2015 Review 15/12/2015 **FAT-AUS-753**

A challenging year for markets

Investors approached 2015 with a certain air of positivity, given signs that a multi-year injection of monetary stimulus was starting to lift the global economy, and stock markets along with it. While the Fed was done on QE, optimism was gained from the likely firing of the bazooka by the European Central Bank. **In Australia there was also hope of the RBA lowering interest rates, and joining the great competitive devaluation train.**

Many central banks duly delivered on further easing, with quantitative easing launched in Europe in January, while many others, including China, cut rates and/or tinkered with their currency settings. **The Reserve Bank of Australia also came to the party, trimming 25 basis points off the cash rate in both February and May.**

In Asia, opinions over the economic outcome for China were firmly split, with consequent implications for sentiment towards the resource sector in particular. This however did not halt a stellar rally in Chinese equities continuing for much of the first half, before a retracement ensued as officials sought to dampen speculative fervor. Recent positive data though does add further weight to the notion that a significant 'economic adjustment' is being seen in China, rather than anything more sinister.

Generally speaking the global economic recovery continued to make positive inroads in 2015, although not without some hiccups along the way. The US economy churned out more positives than negatives, while there were also signs that the grand plan of Mario Draghi and co was starting to pay off in Europe.

Emerging markets saw periods of pressure, particularly those which were heavily commodity laden, while Russia's problems were also partly of its own making. Geopolitical risks started to rise again, with disarray in Syria fueling the rise of ISIS, along with several co-ordinated terrorist attacks. There does however seem to be a growing sense of world unity against this common foe.

With major economies still at varying stages of their recoveries, and central banks at different junctures in their stimulus programs, the performance of global markets was fairly disparate once again. US markets are slightly down year to date, Europe is slightly up, while the UK's FTSE is currently down around 10 percent. **China and Japan are up around 8 percent as things stand, and have been two of the best performing markets globally.**

In Australia, the market made a promising start to the year, with investors also taking encouragement from the first of the year's rate cuts from the RBA in February. **The market touched 6000 in March, and hovered just below it in April.**

The story since then has been one of a market under pressure, interrupted by all too brief pockets of positivity. Sentiment did perk up slightly following the appointment of yet another Prime Minister in 'business-friendly' Malcolm Turnbull, however enthusiasm here was soon displaced by fears over the local and global economies. Currently the ASX200 is sitting around 9 percent lower than at the start of the year.

In our outlook piece, we set a year-end target for the ASX200 of 6250, and while looking very achievable in the first quarter, this will now prove to be very wide of the mark.

ASX200

The resource sector continues to be a significant drag on the index and (gold excepted) has not been the place to be. Low commodity prices and fears over a supply glut have acted as significant headwinds, with the likes of oil and iron ore reaching levels not seen since the GFC.

The resource sector is facing strong headwinds but there is also the sense that things can't get much worse, with a tipping point not too far off. We are now hearing some calls for the big miners to restrict supplies to support prices, and that day is possibly not too far away. In the energy market OPEC must be pretty close to its maximum pain threshold, and may revisit its decision to not curb supply.

As we close off on 2015 though there is some cause to believe that further downside on the ASX200 should be contained, and set the platform for a re-rating. A key point is the dividend yield of the Australian market which is already one of the highest in the world, with a wide differential versus the cash rate. With the Fed likely to go easy on rate rises there will also be further reason for the RBA to step in with another rate cut in the New Year which should be positive for the economy.

Portfolio Strategy

Despite the market coming under pressure in 2015, we remained mindful of the need for prudent portfolio management during the course of the year. **We initiated sell or sell half recommendations 8 times in the**

Fat Prophets Australasian Equities Portfolio during the course of the year, with gains on all but one occasion – and in that one case it was for a loss of 2.4 percent after accounting for dividends.

On the other side, we also introduced 6 new stocks to the Portfolio.

In addition, the Fat Prophets 'Income Portfolio' continued to generate robust returns, delivering an income yield of 14.3 percent since inception in March 2012. The portfolio has also (as at our last update on 13th October) delivered 22.6 percent in capital growth, outstripping the 20.4 percent gain in the ASX 200 benchmark index over the same timeframe

While it has been a challenging year in the markets, comments from our Member survey are evidence that the enhancements we have introduced to our service in recent years continue to be appreciated. Included here are a new website that has seen some significant changes to its design, navigation, layout and visuals within the Members area. We plan to make further improvements here next year.

Our daily email remains a vital part of our communication with Members and a channel through which we provide clarity on our views on macro and micro-economic developments, and the implication for stock markets, in a timely manner.

Members also remain receptive towards our weekly fatWrap which summarises the best ideas from across the Fat Prophets suite of research products**.** We continue to put a lot of thought into our covers, and design, so it is pleasing that feedback here remains positive.

Our weekly research webinars continue to be well received. These sessions give Members the chance to hear direct from our Head of Research Greg Smith, on our view on market events and developments. **The forum style with a Q&A session at the end has also been a great way for us to engage with Members** and the feedback here continues to be very positive.

In response to Member demand we also made some changes to our product suite. We merged our Australian and European Mining offerings into a globally focussed product, while we also launched an Asian equities report to highlight direct investment opportunities throughout the region. We also launched a Global Funds product to identify what we believe to be the best funds leveraged to our global themes.

Performance-wise, given the challenges the market has faced this year, we are comfortable with where our overall returns are sitting. The independently reviewed annualised return on the Australian Equities Report stands at 18.1% at last count (30 September 2015), outperforming the return for the All Ordinaries Accumulation of 7.39% over the same period.

We have also seen the benefits of introducing a number of stocks with a particular sector slant, where re-ratings have started to ensue.

Included here are exposures in the financial services platform space where our holdings of Praemium, OneVue and HUB24, have performed solidly. To date these have chalked up gains of 40, 90 and 190 percent respectively on their initial recommended prices.

We have also targeted companies that will benefit from a weakening Aussie dollar, and in the agriculture stocks Elders has been the standout, and is up 200 percent since being added at the end of 2014**. We are also positive on our other ag plays Aussie Agriculture, and Nufarm, the latter of which has pulled back after hitting a multi-year high last month.**

Tourism stocks should also do well as the AUD weakens, and in this vein we have added Mantra Group recently. Sentiment towards theme park operator Ardent Leisure remains mixed, but we see the company's Main Event bowling business in the US as being a massive earnings driver in the years ahead.

With a similar theme, and also a turnaround angle, Qantas has been a supremely performing blue chip. The shares are up around 190 percent since our first buy just 16 months ago, and we believe the airline has more miles left in it.

The telecom stocks have also been a fertile hunting ground in recent years, and an acceleration in M&A has seen us reap the rewards, and allowed solid exits on Amcom and TPG. **Spark New Zealand** has also proved the doubters wrong in its own turnaround, and we expect further momentum for the telco in 2016.

Of course there have been disappointments, with one of the biggest being **Santos.** Relentless weakness in the energy price has continued to weigh heavily, and having generally restrained ourselves on resource sector buy recommendations this year, in retrospect the timing here was well off.

Overall again though, despite a tough year for the broader market, the positive feedback from our annual survey suggests that our efforts to boost Member returns and deliver a high quality service have generally been well received.

We are pleased to report that our efforts have been rewarded in the form of an overall 'A-' grade from Members again this year. We once again thank Members who have taken the time to provide feedback, and we have published a representative selection of comments from each category in this year-end issue.

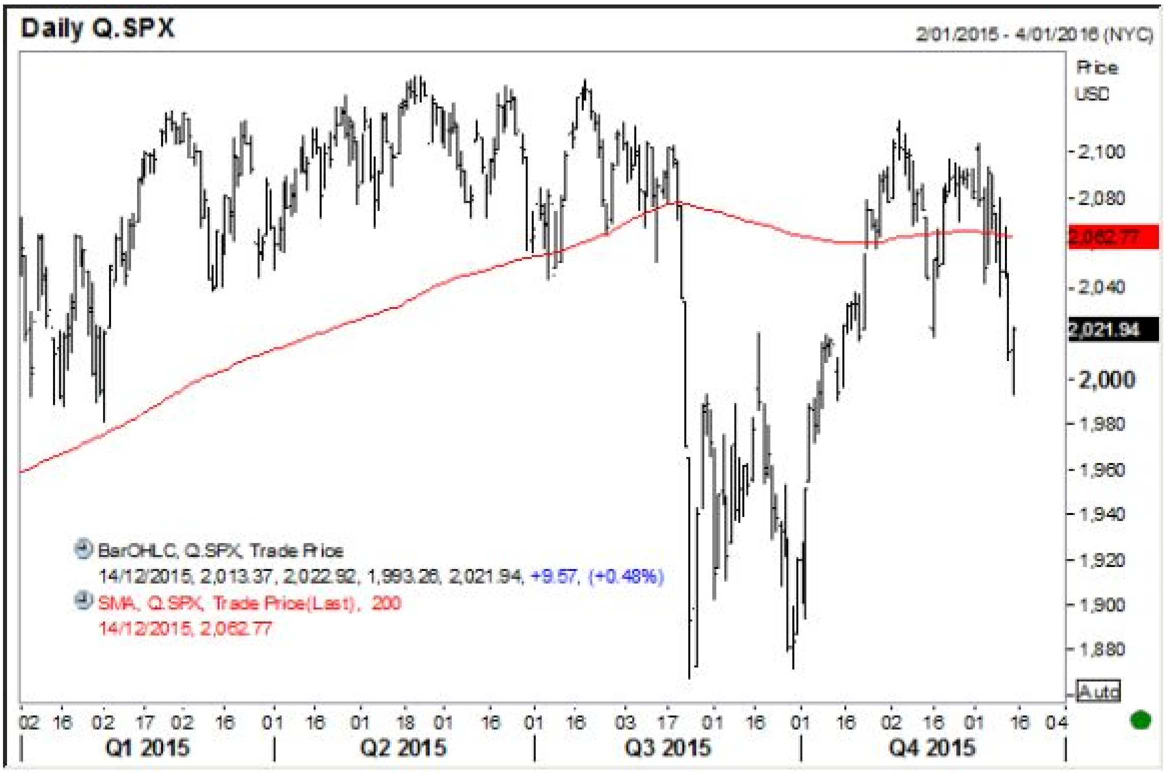
Grade

Turning back to the markets, the year has certainly been a mixed one again, with periods of heightened volatility, albeit still low by historical standards. As is usual there are still a few questions to be answered about the key determinants of market direction.

The US

Still very much the setter of global market direction, the US indices have finished the year not far from where they started after a year of twists and turns **The S&P 500 has taken a meandering path in 2015, beginning with a whimper before gathering strength to crest a new all-time high of 2,134 (intraday) in May, only to endure a sharp sell-off in August, spurred by China growth fears and the devaluation of the yuan, before staging a solid recovery over the next couple of months.**

S&P 500



After much toing and froing, and with only a couple of weeks to go until the sun sets on 2015 it looks like a coin toss as to whether the benchmark S&P 500 index will finish the year on the black or the red slot on the stock market roulette wheel.

Two primary factors that seemed to have weighed on investor's minds last week have also been factors impacting market trading at a number of times during the course of the year. These are the fall in oil (and other commodity) prices and the guessing game about the Fed's actions.

The OPEC decision last week not to trim oil production resulted in a further slide in oil prices to near seven year lows and resulted in energy stocks taking a drubbing.

The "will they, or won't they?" question regarding whether the Fed will hike rates has also moved the US equity markets significantly at different points in the year in either direction, although it is difficult to determine what the net impact has been. Interest rates have of course stayed at ultra-low levels throughout the year and expectations of a rate rise have really only firmed over the last couple of months.

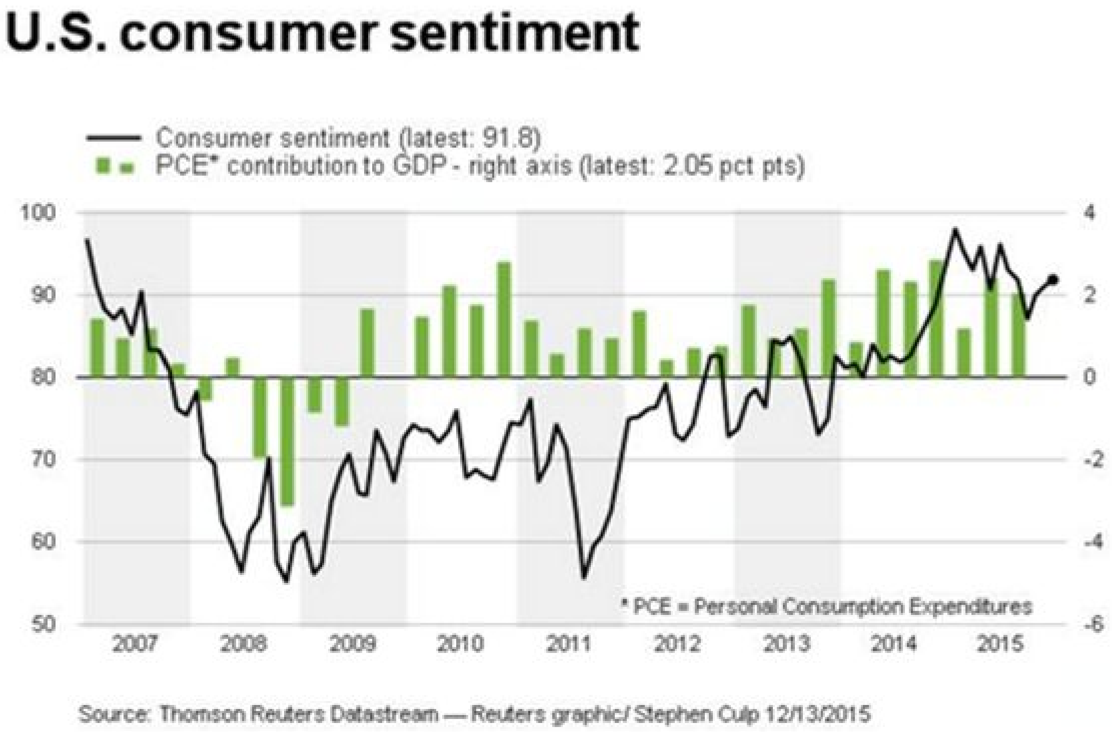
We suspect that this factor will be the key decider in where US equities and in particular the S&P 500 benchmark ends the year.

The more hawkish tone of the Federal Reserve and expectations of a tightening of monetary policy have resulted in a stronger greenback which we forecast at the beginning of the year. It does look as though we could be out by a whisker in terms of the timing of the first rate rise, as we had anticipated that this would be delayed until 2016.

We have seen the US economy continue to turn over reasonably well, with job creation a highlight. Combined with no inflationary pressure, this has set up the case for a rate rise. In November payrolls were up by a better-than-anticipated 211 thousand and job additions in September and October were revised upwards by 35 thousand (combined), keeping the unemployment rate at 5.0%. While wage growth has been modest at around 2% in recent years, in the absence of inflation it is respectable.

Source: Reuters, Fathom Consulting

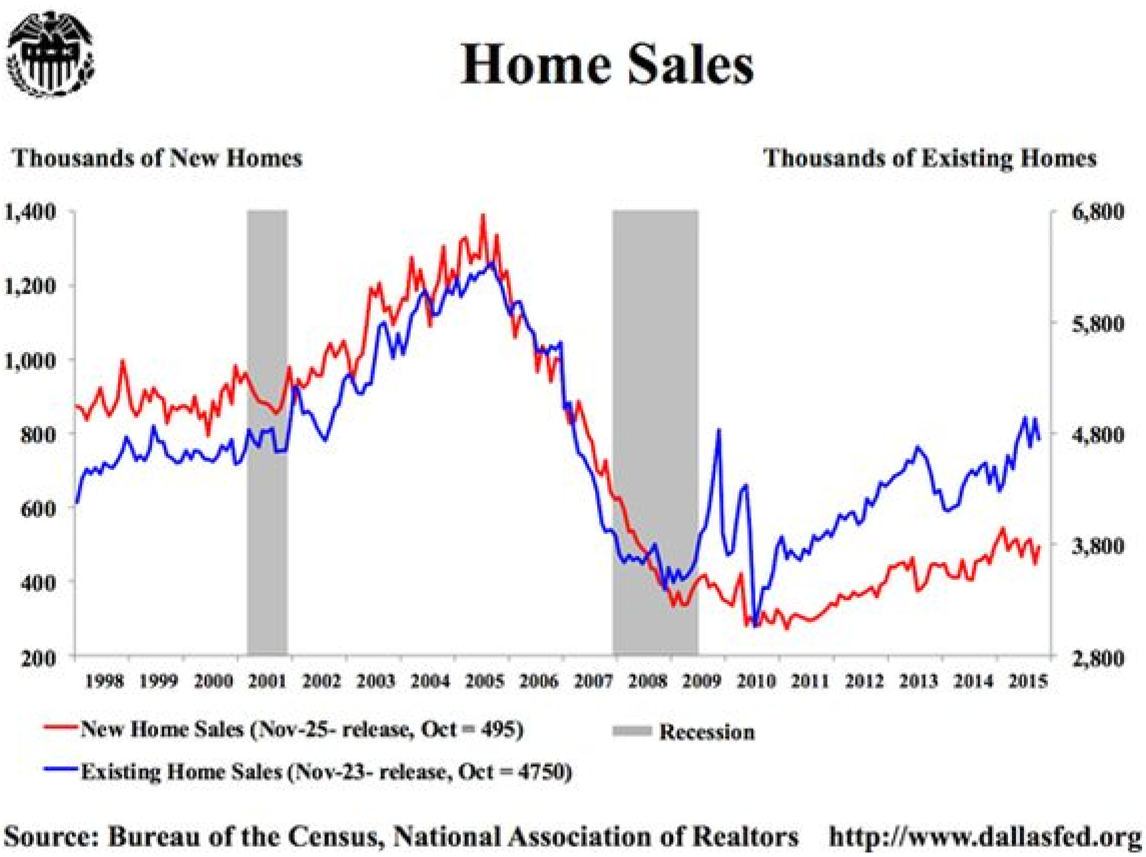
This is likely playing a key role in propping up consumer sentiment, with the University of Michigan, reporting that its preliminary reading for US consumer confidence in December came in at 91.8, representing a four month high. This compares to 91.3 in November and is the third consecutive monthly increase. December's reading was slightly below expectations at 92 and was driven by US households in the bottom-two thirds of the income ladder. Improving sentiment bodes well for further US retail sales growth in the coming months.



Source: Reuters, University of Michigan

And although retail sales have been generally unexciting over much of the year, some Christmas cheer appears to be building and this will be welcome given consumer spending accounts for over two-thirds of US economic activity.

Another bright spot in the US economy is the housing recovery in our view and with rate rises likely to be gradual and measured, we expect that recovery to be ongoing, supported by low inventory of existing homes and rising house prices. This bodes well for the US housing related stocks in our portfolio, **James Hardie** and **Boral**.



Source: Dallas Fed

Europe

The big moment for Europe as it turns out came at the start of the year (although Greece electing to stay in the Euro was a close second) with the ECB pushing the button on quantitative easing. This buoyed investor sentiment not only in Europe, but in other countries that are key trading partners including Australia. The bout of stimulus has been well received on the Continent with confidence on the up, and unemployment starting to decline from elevated levels.

A lower euro has certainly helped, although the European economy still faces plenty of challenges, with deflation being one of them. Thus, although some were disappointed by the ECB not extending the QE program, we believe this has to be on the radar as we head into 2016.

STOXX

We also see the UK economy getting a positive cross wind as the recovery in Europe steps up a few notches. The UK itself has benefitted from being in control of its own monetary policy with the economic revival somewhat further along, and still supported by the Bank of England keeping interest rates low. The performance though of the UK stock market has been impacted by a heavy resource exposure, but we believe a tipping point, and better days, are not too far away.

FTSE

Japan

The Japanese stock-market has been one of the best performing in 2015, and continues to owe a lot in our view to Abenomics. There have been several critics of his bold monetary plan but the reality is that Japan (if only just) has averted a recession and a weaker yen is having strong positive effects on the export industry, which are permeating through the economy.

We expect more of the same in 2016, and also see the Japanese property market getting firmly on the up. Hence we remain positive towards our ASX listed Japanese property exposures in the form of **Astro** and **Galileo.**

Nikkei

China

Our forecast on the Chinese stock market continuing to be one of the stronger performers looks to have been proven correct, albeit not before a sharp correction in August and September. This though was to be expected after the Shanghai Composite index went up 150% in just over a year.

There are also increasing signs that the ‘hard landing’ theory of the bears with respect to China is not going to play out. Just last weekend data showed that **i**ndustrial production in November increased by 6.2% on a year ago versus the 5.6% gain in October. Chinese retail sales saw an 11.2% increase in November against an 11% increase in October. Should the Chinese economy continue to plateau at high levels of growth this will be welcome news for Australia, a key customer, and the resource sector in particular.

Shanghai Composite

Resource Sector

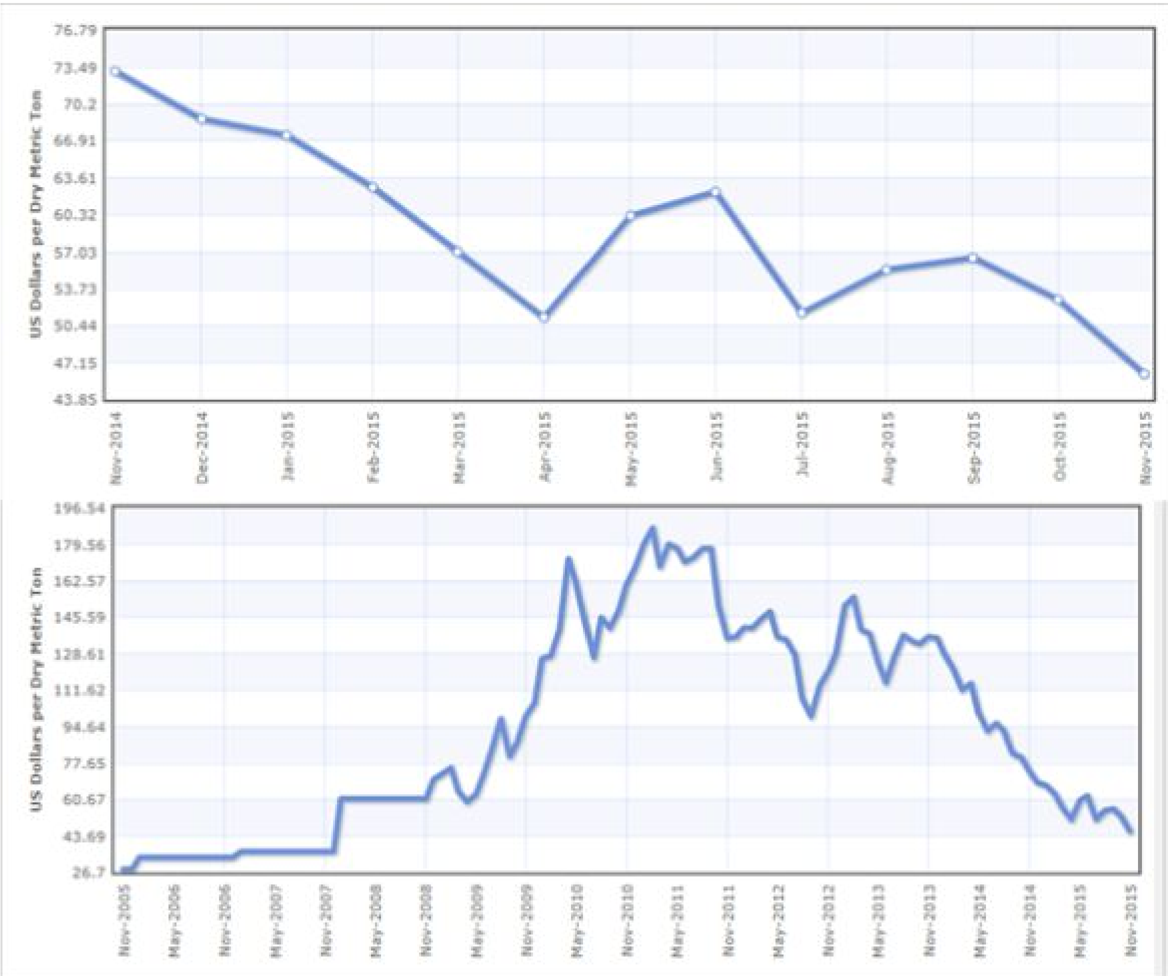
Slowing economic growth in China was a major headwind that buffeted the resources sector throughout 2015. Add a stronger US Dollar on an expanding US economy, and the headwinds grew in intensity. The storm became perfect as supply responses were tardy in reacting to falling prices, with iron ore and crude producer responses being prime examples. The result of these three metrics was a **resource sector that in 2015 was once again an underperformer**, as across the board commodity prices succumbed to the pressures and lost ground.

The 2015 headwinds have resulted in the share prices of many constituents within the resource sector hitting multi-year lows, as share prices trended lower following the falling commodity prices. This point is evident when looking at the share price of resource major **Rio Tinto** which hit a seven-year low in calendar 2015.

Across the materials borough, the share price pattern shown by Rio Tinto’s price movement in 2015 was repeated, as investors showed no confidence in the broader sector.

Iron ore

As a metaphor for how weak market sentiment has been toward the resource sector in 2015; this can be seen in the iron ore price which has retraced almost 44 percent for the calendar year, to US$38 per metric tonne now (top chart 12 month price chart, bottom chart ten year price chart).



Source: Index Mundi

<u>The downward price action for iron ore was well evident over 2015 as the market fretted about oversupply, in conjunction with fears that Chinese growth was still showing signs of slowing and an economic hard-landing could become more evident.</u>

In such market conditions the iron ore supply reaction, was to see low cost producers, including BHP Billiton (BHP) and Rio Tinto (Rio) continuing to complete expansion projects to maintain cost competiveness and industry position. BHP and Rio did maintain profitability in calendar 2015, albeit at a diminishing level to prior years; many of their junior peers however did not in the year.

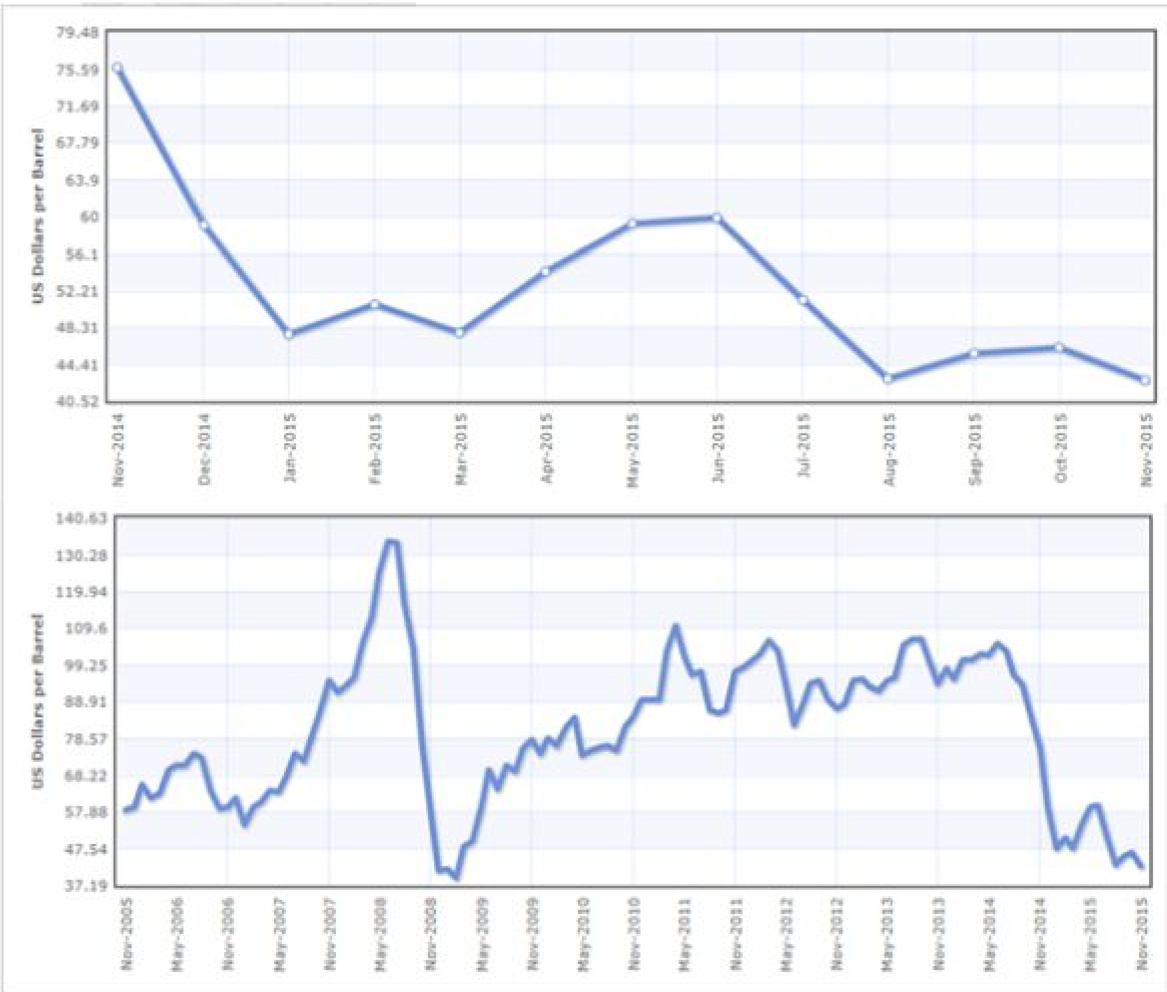
There was however an industry reaction during the year, with development capital being slashed by hundreds of millions and in fact the shut-in of iron ore production has commenced at the backend of the calendar 2015, albeit at a trickle for the moment. The crescendo may come in 2016.

We expected the iron ore price would move higher in 2015 with our year-end price range of US$80 to US$90 a tonne (iron ore closed 2014 at US$69 a tonne); we were well off the mark.

The iron ore market in 2015 has easily been replicated right across the broader industrial metals complex, in eerily similar circumstances.

Crude

Stealing the limelight from iron ore in terms of price weakness more recently however has been crude, with the West Texas Intermediate (WTI) crude price falling to below $40 as the yearend approaches, to a seven year low. Over the course of 2015 WTI shed 25% from its calendar close 2014 price to trade now around US$35 a barrel (top chart 12 month price chart, bottom chart ten year price chart).



Source: Index Mundi

Crude price weakness in 2015, like iron ore was triggered by the supply side, with **OPEC refusing to cut production throughout the year and then reinforcing that stand at its recent December meeting, with production output of better than 31 million barrels of oil per day (bopd) maintained.** OPEC spent most of 2015 producing in the 31 million to 32 million bopd range.

Add increasing shale oil production in the United States, with domestic crude starting calendar 2015 at around 9.1 million bopd and peaking at 9.6 million by July and now at 9.2 million bopd; crude prices were under pressure**.** In December 2013, the US was producing at around 8.1 million bopd. The production surge through 2014 and 2015 had a profound and unfortunately negative impact on crude prices.

The global crude surplus of supply over demand ran at around 1.0 million to 2.0 million bopd throughout 2015. The lack of affirmative OPEC action and surging US shale production opened the trap door on crude prices for calendar 2015, as evident in **Woodside Petroleum'**s share price movement during 2015.

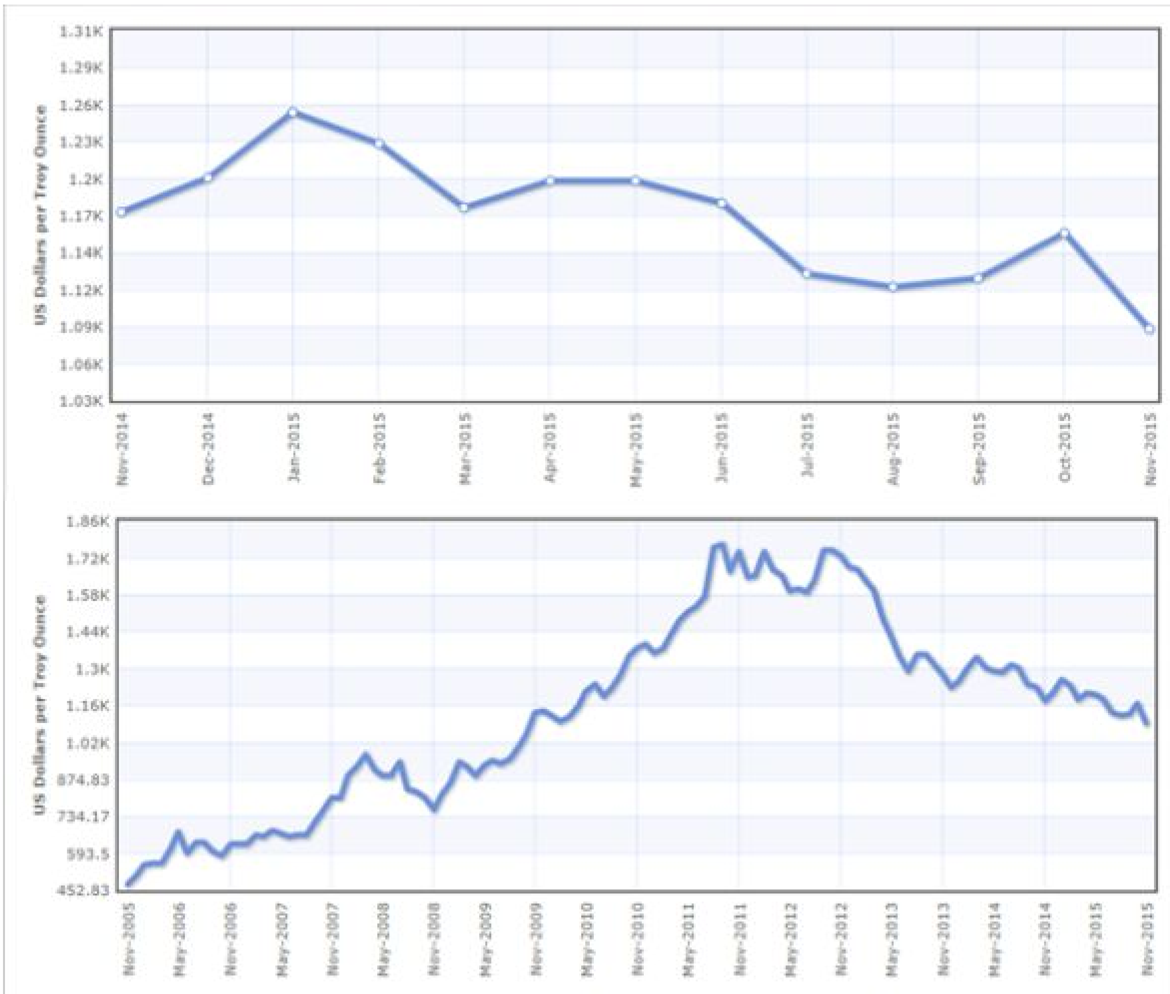
Woodside

Across the energy sector, the share price pattern shown by Woodside Petroleum's price movement in 2015 was repeated, as investors showed little confidence in the broader sector, especially toward the latter part of the year.

We expected the WTI price would close 2015 out in the range US$80 to US$90 per barrel (WTI closed 2014 at US$53 a barrel); we were way off the mark for 2015.

Gold

The price weakness across the broader commodities complex in 2015 did not leave gold out, albeit the price decline was modest compared to other commodity price falls, with the US dollar price for gold dropping by 11% over the year to around US$1,065 an ounce now. The gold price has also not performed this year, although gold's safe haven metric may have saved it from going over the price precipice (top chart 12 month price chart, bottom chart ten year price chart).



Source: Index Mundi

A stronger US Dollar played a major role in the gold price movement over the course of 2015. Investors backed a cash rate hike by the US Federal Reserve (FED) in 2015, as rhetoric by the FED Chair Janet Yellen indicated that a rate rise was at hand. Investors, as we saw in 2014 and on the same metric, punted on the US Dollar in 2015 as well. The safe haven metric that gold carries may have staved off any major price fall for the precious metal, as equity markets jittered throughout the year and geopolitical events were common.

The physical gold market provided little price support, with global demand for gold likely to fall in 2015, despite the lower gold price. Demand for gold in the December quarter will have to be exceptionally high to stop demand falling for the year. Fabrication for both jewellery and industry and technology will likely be softer in 2015, as both displayed softer demand for the nine months to 30 September. **Jewellery demand fell by two percent to 1,818 tonnes and industry and technology demand by three percent to 255 tonnes.**

Gold supply remains positive, as the gold price in many currencies other than in US Dollar terms has in fact risen. In Australian currency terms for example, the gold price rose by two percent over the year, to trade around A$1,478 an ounce. Other gold producing countries saw the same pricing impact in their domestic currency. The positive currency impact likely kept producers, other than US producers, working their mines. **The result saw mine production of gold for the first nine months on 2015 rise by two percent to 2,362 tonnes.**

Resource Stocks

While not reflective in their share prices, Australian energy companies in Oil Search and Santos benefitted from new liquid natural gas (LNG) trains coming on stream in 2015, which did and will have a significant impact on production numbers. While Woodside Petroleum was seeking growth, following the success of its own Pluto LNG project that commenced production a few years back.

Invariably in 2015, Woodside was attracted by Oil Search's new LNG growth profile and robust balance sheet with a large cash hoard, and bid A$11 billion for the company. The bid ultimately failed on a "low ball" offer price.

Santos on the other hand completed two LNG projects in 2015 and as a result was wearing debt in its balance sheet. Debt that caused market concerns over the stability of its balance sheet as energy prices fell. The company moved to rectify market concerns with a $3.5 billion capital raising exercise. Included in the package was a A$2.5 billion heavily dilutive, on the financial metrics of the company, equity raising initiative.

Despite the current weakness in the energy pricing cycle all three companies are**, we believe, well leveraged to the Asian energy market's insatiable demand for energy in the medium to long-term.** We expect to see some rational response from supply in the year ahead to curb production, which will add a further leveraging metric, in a rising crude price that will favour the three companies share prices.

Both Woodside and Oil Search have exceptional balance sheets which provide optionality for each as 2016 unfolds and investment opportunities could be readily found. Santos' balance sheet is in the midst of restructuring but with two new LNG facilities impacting production over the next two years, growth is assured.

China and its appetite for resources will continue to be the main driver of physical commodity demand in 2015. Although China's economy did slow over 2015, its authorities were prepared to actively stimulate through various monetary and fiscal policy initiates, to arrest the trend. Importantly, the Chinese Government will, we predict, continue to follow the same course in 2016, which will finally alleviate the concerns of the market around growth. This required change in perception surrounding China and supported by a swelling pool of economic data, is what is needed to drive positive sentiment towards resource stocks in 2016.

With the China scenario we see unfolding in 2016, both BHP Billiton and Rio Tinto are stand outs. Each company is leveraged to China, have robust balance sheets, claim low cost producer status in key commodities and hold tier-one producing long-life assets that can deliver flexibility during turbulent times and leverage in good.

Rio continues to navigate its turbulent trading environment, in our view. While doing so, it continues to maintain the capacity to position itself to leverage off any improvement in the broader commodity pricing environment.

Although BHP has been impacted recently by events in Brazil, following the dam ruptures, and does face a pending and uncertain funding liability, which we believe is now built into the share price, has the where-for-all to navigate this time.

The slide in the US Dollar gold price in 2015 was modest compared to 2014's price move, which did limit any major damage on the sector and provided investment opportunities for the prepared. Additionally, the better Australian Dollar gold price delivered the financial capacity for the prepared as well, to pick up undervalued assets.

One company that was prepared was Evolution Mining, which moved to acquire undervalued gold assets from offshore US sellers. Evolution also moved to acquire an Australian gold developer with assets adjacent to its own. These moves were opportune and deliver growth, with gold production now on a solid upward trajectory over 2015.

Evolution

The Australian economy, and the RBA

<u>Whilst the RBA did cut rates as we expected in 2015, they have left interest rate settings alone since May.</u> One reason for doing so has been a strong housing market, but this looks to be disappearing, with the hot spots in Sydney and Melbourne coming off the boil.

Surprisingly strong GDP and employment numbers have also given some reason for complacency on the part of the RBA however a lot of this has been down to the export sector, and this will be hampered if the $A starts to shoot up.

The AUD did go below 80 cents as we forecast at the start of the year, but we believe that recent strength will not be what Glenn Stevens and co are wanting. We see the AUD being engineered back below 70 cents in 2016, and therefore continue to favour plays whose earnings are positively correlated with AUD weakness.

A$

The Banks

The recommendations of the Murray inquiry and looming Basel measures saw higher capital requirements come in for the 'Big Four', and which are to be implemented by the middle of next year. Whilst the changes were inevitable, they have not been as punitive as some have feared. Nonetheless, the changes have seen the banks swing into gear with capital raisings and asset sales.

This has also seen mortgage lending tightened up, and rates move in the opposite direction to the cash rate. While the glory days of supernormal profits may be over, we believe the banks will remain healthy cash generators, with robust dividends set to underpin investor sentiment.

Having taken some profits on ANZ, Westpac, and CBA last year, we added NAB to the mix in 2015. The company's share price has lagged others, and we believe underperformance (earnings and share price wise) will be reversed following the divestment of the bank's troublesome UK operations.

We also remain very positive on **Bank of Queensland** as a regional exposure, with the playing field being somewhat levelled by the new capital requirements that are coming in for the bigger banks. We like what BOQ has done at its Specialist business, and also expect the bank to benefit from its overweight exposure to the Queensland region which should see a kick from the lower AUD.

Media

The reform of media ownership rules was put on ice, but we believe this may be revisited before too long now that a key proponent, Malcolm Turnbull, is in the top seat. In the meantime we should see participants continue to jockey for position, with a key deal this year being Ten's tie-up with Foxtel. We see the transaction as strengthening Ten's balance sheet, and competitive position and a significant step forward in the turnaround at the free to air operator.

Stock selection

Once again we saw a number of opportunities on both the buy side and the sell side this year.

We took the opportunity to exit (or partially exit) 8 recommendations in 2015 and these are outlined in a separate piece in this week's report.

On the buy side, **we added 6 companies** that we believe were being ignored by the market. Included in the list are companies positively exposed to further weakness in the currency, **Australian Agriculture**, and **Mantra Group**. We have remained bullish on Japan, and added another exposure here in the form of **Galileo**, while we also like the turnaround/growth story at kiwi-listed **Diligent**.

As noted, we added **NAB** as a banking exposure, believing that there will be some share price catch-up relative to other peers as the bank divests its troublesome UK operation. We also added another platform business to the mix in the form of **OneVue Holdings**, and the timing here looks to have been exemplary with the shares roughly doubling in six months.

Amongst some of the stocks recommended in 2014 we have seen some contrasting fortunes with Santos the most high profile disappointment. An ongoing sell-off in the oil price has compounded matters but the company is in a less precarious position now following the recent capital raising. At the other end of the scale **Qantas** has enjoyed a tailwind from a lower oil price, but there has been a much wider transformation program at play which has more miles to fly yet in our view. The shares are up over 190 percent since our recommendation 16 months ago.

On reflection 2015 will generally be remembered as a tough year for many markets, and one which arguably highlighted the importance of being diversified by both region, and sector as well as stock. The resource sector for example took another leg down, despite some signs of economic stability in China, and a bounce in that country's stock market from the August lows.

Meanwhile although the Australian economy remained fragile, there were bright spots, including industries leveraged to Australian dollar weakness such as tourism and agriculture. Whilst 2015 has presented challenges we believe that only underlines the importance of astute portfolio management, and also not chasing situations just because they appear 'cheap.' We believe such discipline remains as important as ever as we head into 2016. Meanwhile we are as committed as ever to uncovering excellent investment opportunities for Members again next year.

We discuss where we believe the opportunities will potentially lie in our 2016 Outlook piece in our next report on the 5th January. We will also once again unveil our views on the Top Themes for 2016, along with a few outliers.

Signing off on 2015, we would like to once again thank all Members for their continued support, and wish all a safe and happy Christmas and a prosperous New Year.

Best regards,

Fat Prophets

Disclosure:

The following stocks are held in the Fat Prophets Concentrated Australian Share Portfolio: AAD, ANZ, BHP, BOQ, CBA, ELD, EVN, JHX, MTR, NAB, NUF, OSH, OVH, PPS, QAN, RIO, SPK, TEN.

The following stocks are held in the Fat Prophets Income Model Portfolio: AAD, AJA, ANZ, BHP, BOQ, CBA, GJT, NAB, SPK, WBC, WPL.

The following stocks are held in the Fat Prophets Small/Mid-cap Model Portfolio: AJA, BOQ, ELD, EVN,GJT, HUB, JHX, MTR, NUF, OVH, PPS, QAN, SPK.

The following stocks are held in the Fat Prophets Mining and Resources Model Portfolio: BHP, EVN,RIO, STO, WPL, OSH,.

The following stocks are held in the Fat Prophets Global Portfolio: OSH, SPK.
