

Welcome to the Fat Prophets User Manual. We suggest you take a few minutes to read this document as it will assist you in maximising the benefit of your Fat Prophets Membership.

The User's Manual is a guide for Members on how to apply the Fat Prophets report to a share portfolio. The manual also contains useful information regarding the website, archives and how to access the report on a weekly basis. Fat Prophets is different to most other services in that every recommendation are branded with a particular 'symbol' to assist Members in determining the suitability of a particular stock. You will find an explanation of these 'symbols' within the manual, along with a description of the different risk profiles that accompany each recommendation.

The User's Manual also establishes the ground rules for the Fat Prophets Portfolio, and what happens after a recommendation is made. Every recommendation made by Fat Prophets can be easily referenced in the FAT Archive section of the Members Area. It is our intention to make our recommendations as transparent and accountable as possible, regardless of whether a stock is profitable or not. We believe that Fat Prophets is one of the first advisory services in Australasia to achieve 'transparency' of this clarity.

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STOCK MARKET FLUCTUATIONS

Members should note Fat Prophets predominantly applies a value-oriented investment style, with the typical holding period often being more than twelve months. From both a fundamental and charting perspective, we generally adopt a medium to longer term horizon when making recommendations.

On occasions the timing of our recommendations is wrong, and a stock could typically fall by 10 percent or more. In most cases this is of no great concern, provided the underlying fundamental value of the company remains intact. In these situations, we aim to maintain exposure to the stock (with a hold recommendation) until such time as the price action improves. In many such instances, further buy recommendations will be made if we perceive the opportunity as being favourable.

When a company's underlying financial position is sound and intrinsic value is obvious, the share price will typically recover at some point in time to reflect fair value. We generally only recommend selling an underperforming stock if the value assumption no longer holds true. As famed stock market investor Warren Buffet has often said, "You are neither right nor wrong because the crowd disagrees with you. You are right because your data and reasoning are right." Caltex is a prime example of this. After our initial recommendation in 2001, the oil refiner traded lower for an extended period losing 50 percent in value before going on to more than double from the initially recommended price.

Despite the sizable loss that followed the first buy recommendation (other buys followed at opportunistic lower prices), we remained firmly of the opinion that Caltex was trading significantly below fair value. This view was ultimately vindicated during 2002 and 2003 when Caltex went on to become one of the best performing stocks on the ASX. In our experience, patience is a key element to successful investing.

STOCK RECOMMENDATIONS

It is worth highlighting that buy recommendations are only made when the right opportunities surface. In the event of there being no suitable buy recommendations for a given week, we will provide Members with both updates to existing stocks within the Fat Prophets portfolio and macro-overview pieces. Being patient and waiting for the right opportunity is important when investing.

When a buy recommendation is made a price level will always be given where we think the stock should be bought up to. This level represents the maximum price that Members should pay when placing buy orders. If you are unable to buy the stock at the recommended level, we suggest leaving a bid with the broker and being patient.

Most stocks will trade above and below the recommended buy price over the short term. With patience however, in most situations Members should be able to purchase stock at the recommended price. On occasions, when a stock is thinly traded, we may use the terminology 'Buy around \$XYZ'. In this instance, Members should use discretion in fine-tuning their entry level. For hypothetical performance calculations, Fat Prophets will use the opening price the morning following the recommendation.

Once a sell recommendation is made, Members should aim to sell as closely as possible to the recommended price. For the purpose of tabulating our performance, in instances where the recommendation is to 'Sell around \$XYZ', Fat Prophets will use the opening price the morning following the recommendation.

In order to indicate what action, you should take on a stock, Fat Prophets uses the following letters:

Symbol	Meaning	Explanation
B	Buy	Buy stock for anticipated appreciation
S	Sell	Sell stock for anticipated share depreciation
SH	Sell Half	Sell half your holdings, lock in some profits or reduce risk
H	Hold	Hold stock, review of company fundamentals
T	Traffic Light	We like the stock, but it's presently too expensive

STRUCTURE OF A PORTFOLIO

Fat Prophets is not licenced to provide specific portfolio construction advice for individuals. We can, however, provide guidance to the type of holding that we believe a stock represents.

Below are meanings that we use to indicate what purpose a stock may serve in a portfolio:




Symbol	Explanation
Core	Predominantly large caps stocks, we consider “Core” recommendations as solid long-term holdings and worth of a place in all investors’ portfolios.
Special	Perhaps a turnaround story or “special situation”, these recommendations are designed to add variety to a portfolio.
Speculative	As the name suggests, these recommendations can carry high risk, with the promise of large rewards. Allocate capital accordingly.

RISK PROFILE

Risk is a critical element when deciding whether a particular recommendation is possibly suited to you. While we know a number of our Members are comfortable taking on higher risk situations, we strongly believe that you should not have exposure to too many high-risk ideas at any one time.

There is always a likelihood that high-risk ideas will experience a significant degree of volatility. We feel the best approach for less experienced Members (and those who dislike the likelihood of extreme volatility) is to limit themselves to the low and medium risk ideas. Please take note that there are significant risks involved when investing directly on the stock market and it is imperative that an investor has full comprehension of their own risk profile. We strongly suggest seeking the professional opinion of an investment advisor if you have any doubts over the suitability of a recommendation to your individual situation.

To make differentiating between the different risk profiles easy we again the three meanings below:

Symbol	Explanation
	Relatively low volatility. Long term expectation of capital loss low.
	Medium volatility. Potential for capital losses
	Very volatile. Potentially aggressive returns but higher risk of capital losses. Allocate fund accordingly.

PASSWORD ASSISTANCE

When you register for Fat Prophets, you will receive either an automatically generated password or a temporary one via welcome emails from our Account Manager. If you forget your password, use the "forgot my password" feature on the login page (<https://members.fatprophets.com/login>). Your access details are specific to you and therefore **MUST NOT BE TRANSFERRED** to anyone.

PUBLISHING SCHEDULE

Report	Publishing Times
Australasian Equities	Continuous publishing
Global Equities	Continuous publishing
Global Mining	Continuous publishing

ALLOCATING CAPITAL

With respect to allocating capital towards each recommendation, we believe the best approach is for Members to follow at least four or five stock ideas. The merit with this approach is diversification. Like the markets, Fat Prophets is not perfect and losses are unfortunately inevitable. However, with more irons in the fire there is potentially a greater chance of overall success.

We also recommend diversifying risk among different sectors, so as to avoid placing all eggs in the one basket. In order to keep brokerage charges down to a reasonable percentage, around \$2,000 or £1,000 is the minimum amount we would generally suggest allocating to each particular stock. If this means you do not have enough capital to follow four or five ideas, we believe it is best to follow fewer stocks and keep your minimum investment to approximately \$2,000 or £1,000.

It is important to remember that there is no pressure to buy the first recommendations that are made. We suggest being patient and taking some time to get an understanding of the Fat Prophets methodology. This will help ensure that the recommendations you choose to follow are the most suitable for you.

In order to help you select the most suitable recommendation, we 'brand' each individual stock idea. We also point out what we perceive to be the underlying risk factor.

STOP LOSSES

In our weekly equity reports, we do not use a set stop loss. This is for two reasons:

1. All our Members have different tolerances to risk, and as such it isn't possible for us to tailor a stop loss to suit everyone's needs.
2. Because we are combining fundamental analysis with chart analysis, a fixed dollar stop loss is generally not appropriate (like it would be if we were using charts alone). Instead, we will continue to recommend holding a stock as long as our underlying value assumptions remain valid.

Risk management is an important aspect to successful investing. In our opinion adhering to a strict stop loss is essential in some circumstances (for example where leverage or borrowed funds are involved) but more flexible in others (where diversified and well researched value investing is being applied).

We encourage members to diversify their stock holdings and not to place too much capital into high-risk recommendations.

CAN I ASK FOR ADDITIONAL STOCK ADVICE?

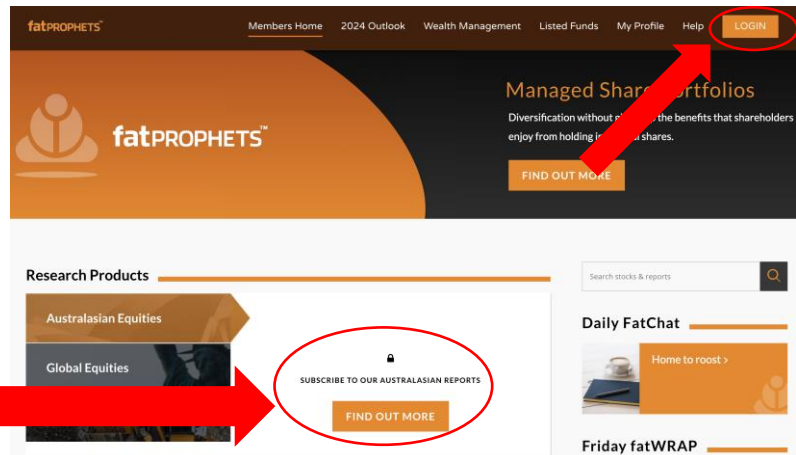
As a rule, we do not provide advice outside of the report. Each of our recommendations are thoroughly researched and this takes up a significant amount of time and resources. Unfortunately, from a time perspective we are simply unable to extend this to providing general advice on stocks not covered within the Fat Prophets Portfolio.

We encourage feedback about the report, and if there are any questions relating to a particular edition, please email your query through to us. However please understand that we cannot comment on individual stocks outside of the Fat Prophets Portfolio.

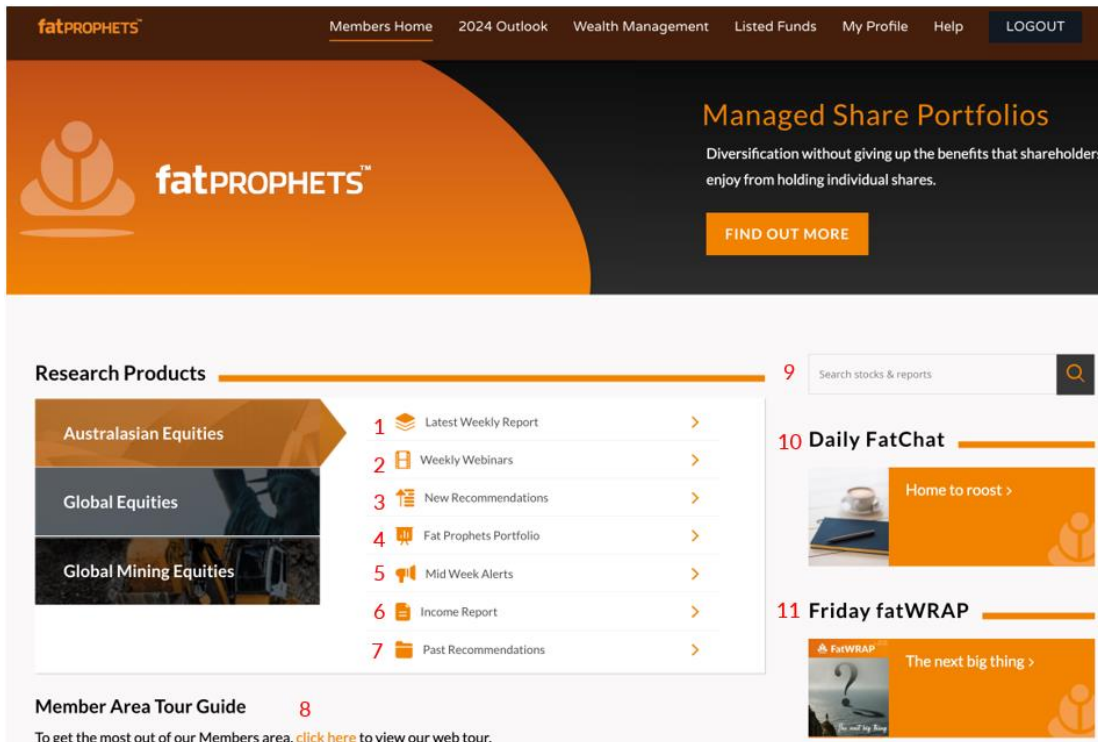
Fat Prophets Services

- FatCHAT
- Weekly Research
- Members WebCast
- FatWrap
- Investors' Alerts

If you see this message, check if you are logged in. If the issue continues, please contact your Account Manger



WEBSITE FEATURES



The screenshot shows the Members Area website interface. At the top, there is a navigation bar with links: Members Home, 2024 Outlook, Wealth Management, Listed Funds, My Profile, Help, and LOGOUT. Below the navigation bar, there is a large orange banner with the fatPROPHETS logo and the text 'Managed Share Portfolios' and 'Diversification without giving up the benefits that shareholders enjoy from holding individual shares.' A 'FIND OUT MORE' button is located below this banner. Below the banner, there is a 'Research Products' section with a list of items: 1. Latest Weekly Report, 2. Weekly Webinars, 3. New Recommendations, 4. Fat Prophets Portfolio, 5. Mid Week Alerts, 6. Income Report, and 7. Past Recommendations. To the right of this list is a search bar labeled '9 Search stocks & reports'. Below the search bar, there are two sections: '10 Daily FatChat' with a 'Home to roost >' button and '11 Friday fatWRAP' with a 'The next big thing >' button. At the bottom left, there is a 'Member Area Tour Guide' section labeled '8' with the text 'To get the most out of our Members area, click here to view our web tour.'

Below are the descriptions of all possible menu items:

1. **Latest Weekly Report:** Access the most recent weekly reports.
2. **Weekly Webinars:** Watch the latest Members' WebCast recording and find the registration link for upcoming WebCasts.
3. **New Recommendations:** View the latest stock recommendations from the past 90 days.
4. **Fat Prophets Portfolio:** Explore the full list of stocks currently in the Fat Prophets portfolio.
5. **Mid Week Alerts:** Browse the archive of mid-week update. When urgent info on a company is released, we use the mid-week-alert feature to keep our members up-to-date.
6. **Income Report:** Access the latest income report (Australasian and Global Equities only).
7. **Past recommendations:** View all stocks that have exited the Fat Prophets portfolio, including independently reviewed returns %'s.
8. **Member Area Tour Guide:** Watch a video on how to navigate the Member Area.
9. **Search Bar:** Search company names, stock codes, and find historical reports.
10. **Daily FatCHAT:** View the latest and archived FatChat content.
11. **Friday FatWrap:** View the latest and archived FatWrap content.