Where we took profits and losses in 2022

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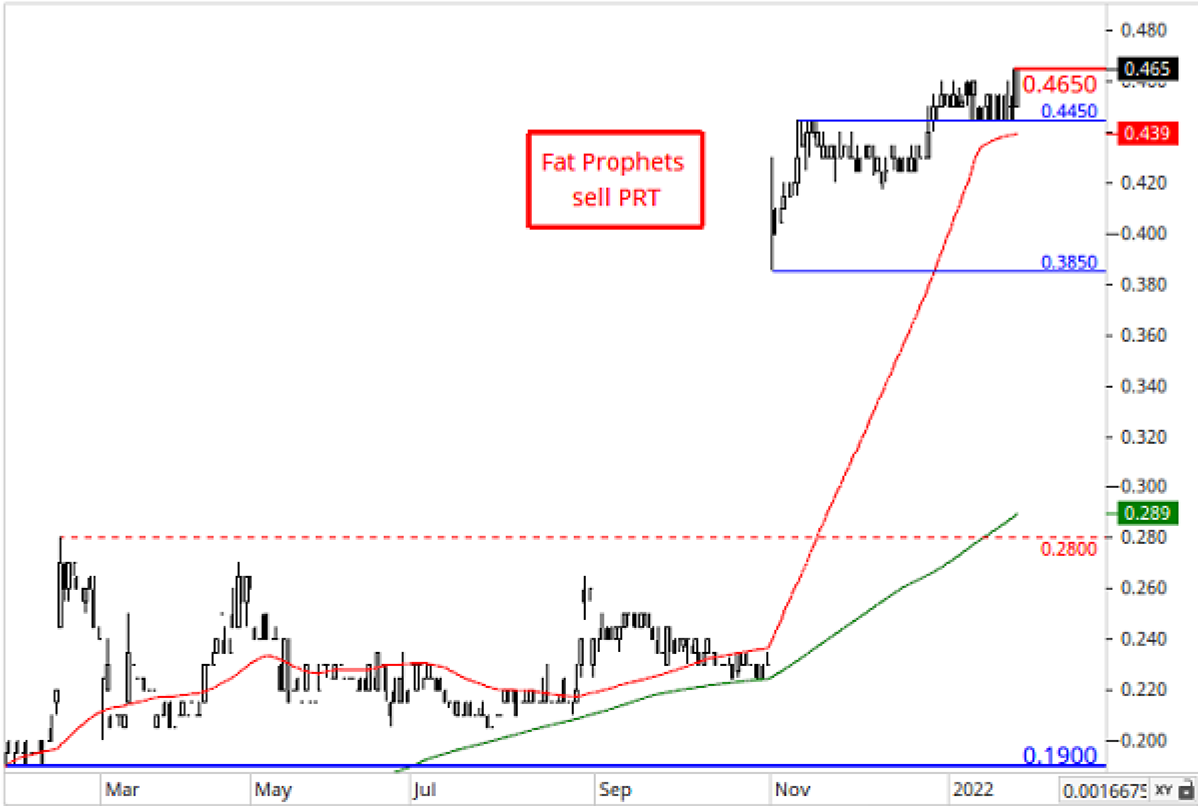
A year overshadowed by **decades high inflation, rapid tightening cycles and a debilitating war in Europe,** with Russia's invasion of the Ukraine, the **challenges have been many. Investors have been challenged by high inflation, rising rates and compressing valuations,** making the past 12 months one to remember for volatility and opportunity. In 2022, we **maintained or initiated a greater number of hold and sell recommendations and only a few new buys** and as the year draws to a close this **strategy looks to have been the right call.**

In 2022, we published ten sell and sell-half recommendations, with seven marking impressive gains and only two registering losses. **The sell recommendations this year reflected the prudence of banking profits in favourable market conditions when there for the taking.** In any case, the returns noted below include dividends. Our calls by stock are provided below in chronological order:

PRIME MEDIA

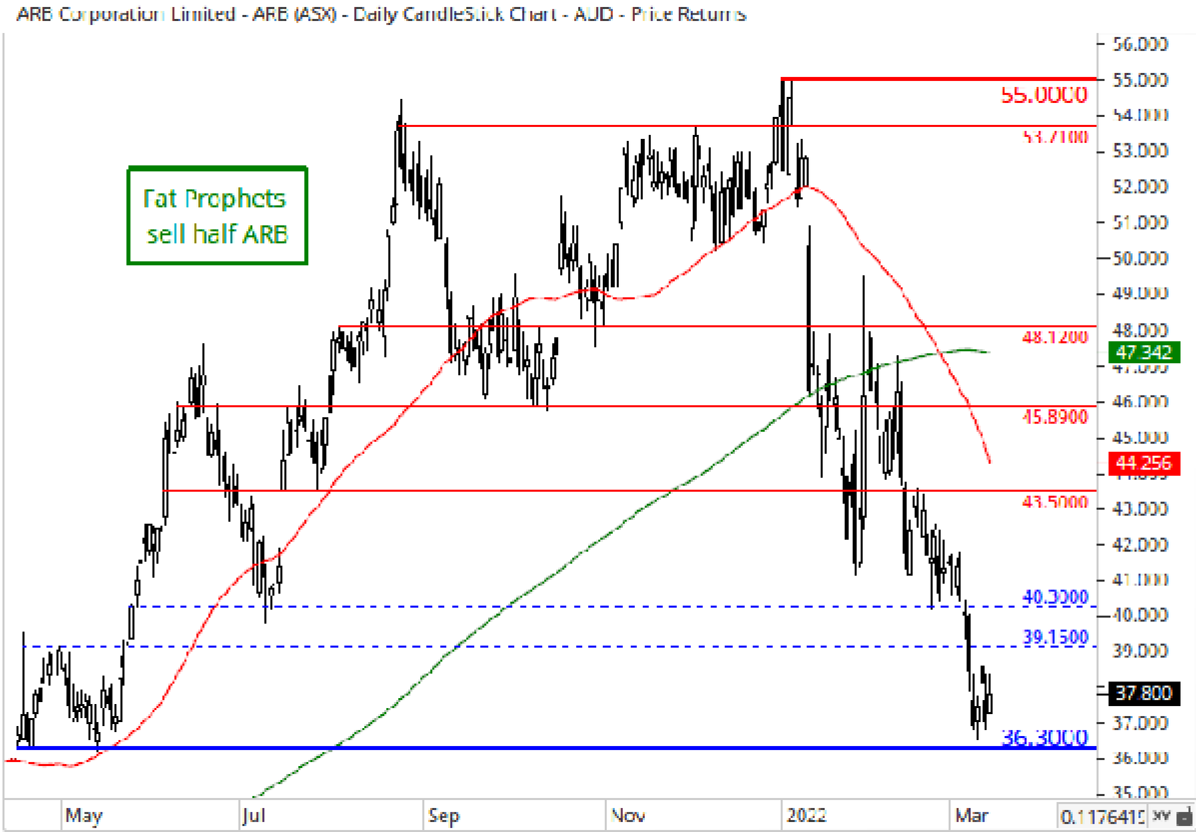
February 2022 saw the final curtain come down on our recommendation (FAT-AUS-664) for Prime Media (PRT), following the completion of the merger between PRT and Seven West Media. **PRT was defuncted and renamed PRT Company Limited on 7 January 2022, and this shell is due to be delisted.** The securities of PRT were suspended from quotation at the close of trading on 25 January 2022. The stock was removed from the Fat Prophets Portfolio (FAT-AUS-1057), with an overall loss of around 60%.

PRT:ASX - Daily CandleStick Chart - AUD - Price Returns



ARB Corporation

ARB was added to the portfolio in 2011 ([FAT-AUS-523]), **with net margins consistently in excess of 10% since 2002, we questioned whether ARB could maintain this type of margin it enjoyed in Australia in the highly competitive US markets.** With other margin pressures **including rising input costs, we held the view, that as the US grows as a percentage of its sales mix these costs will weigh on the group.** With a handy 454% profit [(FAT-AUS-1061)], our recommendation was to sell half.



AMCOR

A major acquisition put Amcor back into the portfolio ([FAT-AUS-475]). **Face supply disruption, raw material price volatility, higher labour and transportation costs in the short-term,** we believed **Amcor was moderately valued,** but the above **unfavourable** factors may not be fully reflected in its share price. **From the initial purchase at $5.42 in 2010 this play returned 281%** [(FAT-AUS-1062)]**.**

9 Spokes

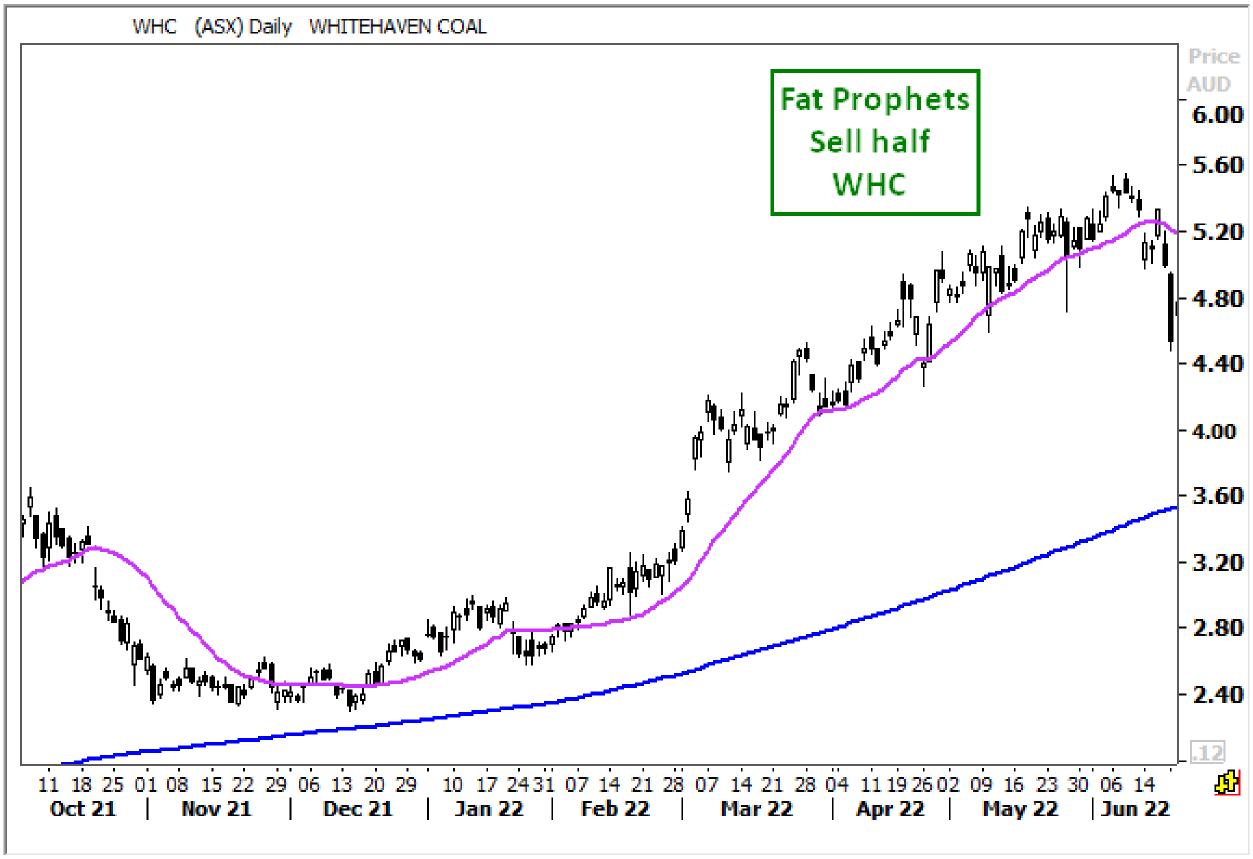
The initial 2016 coverage of 9 Spokes ([FAT-AUS-794](FAT-AUS-794)) **, we believed the company showed promise as a potential disruptor.** Six years on, the company seems to have struggled with monetizing or profiting from the growth they've reported over the years. **That said, it makes good practice to know "when to fold 'em"** [(FAT-AUS-1070)](FAT-AUS-1070) **and this is one of those instances.** This marked a significant loss of 97.7% on this speculative play.

Western Areas

We acquired Western Areas (FAT-AUS-937) on its nickel exposure and development pipeline and a positive view on nickel. IGO Group moved to fully acquire Western Areas with the completion of its $3.87 per share Scheme of Arrangement. **We viewed the offer price as fare and reasonable** and Members recorded a nice 69% gain (FAT-AUS-1073).

Whitehaven Coal

We viewed Whitehaven Coal as a recovery story ([FAT-AUS-1029]()), as **it restructured and the world reopened from COVID.** The rise in electricity demand in 2022 was accompanied by an uplift in demand for thermal coal. **Russia's invasion of the Ukraine disrupted the coal market further,** as Russia is a major coal producer, and the price hit record highs. We booked a **tidy 136% profit** ([FAT-AUS-1074]()), while keeping half our powder draw.



Blackmores

Blackmores was a **straight COVID play** (FAT-AUS-961), given its product offering. **With the cost-of-living squeeze broadening** and although we would expect the typical Blackmores customer to largely be resilient in terms of household spending, there will be growing pressure on marginal customers. Add COVID winding down we took a sell half in the stock, retuning a 9.3% profit (FAT-AUS-1078).

HUB24

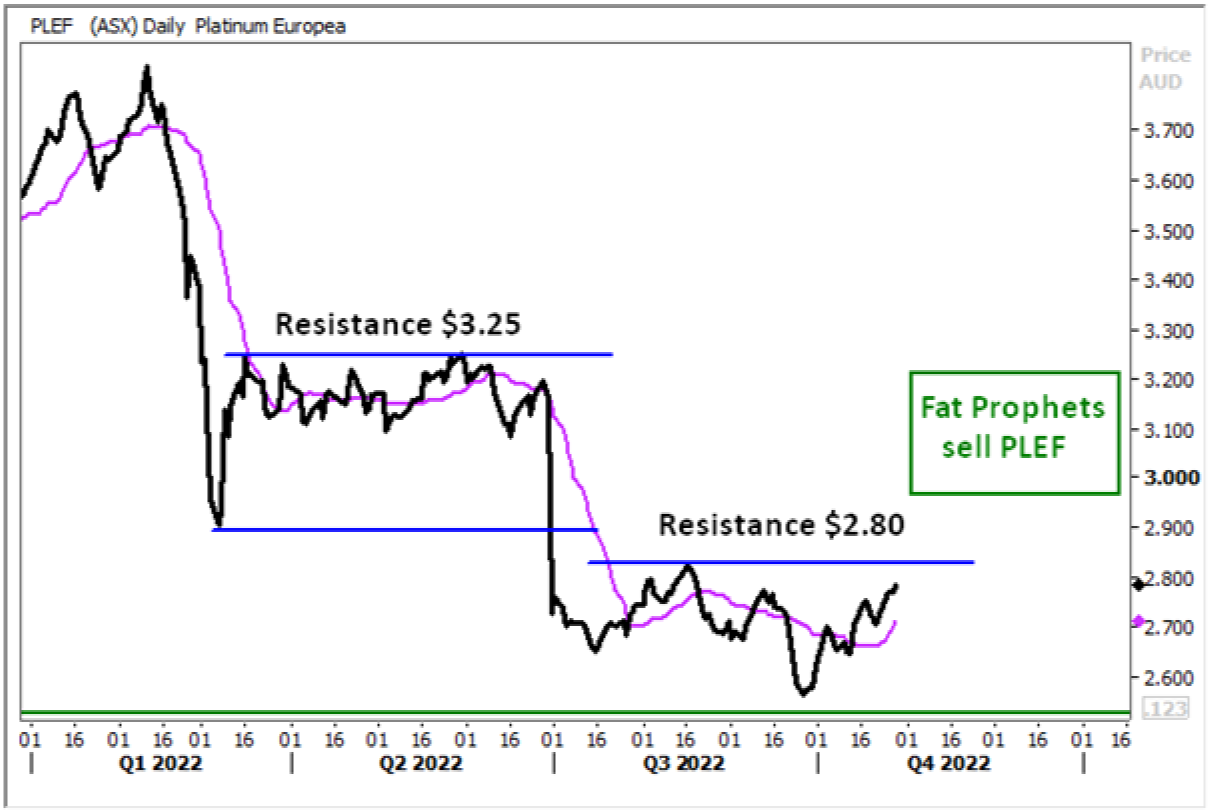
We remained optimistic on HUB24 over the long-term from the initial buy at $1.35, (FAT-AUS-648) **with the tailwinds of future growth of the fintech industry, and an expanding market share of the pie. Takeover mania bubbled away in the sector and we took advantage of this** with a half sell (FAT-AUS-1079). The return over the holding period was **exceptional showing 1677%, returning an average over 9 years of 39% per year.**

Fiducian

We were attracted to Fiducian (FAT-AUS-878), **because of the tailwinds of future growth of the fintech industry. Takeover mania bubbled away in the sector and we took advantage of this with a half sell** (FAT-AUS-1091) recommendation. The recommendation **locked in a respectable 61.3% profit.**

Platinum European Fund

The Platinum European Fund (FAT-GLF-006) was a **play on the recovery in the EU post the near collapse of Greece due to a heavy debt burden.** Time rolled on and Greece and the EU recovered. The onset of the **Russian invasion of the Ukraine brought a whole new set of challenges for the region.** We shifted our recommendation on the Platinum European Fund to a sell (FAT-AUS-1093). On the initial play we locked in a return of 36% over the holding period.



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