

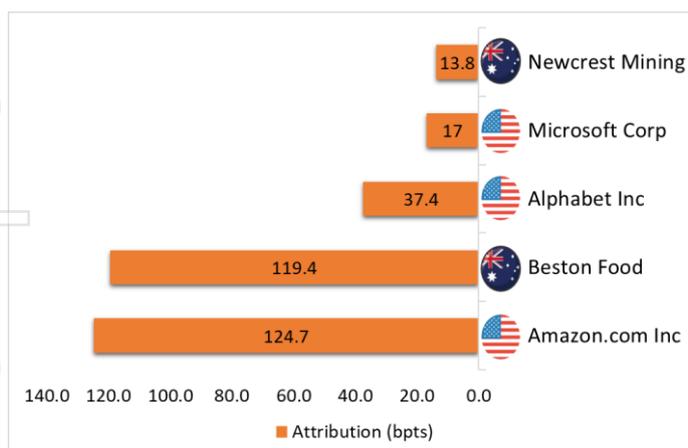
Dividend yield is calculated based on closing share price as of 29/07/2022

POSITIVE ATTRIBUTIONS

Powerhouse Energy soared as they made progress on the Plastics-to-Hydrogen project. **Resona Holdings** and **Sumitomo Mitsui** continued to benefit from the 10Y JGB yields trading at the upper range. Investors were anticipating positive results in November which saw share price appreciation during the month. **Apple's** 3Q results were resilient due to a strong product launch in early September. However, iPhone sales were still constrained by FX impacts. **Gilead Sciences** rose after reporting 3Q results that topped expectations and boosted its full-year profit and sales outlook. We are intending to sell down US equity exposure into the rally over coming weeks.



NEGATIVE ATTRIBUTIONS



Newcrest Mining fell during the month as rising interest rates weighed on gold prices. **Microsoft** reported a decline in personal computer sales and the greenback's strength weighed on offshore earnings. **Alphabet** fell below analyst expectations in the 3Q as they continue to battle an industry-wide tech slowdown. **Beston Foods** undertook a strategic capital raise albeit at a significant discount to pay off debt in a rising interest rate environment. **Amazon** tumbled due to missing consensus expectations and providing a gloomy outlook of confronting macroeconomic

headwinds, soaring inflation and rising interest rates. Those challenges have coincided with a slowdown in Amazon's core retail business as consumers returned to shopping in physical stores.

TOP 10 HOLDINGS

Top 10 Holdings	Country	30 September 2022
Sumitomo Mitsui Financial Group	Japan	8.00%
Apple Inc	United States	5.50%
Mizuho Financial Group	Japan	5.34%
Microsoft Corporation	United States	5.24%
Inpex Corp	Japan	5.15%
Resona Holdings Inc	Japan	4.47%
Newcrest Mining Limited	Australia	3.94%
Chiba Bank Ltd	Japan	3.89%
QBE Insurance Group Limited	Australia	3.45%
Northern Star Resources	Australia	3.32%



TYO:
8316

NASQ:
AAPL

TYO:
8411

NASQ:
MSFT

TYO:
1605

TYO:
8308

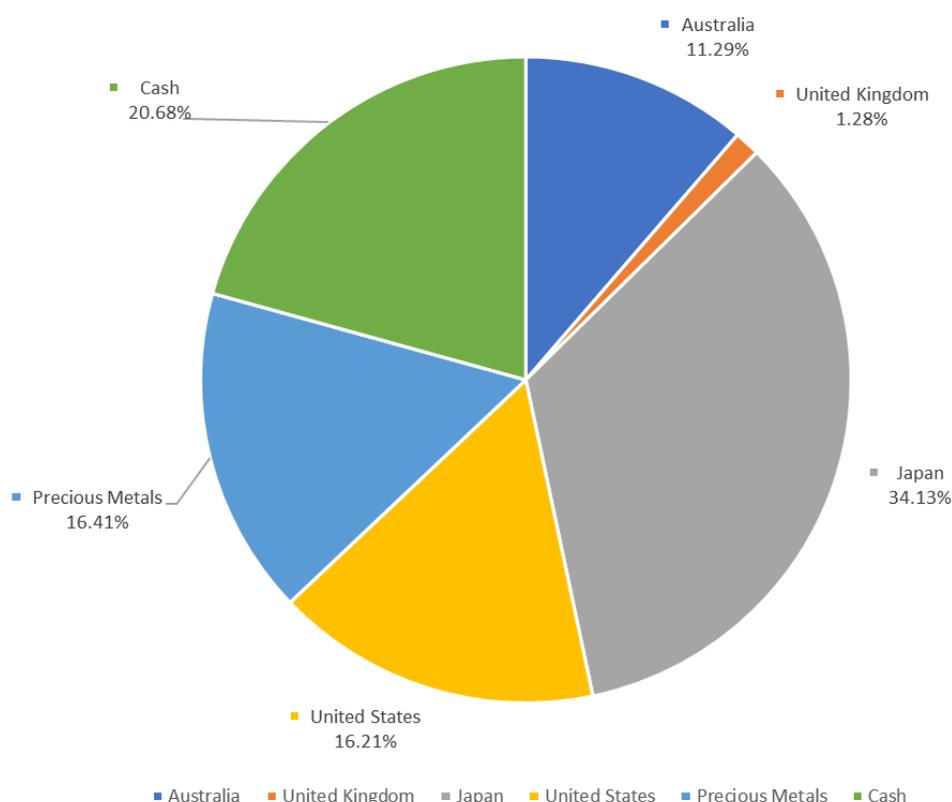
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NCM

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ASX:
QBE

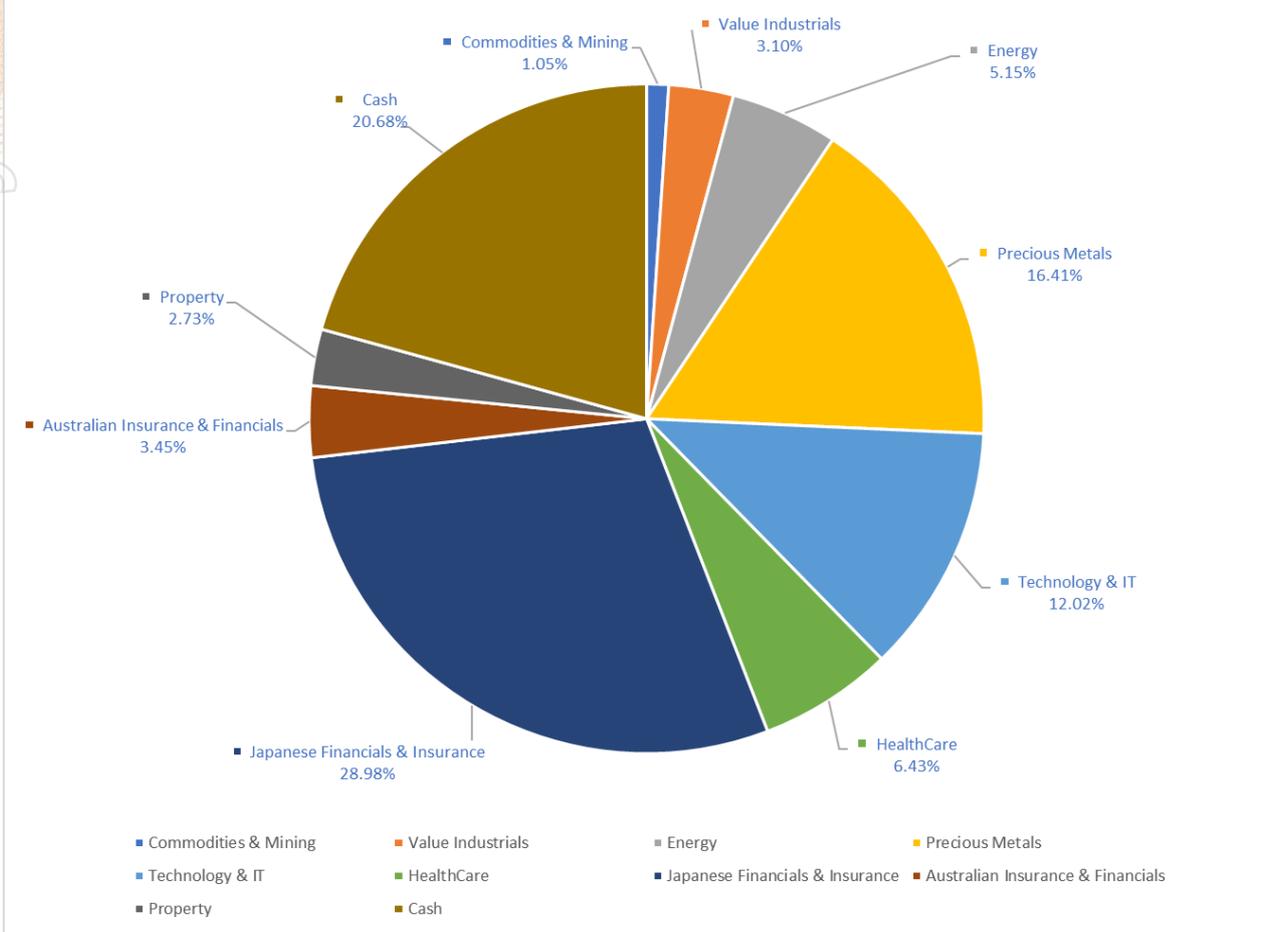
ASX:
NST

GEOGRAPHIC EXPOSURE AS AT 31 October 2022



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SECTOR DISPERSION AS AT 31 October 2022



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