

FOLLOW THE HERD  
**OR HUNT IT.**

REPLACEMENT  
PROSPECTUS



# **Fat Prophets Global Contrarian Fund Ltd**

ACN 615 414 849

This Prospectus is for the Offer of Shares (each with an attaching Loyalty Option) to raise up to \$33,000,000 (with ability to accept an additional \$33,000,000 in over subscriptions).

Manager: Fat Prophets Funds Management Pty Limited ACN 615 545 536 Lead Manager:  
Taylor Collison AFS Licence 247083

**fatPROPHETS**

GLOBAL CONTRARIAN FUND

# REPLACEMENT PROSPECTUS

## **CONTRARIAN** *[NOUN]*

A contrarian is a person who deliberately behaves in a way that is different from the people around them.

This Prospectus is for the Offer of Shares (each with an attaching Loyalty Option) to raise up to \$33,000,000 with ability to accept an additional \$33,000,000 in over subscriptions

**fatPROPHETS**

FUNDS MANAGEMENT

### **MANAGER**

Fat Prophets Funds Management Pty Limited  
ACN 615 545 536



**TAYLOR COLLISON**

### **LEAD MANAGER**

Taylor Collison  
AFS Licence 247083



# IMPORTANT NOTICES

This replacement prospectus is dated 23 January 2017 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date (Prospectus). This document replaces the prospectus dated 16 January 2017 that was lodged with ASIC on that date (Original Prospectus). It is issued by Fat Prophets Global Contrarian Fund Limited (ACN 615 414 849) (Company) and is an invitation to apply for up to 30,000,000 Shares at an Application Price of \$1.10 per Share to raise up to \$33,000,000 (with an ability to accept oversubscriptions to raise a further \$33,000,000). For every 1 Share issued under the Offer, the Applicant will receive an entitlement to 1 Loyalty Option. Loyalty Options issued to an Applicant will either Vest or lapse on the date that is 12 months after the Company is admitted to the Official List. The number of Loyalty Options held by an Applicant that will Vest on the Vesting Date will be equal to the number of Shares issued to that Applicant under this Prospectus that the Applicant holds on the Vesting Date. Each Vested Loyalty Option is exercisable at \$1.10 from the Vesting Date and up to the date that is 12 months after the Vesting Date.

No responsibility for the contents of this Prospectus is taken by ASIC, ASX or any of their respective officers.

No Securities (other than Shares to be issued on the exercise of Loyalty Options) will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being 13 months after the date of this Prospectus.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

## Glossary of Terms

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary in Section 11.

## Exposure Period

The Corporations Act prohibits the issue of Securities in the period of 7 days after the date of lodgment of this Prospectus with ASIC. This period may be extended by ASIC by up to a further 7 days. This period is an Exposure Period to enable this Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

## ASX

The Company will apply to ASX within 7 days after the date of this Prospectus, for the Company to be admitted to the Official List and the Shares (including all Shares currently on issue) to be quoted on ASX. Vested Loyalty Options will not be quoted on ASX.

No Shares or Loyalty Options will be allotted until the minimum subscription has been received and permission has been granted by ASX for quotation of the Shares (including all Shares currently on issue) on terms acceptable to the Company.

The fact that ASX may list the Company is not to be taken as an indication of the merits of the Company or the Securities.

If permission is not granted for the Shares to be quoted before the end of 3 months after the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received under the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

## Dealers to the Offer

Offers under this Prospectus will be made pursuant to an arrangement between the Company and licensed securities dealers or Australian Financial Services Licensees pursuant to Section 911A(2) (b) of the Corporations Act. The Company will only authorise dealers to make offers to people to arrange

for the issue of Shares and Loyalty Options by the Company under this Prospectus and the Company will only issue Securities in accordance with such offers if they are accepted.

### **Risks and Your Investment Decision**

All investing involves general investment risks and each investment exposes investors to risks specific to that investment. Applicants should read this Prospectus in its entirety before deciding to apply for Securities. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

An investment in any listed entity carries risks. An outline of the significant risks that apply to an investment in the Company is set out in Section 5. Applicants are urged to consider this section of the Prospectus carefully before deciding to apply for Securities.

### **Important Notice to New Zealand Investors**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

### **Important Notice to Hong Kong Investors**

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance



(Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

#### **Important Notice to Singapore investors**

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities

and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

#### **Forward Looking Statements**

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 5 as well as other matters as yet not known to the Company or not currently considered material by Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

### Electronic Prospectus

An electronic version of this Prospectus (Electronic Prospectus) can be downloaded from [www.fatprophetsinvestors.com](http://www.fatprophetsinvestors.com)

The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia.

The Company will send you a paper copy of the Prospectus and Application Form free of charge if requested by you during the application period.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by a copy of the electronic Application Form. The Shares and Loyalty Options to which the Electronic Prospectus relates will only be issued on receipt of the applicable Application Form.

### How to Apply

An Application for Securities under the General Offer can only be made by completing and lodging the General Offer Application Form attached at the back of this Prospectus or by completing an online Application Form accompanying the electronic version of this Prospectus which is available at [www.fatprophetsinvestors.com](http://www.fatprophetsinvestors.com).

Detailed instructions on completing the Application Form can be found on the back of the Application Form.

Applicants under the Broker Firm Offer should contact their Broker. See Section 2.8 for details.

Applications must be for a minimum of 2,000 Shares and 2,000 Loyalty Options. A larger number of Shares and Loyalty Options may be applied for in multiples of 100 Shares and Loyalty Options.

Applications must be accompanied by payment of the Application Price in Australian currency of \$1.10 per Share.

No stamp duty is payable by Applicants.

Cheques should be made payable to "Fat Prophets Global Contrarian Fund Limited – Share Offer" and crossed "Not Negotiable".

Completed Application Forms, together with Application Monies, should be sent to the following address:

**Fat Prophets Global Contrarian Fund Ltd Share Offer**  
**Computershare Investor Services Pty Limited**  
**GPO Box 2115**  
**Melbourne VIC 3001 Australia**

Alternatively, Applicants can apply online at [www.fatprophetsinvestors.com](http://www.fatprophetsinvestors.com) and pay your Application Monies by BPAY.

### When to Apply

Application Monies and completed Applications to participate in the General Offer must be received by the Share Registry prior to 5.00 pm (Sydney time) on the Closing Date.

To participate in the Broker Firm Offer, Application Monies and Broker Application Forms must be returned to your Broker prior to 5.00 pm (Sydney time) on the Closing Date. See Section 2.8 for details.

The Directors may close the Offer at any time after expiry of the Exposure Period without prior notice or extend the Offer period in accordance with the Corporations Act. Early lodgment of your Application is recommended as the Offer may be closed early.

### General Offer Allocation Policy

The Directors reserve the right to allocate any lesser number of Shares and Loyalty Options than those for which an Applicant has applied. Where the number of Shares and Loyalty Options allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest.

### Allocation under the Broker Firm Offer

The allocation of Shares and Loyalty Options to Brokers under the Broker Firm Offer will be determined by the Company and the Lead Manager.

The Company, the Share Registry and the Lead Manager take no responsibility for any acts or

omissions by your Broker in connection with your Application, Application Form, Consent Letter and Application Monies (including, without limitation, failure to submit Application Forms by the close of the Broker Firm Offer).

#### **Currency and rounding**

References to dollars or \$ are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Prospectus are due to rounding.

#### **Enquiries**

Investors with questions on how to complete the Application Form or who require additional copies of the Prospectus should contact the Offer Information Line on **1300 750 153** (toll free within Australia) or **+61 3 9946 4458** (outside Australia) between 8:30am and 5:00pm (Sydney time) Monday to Friday.



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# Indicative Timetable

Lodgment of Original Prospectus with ASIC	Monday, 16 January 2017
Expiry of Exposure Period	Monday, 23 January 2017
Lodgment of this Prospectus with ASIC	Monday, 23 January 2017
Offer expected to open	Tuesday, 24 January 2017
Offer expected to close	Friday, 10 March 2017
Date of allotment and expected date of dispatch of holding statements	Friday, 17 March 2017
Trading of Shares expected to commence on ASX	Wednesday, 22 March 2017
Vesting Date for Loyalty Options	12 months after Shares are quoted on ASX
Loyalty Option Expiry Date	12 months after the Vesting Date

**Notes** \* The above dates are indicative only and may vary. The Company reserves the right to amend this indicative timetable, including by closing the Offer early or extending the Closing Date, subject to the requirements of the Listing Rules and the Corporations Act.

# Key Offer Statistics

Company	Fat Prophets Global Contrarian Fund Ltd (ACN 615 414 849)
Proposed ASX code	FPC
Securities offered	Fully paid Shares with 1 Loyalty Option for every Share issued under the Offer
Application Price	\$1.10
Loyalty Option Exercise Price	\$1.10
The minimum number of Shares and Loyalty Options available under the Offer	15,000,000 Shares and 15,000,000 Loyalty Options
The minimum proceeds from the Offer (before exercise of any Loyalty Options)	\$16,500,000
The maximum number of Shares and Loyalty Options available under the Offer (excluding oversubscriptions)	30,000,000 Shares and 30,000,000 Loyalty Options
The maximum proceeds from the Offer (before exercise of any Loyalty Options and excluding oversubscriptions)	\$33,000,000
The number of Shares and Loyalty Options issued under the Offer if it is fully subscribed (including oversubscriptions)	60,000,000 Shares and 60,000,000 Loyalty Options
Maximum Proceeds if the offer is fully oversubscribed	\$66,000,000
Pro forma NTA backing per Share* if the minimum subscription amount is raised	\$1.071 (based on pro forma balance sheet set out in section 6.3)
Pro forma NTA backing per Share* if the offer is fully subscribed including the oversubscriptions	\$1.081 (based on pro forma balance sheet set out in Section 6.3)

**Notes:** \* Based on the minimum and maximum NTA of \$16,065,195 and \$64,852,869 and the minimum and maximum shares on issue after completion of the Offer of 15,000,100 and 60,000,100.



Fat Prophets Global Contrarian Fund Ltd  
Level 3, 22 Market Street  
Sydney NSW 2000

**fatPROPHETS**  
GLOBAL CONTRARIAN FUND

16 January 2017

Dear Investor,

On behalf of the Directors of Fat Prophets Global Contrarian Fund Limited (ACN 615 414 849) (Company), I am pleased to present this Prospectus and to invite you to become an investor in the Company.

The Company has been established to provide investors with access to an actively managed global portfolio built around high conviction ideas, aiming at timing key investment inflection points to maximise returns. By adopting a contrarian approach this strategy will seek to identify investment opportunities that are being largely ignored by the wider market. The Company's investment portfolio will be managed by Fat Prophets Funds Management Pty Limited (Manager), an authorised representative of Fat Prophets Pty Ltd (Fat Prophets) under the terms of the management agreement. Fat Prophets is a specialist research, financial advice and funds management company with a 16 year operating history.

The investment strategy of the Company is to actively manage an investment portfolio across equities, commodities, currency, cash and derivatives throughout their respective market cycles with the aim of enhancing the long-term performance outcomes, using a contrarian investment style targeting key inflection points. The Manager's philosophy is that markets tend to overreact to events, which presents short term overpriced or underpriced opportunities. The Company will invest in a concentrated portfolio of investments targeting the turning points of these opportunities and will not be benchmark constrained, providing the agility to target opportunities across a wide range of asset classes, both rapidly and effectively. The Company is seeking to raise a minimum of \$16.5 million and a maximum of \$33 million (with the ability to accept oversubscriptions of \$33 million) under the Prospectus and to obtain a listing on the Australian Stock Exchange (ASX).

The Company also intends to undertake the issue of the Loyalty Options offered under the Prospectus on a one-for-one basis to investors who apply for Shares under this Prospectus. These Loyalty Options are exercisable at \$1.10. Loyalty Options that do not lapse become exercisable 12 months after the trading of Shares commences on the ASX. Terms and conditions of the Loyalty Options are set out in section 10.6.

This Prospectus contains further details of the Offer including information about the Company, its investment strategy and details of key risks of investing in the Company. I encourage you to read this Prospectus in full and carefully consider it before making your investment decision. See Section 5 for details of risks associated with an investment in the Company.

On behalf of the board of Fat Prophets Global Contrarian Fund Limited I very much look forward to welcoming you as a shareholder and personally serving you as chairman in the years to come.

Yours sincerely,



Michael Gallagher  
Chairman  
Fat Prophets Global Contrarian Fund Ltd

Fat Prophets Pty Ltd  
Level 3, 22 Market Street  
Sydney NSW 2000

**fatPROPHETS**  
FUNDS MANAGEMENT

16 January 2017

Dear Investor,

When I founded Fat Prophets Pty Ltd (ACN 094 448 549) (Fat Prophets) as an investment research house more than 16 years ago, I envisioned a firm that would have the strength of conviction to take a 'contrarian' strategic approach to investment and trading.

Today I am satisfied that ambition has been fully realised. Fat Prophets has grown to have a global footprint, and our stock picking and funds management services have had a solid performance track record. With this in mind, I believe the time has now come to take the next step and establish the Fat Prophets Global Contrarian Fund Limited (Company), where, for the first time, we give you the opportunity to invest your money alongside ours.

I have developed the Investment Strategy set out in Section 3.5 which was designed to leverage wealth creation opportunities where I believe the 'herd' have got it wrong. Taking this contrarian approach is increasingly being recognised as a strategy that adds value for investors, and one we have employed to generate strong results during the 16 years of running Fat Prophets.

A contrarian approach also makes a great deal of sense when you consider how over-crowded the stock investment space has become in recent years. Advancements in technology have proven to be a significant leveler, and masses of investors now have access to hordes of information previously off-limits. For most part, these investors are following the herd. We're not. We're hunting for opportunities that they've left behind.

The Company's approach will be to construct a concentrated portfolio with typically 15 to 25 stocks selected from developed markets within a medium-term horizon. We will also be employing the use of derivatives and leverage. To help balance out the portfolio and manage the risk, the portfolio will include trading opportunities in currencies, commodities and other security markets.

While the Listed Investment Company sector has grown considerably in recent years, the distinctive approach being adopted by the Company sets it apart from the crowd.

As with all investments, the Company is not without risk. Please read the Prospectus carefully, as this investment will not be suited to everyone. See Section 5 for details of risks associated with an investment in the Company.

I hope you find this opportunity as exciting as I do.

Yours sincerely



Angus Geddes  
Founder  
Fat Prophets Pty Ltd

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# 1. Offer Summary

Below is a summary of the key highlights of the Offer. This is a summary only and should be read in the light of the other information in this Prospectus, particularly the risks that are summarised on the following pages and set out in detail in Section 5.

## A. Key Investment Highlights

<b>What is the purpose of the Offer?</b>	The purpose of the Offer is to raise funds to undertake investments consistent with the investment objectives, strategy and guidelines outlined in this Prospectus and to satisfy requirements for listing on the ASX.	Section 3
<b>What are the highlights of the Offer?</b>	<p>The Company has been formed to provide its Shareholders with exposure to an actively managed and concentrated investment portfolio using tightly controlled levels of leverage when deemed appropriate.</p> <p>The Manager may invest in global equity, currency, commodity markets and other asset classes, with the aim of diversifying investment risk.</p> <p>By investing in the Company, Shareholders will:</p> <ul style="list-style-type: none"><li>(i) gain access to the skills of an experienced investment team;</li><li>(ii) diversify their own portfolio through exposure to a global multi-asset class investment strategy driven by a value based thematic style that seeks to identify and then take advantage of key investment inflection points; and</li><li>(iii) invest in a portfolio which is managed with the aim of reducing market directional risk. As it is newly incorporated, the Company has no existing business. Subject to the successful completion of the Offer, the Company will become an ASX listed company.</li></ul> <p>The Company will have its investment portfolio managed by the Manager within the terms laid down between the two parties in the Management Agreement. A summary of this agreement is provided in Section 9.</p> <p>The principal aim of the Company will be to provide Shareholders with long-term capital growth. However, the Company will seek to pay long term dividends as deemed appropriate by the Board subject to the profits of the Company and available imputation credits. (See Dividend Policy in Section 3.15)</p>	Section 3 and Section 9
<b>Investment Objective</b>	The Company's objectives are to maximise total returns on behalf of Shareholders over time, while remaining mindful of managing risk and reducing portfolio volatility. This is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.	Section 3.2
<b>Investment Strategy</b>	The Investment Strategy of the Company is to take a strongly contrarian approach to systematically investing in global themes at key inflection points across multiple asset classes, combining a strong core and concentrated portfolio of typically 15-25 listed securities and exchange traded funds for the majority of the Company's capital. The balance of the Company's capital will be invested between cash and an active trading portfolio. The active trading component will take advantage of shorter term opportunities regardless of market direction and be across a wider mandate including equities, currencies, commodities and derivatives, and have the ability to undertaking shorting.	Section 3.5

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**Key Risks**

Section 5

**Manager risk** - The success and profitability of the Company will largely depend upon the ability of the Manager to invest in Securities and other instruments that have the ability to generate a positive return for the Company. It follows also that the Company is exposed to the risk the Manager may make investments that lose money. Additionally, the Company faces the risk that the Manager may cease to manage the Investment Portfolio on its behalf.

**Key person risk** - The successful execution of the Company's Investment Strategy would be at risk should Angus Geddes stop being involved in the management of its Investment Portfolio.

**Interest rate risk** - Any variation in short and long-term interest rates could materially affect the operating results of the Company.

**Tax risk** - Investing in the Company may have a different tax outcome than investing directly. Tax liabilities incurred as a consequence of investing in the Company are the responsibility of each Shareholder.

**Regulatory risk** - The Company is exposed to the risk of changes to applicable laws or their interpretation which have a negative effect on the Company, its investments or returns to Shareholders and the risk of non-compliance with reporting or other legal obligations.

**Compensation fee structure risk** - The Manager receives compensation based on the Portfolio's net value and its performance. The fee structure may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Portfolio.

**Credit or counterparty risk** - The strategies of the Company rely on the successful performance of contracts with external counterparties, including securities brokers and issuers of Securities to which the Company may have investment exposure. There is a risk that these counterparties may not meet their responsibilities, including as a result of the insolvency, financial distress or liquidation of the counterparty.

**Limited diversification** - While the Manager seeks to diversify the Portfolio by asset classes, securities and industries, there may be a concentration of exposure in individual asset classes, securities or industries. The Company has flexibility to take significant positions in individual investments, and the Portfolio may be less diversified than those of other managers.

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**No operating or performance history** - The Company has no relevant performance history. The Company was incorporated on 19 October 2016 and is yet to commence trading. There is a risk that the Company's investment objectives will not be achieved.

**Liquidity risk** - The Company will be a listed entity, therefore the ability to sell Shares will be a function of the liquidity of the Company's Shares at the time of sale. Liquidity itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time. In addition, there is no guarantee that the Company's investments will be liquid.

**Market risk** - Investment returns are influenced by market factors, including changes in the economic conditions (e.g. changes in interest rates and economic activity), changes to the legislative and political environment, as well as changes in investor sentiment. In addition, exogenous shocks, natural disasters, acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to market volatility as well as impact directly on individual investments.

**Capital risk** - There is a risk that investments that form part of the Portfolio may fall in value over short or extended periods of time. Investors in the Company are exposed to capital risk both through their holding in investments as well as through the Portfolio.

**Derivative risk** - The Company may invest in exchange traded and over-the-counter derivatives including options, contracts for difference, participatory notes, futures and swaps, fixed income, currency, commodity and credit default exposures, currency forwards/contracts and related instruments. The Company may use derivative instruments (both exchange traded and over-the-counter) for risk management purposes and to take opportunities to increase returns. Investments in derivatives may cause losses associated with the value of the derivative failing to move in line with the underlying security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction.

**Industry risk** - There are a number of industry risk factors that may affect the future operation or performance of the Company. These factors are outside the control of the Company. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.

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## B. Key Information About The Company And Manager

<b>What is the financial position of the Company?</b>	<p>The Company was incorporated on 19 October 2016.</p> <p>A pro-forma balance sheet is set out in Section 6. The Company has no performance history. The Company will use the Company's investment strategy as summarised at Section 3.5.</p>	Section 6 and Section 3.5
<b>Who are our Directors?</b>	<p>The Company has an experienced Board. The Directors are:</p> <p>Michael Gallagher – Independent Chairman</p> <p>Katrina Vanstone – Independent Director</p> <p>Angus Geddes – Independent Director</p>	Section 8
<b>What are the Directors to be paid?</b>	<p>The Directors will receive the following amounts by way of directors' fees for the first year:</p> <p>Michael Gallagher: \$40,000</p> <p>Katrina Vanstone: \$30,000</p> <p>Angus Geddes: \$0</p>	Section 8.4
<b>Who will manage investments?</b>	<p>The Manager is Fat Prophets Funds Management Pty Ltd, ACN 615 545 536, an Authorised Representative of Fat Prophets Pty Ltd (Australian Financial Services Licence Number: 229183).</p>	Section 4
<b>What will the Company invest in?</b>	<p>The Company will invest in:</p> <ul style="list-style-type: none"> <li>(i) listed securities, being any security quoted on global stock markets including without limitation, shares, securities, units or notes which are redeemable, preference or deferred, fully or partly paid, with or without any right, title or interest thereto or therein (including a right to subscribe for or convert to any such security and including a right to subscribe for or convert to any such security if it is unlisted and there are plans to list);</li> <li>(ii) warrants and options to purchase any investment and warrants, and options to sell any investment which is a permitted investment;</li> <li>(iii) cash, including cheques, bank deposits, bank transfers, bank drafts and bills of exchange;</li> <li>(iv) debentures, unsecured notes and bonds of a corporation of at least an investment grade credit rating granted by a recognised credit rating agency;</li> <li>(v) units or other interests in cash management trusts;</li> <li>(vi) exchange traded funds;</li> <li>(vii) commodities;</li> <li>(viii) currencies;</li> <li>(ix) futures or derivatives contracts over shares, currencies and commodities or equity indices or any other kind of foreign currency hedging; and</li> <li>(x) any other investment which the Manager may utilise in the management of the Portfolio in accordance with the AFSL it is operating under.</li> </ul>	Section 3.6

<b>Will the Company participate in short selling?</b>	<p>The Manager will be permitted to undertake short selling while managing the Company's investment portfolio as part of the Investment Strategy to benefit from declining security prices and reduce portfolio volatility. It is expected that short selling will be implemented through borrowing Securities and providing stock or cash as collateral.</p> <p>Short selling can increase investment returns, but also reduce them. The Company has adopted the short selling policy in Section 3.11 to manage this risk.</p>	Section 3.11
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<b>What experience does the Manager have?</b>	<p>The Company proposes having its Investment Strategy implemented by Fat Prophets Funds Management Pty Ltd (Manager), an Authorised Representative and a wholly owned subsidiary of Fat Prophets Pty Ltd (ABN 62 094 448 549), operating under Australian Financial Services Licence 229183. The Manager is led by Angus Geddes who co-founded Fat Prophets Pty Ltd in 2000 and is its current Chief Executive Officer. Angus has considerable experience investing in multiple asset classes across global markets, built up over the course of more than 20 years in the investment industry. Fat Prophets has accrued considerable investment knowledge and skills covering global equities, commodities &amp; currencies. Services provided to its clients include the provision of company and macro-economic research to over 10,000 subscribers together with a range of model portfolios, the first of which was set up in May 2007, specifically constructed to meet the investment management needs of individual investors. The investment strategies covered are; global shares, Australian shares, mining and resources, Australian share income, small and mid-cap and UK equity. As at the end of December, 2016 total funds under management in these models stood at A\$87.2m.</p> <p>Angus Geddes has been engaged by the Manager to act as lead portfolio manager. In that role, Angus will be supported by the following investment team:</p>	Section 4
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#### **Simon Wheatley**

Simon has over 20 years of listed markets experience, having started out in equity research in 1996, before heading sector equity research teams for JB Were and Goldman Sachs from 1999 in Australia and New York.

Additionally he has had successful private business ventures, and most recently headed Real Estate Corporate Advisory for Australia and New Zealand for Goldman Sachs. Simon is a contractor to Fat Prophets Pty Ltd.

#### **Max McKegg**

Max is a foreign exchange professional with three decades of FX trading/ forecasting experience. Max worked in foreign exchange with the Bank of New Zealand for 8 years until 1993 prior to establishing Technical Research Limited. Max is a contractor to Fat Prophets Pty Ltd.

#### **Amandeep Mashiana**

Amandeep has worked for Fat Prophets since 2009, based in the London office as a senior analyst and investment manager within the wealth management business. Prior to joining Fat Prophets in 2009 Aman was an account manager at Corporate FX in London, a business providing companies with bespoke currency solutions

### **Richard Fabricius**

Richard has worked at Fat Prophets for over nine years. He is a senior member of Fat Prophets Sydney based wealth management team. Having worked within the investment management industry for over thirty years, Richard has accumulated a wealth of experience as a diversified portfolio manager, client adviser and business manager.

<b>What is the term of the Manager's appointment?</b>	<p>ASX Listing Rule 15.16 sets a maximum of 5 years for a management agreement. The Company has sought and been granted in principle ASX relief in respect of Listing Rule 15.16 so that the Management Agreement provides for the appointment of the Manager for an initial term of 10 years (unless terminated earlier). The waiver is expected to be granted prior to the inclusion of the Company in ASX's Official List.</p> <p>If the ASX relief is not provided then the initial term of the Management Agreement will be for five years unless terminated earlier in accordance with the terms of the Management Agreement, with further renewals of five years.</p>	Section 9.1
<b>Does the Board approve investments?</b>	<p>The Portfolio will be managed by the Manager in line with the Investment Strategy as set out in Section 3.5. The Manager is permitted to undertake investments on behalf of the Company which are consistent with this strategy without prior Board approval. Any material variation from the Investment Strategy must be reviewed and approved by the Board prior to implementation.</p>	Section 3.5 and Section 9.1
<b>What are the key terms of the Management Agreement?</b>	<p>The Manager will be responsible for providing the following key services:</p> <ul style="list-style-type: none"><li>- Investment management and executing the Investment Strategy set out in Section 3.5 of this Prospectus.</li><li>- Providing investment performance reporting.</li><li>- The Manager is entitled to be paid certain fees under the Management Agreement. These fees include Management Fees, Performance Fees and in certain circumstances, termination fees. For details of these fees, how they are calculated and when they are payable, see Section 9.1</li></ul> <p>The Company can terminate the Management Agreement if the Manager experiences an insolvency event or breaches its obligations under the agreement and does not remedy the breach within 30 days.</p>	Section 3.5 and Section 9.1
<b>What fees will the Manager receive?</b>	<p><b>Management Fee</b></p> <p>In return for the performance of its duties as Manager of the Company, the Manager is entitled to be paid a Management Fee payable monthly in arrears equivalent to 1.25% per annum (plus GST) of the Portfolio Value calculated at the end of the month (Management Fee).</p> <p><b>Performance Fee</b></p> <p>In addition to the monthly Management Fee, in return for the performance of its duties as Manager of the Portfolio, the Manager is entitled to be paid a quarterly Performance Fee of 20% (plus GST) of the difference between the Portfolio Value at the end of the relevant period and highest Portfolio Value of any preceding period (Performance Fee) allowing for adjustments based on any dividend payments or capital issues.</p> <p>See Section 9.1 for examples of how the Performance Fee would be calculated.</p>	Section 9.1

<b>What is NTA and what is it used for?</b>	NTA means the net tangible assets of the Company, being the value of all the assets of the Company less liabilities. NTA is calculated monthly in accordance with the Listing Rules. The NTA will be made available to investors every month via the ASX to enable them to monitor the value of the Company's investments.	Section 11
<b>Do any related parties have any significant interests in the Company or connected to the Offer?</b>	<p>Each Director is a related party of the Company. The Directors, and entities associated with them, are permitted to participate in the Offer.</p> <p>Angus Geddes and entities associated with him currently intend to participate in the Offer by investing a minimum of \$1,000,000 in total into the Offer.</p> <p>Angus Geddes is a director of the Company and is the sole director of the Manager. Angus is also the sole director and a significant shareholder of Fat Prophets of which the Manager is a wholly owned subsidiary. The Manager will receive various fees including a Management Fee and may receive a Performance Fee for managing the Portfolio. Details of the Management Agreement and all fees payable to the Manager are set out in Section 9.1.</p>	Section 4, Section 9.1 and Section 8.6
<b>Will the Company pay dividends?</b>	The Company will seek to pay dividends as deemed appropriate by the Board. It is expected that no dividend will be paid within the first 18 months post listing, and the dividend policy will be reviewed thereafter by the board with a preference to paying annual dividends.	Section 3.15
<b>What is the Company's foreign currency policy?</b>	The Company will be exposed to fluctuations in foreign currencies. The Manager may use foreign exchange derivative instruments to both raise and lower the level of this exposure and also create exposure to currencies for trading purposes. While the Company has adopted the Australian dollar as its base currency, the Portfolio's foreign exchange exposure will not be automatically hedged back to the Australian dollar.	Section 3.12
<b>Can the Company hold cash?</b>	The Company may hold up to 100% of the market value of the Portfolio in cash but under normal market conditions does not expect the cash level to exceed 20%. The level of cash held will be at the Managers discretion as determined by factors such as but not limited to market sentiment and the availability of other suitable investments.	Section 3.5

## C. Key Highlights About The Offer

<b>Who is the issuer of the Shares and this Prospectus?</b>	Fat Prophets Global Contrarian Fund Limited ACN 615 414 849	Section 3
<b>Benefits of a Listed Investment Company Structure over an Open Ended Structure</b>	<p>As a listed investment company the Company has what is termed 'a closed end' structure. This means the number of shares on issue is fixed and set by the Board from time to time.</p> <p>As a result, the Company will not issue new shares or cancel them as investors enter and leave the investment fund. This allows the Company to concentrate on the performance of the portfolio invested over the longer term without having to provide for continuous inflows or outflows of monies.</p>	
<b>What is the Offer?</b>	The Company is proposing to raise a minimum of \$16,500,000 (Minimum Subscription) and up to \$33,000,000 (Maximum Subscription). The Company reserves the right to receive oversubscriptions for Shares to raise an additional amount of \$33,000,000 (Oversubscription). The Company is also issuing 1 Loyalty Option for every Share subscribed.	Section 2.1
<b>What are the Loyalty Option Terms?</b>	Each Loyalty Option is exercisable at \$1.10 and will vest on the date that is 12 months from the date of quotation of the Shares on the ASX (Vesting Date). The Loyalty Options will have an exercise period of 12 months commencing on the Vesting Date. Shares issued as a result of the loyalty options being exercised will only be quoted after the options have actually been exercised.	Section 2.1
<b>Is the Offer underwritten?</b>	No	Section 2.5
<b>Is there a Minimum Subscription?</b>	Yes, the Company must receive valid Applications for 15,000,000 Shares and Loyalty Options in order for the Offer to proceed.	Section 2.1
<b>Who can participate in the Offer?</b>	Investors that have a registered address in Australia, New Zealand, Hong Kong and Singapore can participate in the Offer.	Section 2.1 and Section 2.2
<b>How to participate in the Offer?</b>	The procedures for making an investment in the Company are described in Section 2.6.	Section 2.6
<b>How to participate in the Broker Firm Offer?</b>	If you are applying for Shares under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Application Form. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Registry.	Section 2.3 and Section 2.8

<b>Is there a minimum number of Shares and Loyalty Options Applicants must apply for?</b>	Yes. Each Applicant must subscribe for a minimum of 2,000 Shares and 2,000 Loyalty Options under the Offer.	Section 2.6
<b>What is the Applicant Price payable by Applicants under the Offer?</b>	All Applicants under the Offer will pay an Application Price of \$1.10 per Share.	Section 2.1
<b>Do Applicants have to pay to subscribe for Loyalty Options under the Offer.</b>	No. Applicants do not have to pay to subscribe for Loyalty Options under the offer.	Section 2.1
<b>What are the fees and costs of the Offer?</b>	<p>The Company will pay the Lead Manager a fee of \$50,000 and 0.25% (plus GST) of the total gross proceeds of the Offer.</p> <p>In addition, the Company will also pay a selling fee of 2.5% (plus GST) of the total amount raised from Securities subscribed for and settled by the Lead Manager and appointed co manager, or their brokers and affiliates under the Broker Firm Offer.</p> <p>The costs of the Offer, net of tax and GST, include legal, accounting, marketing and other costs associated with the preparation of the Prospectus and the issue of Shares and Loyalty Options.</p> <p>These costs inclusive of GST are estimated to be:</p> <p>(a) \$642,052 assuming the Minimum Subscription; and</p> <p>(b) \$985,175 assuming the Maximum Subscription; and</p> <p>(c) \$1,752,472 assuming the Offer is fully subscribed and the Company accepts oversubscriptions.</p>	Section 9.3 and Section 10.10
<b>Who is the Lead Manager?</b>	Taylor Collison Limited	Section 9.3
<b>What are the significant tax implications of investing in the Company?</b>	Investors should seek tax advice based on their own specific circumstances prior to making a decision to invest in the Company.	Section 5.4
<b>How can further information be obtained?</b>	<p>Investors with questions on how to complete the Application Form or who require additional copies of the Prospectus should contact the Share Registry on <b>1300 750 153</b> (toll free within Australia) or <b>+61 3 9946 4458</b> (outside Australia).</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>	



**WOLVES DON'T LOSE  
SLEEP OVER THE  
OPINION OF SHEEP.**



## 2. Information for Investors

### 2.1 Details of the Offer

The Company is offering for subscription up to 30,000,000 Shares (together with 1 free attaching Loyalty Option for each Share) at an issue price of \$1.10 per Share, to raise up to \$33,000,000. The Company will accept oversubscriptions of up to an additional 30,000,000 Shares (together with 1 free attaching Loyalty Option for each Share) to raise up to an additional \$33,000,000.

Each Loyalty Option will have an exercise price of \$1.10 and will vest on the date that is 12 months after the date of quotation of the Shares on the ASX (Vesting Date). The number of Loyalty Options held by an Applicant that will Vest on the Vesting Date will be equal to the number of Shares issued to that Applicant under this Prospectus that the Applicant holds on the Vesting Date. The Loyalty Options will have an exercise period of 12 months commencing on the Vesting Date.

The rights attaching to the Shares are set out in Section 10.5 and the terms of the Loyalty Options are set out in Section 10.6. The minimum subscription for the Offer is \$16,500,000, being receipt of valid Applications for not less than 15,000,000 Shares and 15,000,000 attaching Loyalty Options.

If Applications for the minimum subscription are not received by the Company before the end of three months after the date of this Prospectus (or such longer period permitted by the Corporations Act with the consent of ASIC), all Application Monies received pursuant to the Prospectus will be refunded in full, without interest to Applicants, within the time prescribed by the Corporations Act.

As the Loyalty Options will be issued for free, no funds will be raised by the grant of the Loyalty Options. If 15,000,000 Loyalty Options are issued under this Prospectus and are all subsequently exercised, the Company will raise a further \$16,500,000.

The Offer is made up of the General Offer and the Broker Firm Offer (detailed in Section 2.3).

To participate in the General Offer, your Application Form must be received by the Share Registry by 5:00pm (Sydney time) on the Closing Date. If you are applying for Shares under the Broker Firm Offer you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation.

The basis of the allocation of the Shares and Loyalty Options will be determined by the Company and the Lead Manager subject to any firm allocation under the Broker Firm Offer. Certain applicants nominated by the Company may be given preference in the allotment of Shares and Loyalty Options. The Company reserves the right in its absolute discretion to not issue Shares and Loyalty Options to Applicants under the General Offer and may reject any Applications or allot a lesser amount of Shares and Loyalty Options than those applied for at its absolute discretion.

The Offer will only be made to investors who have a registered address in Australia, New Zealand, Hong Kong and Singapore.

### 2.2 Selling Restriction

#### **Important information to New Zealand investors**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and Regulations made under that Act. In New

Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

### **Important information to Hong Kong investors**

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and

any rules made under that ordinance). No person allotted Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### Important information to Singapore investors

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## 2.3 Parts to the Offer – The General Offer and the Broker Firm Offer

There are two parts to the Offer:

1. The General Offer, which is open to investors with a registered address in Australia, and subject to the selling restriction set out in section 2.2, New Zealand, Singapore and Hong Kong; and
2. The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia, and subject to the selling restriction set out in section 2.2, New Zealand, Singapore and Hong Kong.

Applicants who have been offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

Details of how to apply for Shares and Loyalty Options under the Offer are set out in Sections 2.6, 2.7 and 2.8.

## 2.4 Dealers to the Offer

Offers under this Prospectus will be made pursuant to an arrangement between the Company and dealers pursuant to Section 911A (2)(b) of the Corporations Act. The Company will only authorise dealers to make offers to people to arrange for the issue of Shares and Loyalty Options by the Company under the Prospectus and the Company will only issue Shares and Loyalty Options in accordance with such offers if they are accepted.

The Company has such an agreement with the Lead Manager, Taylor Collison. The Manager has agreed to pay Taylor Collison a fee of \$1.00 (exclusive of GST) in relation to that arrangement.

## 2.5 Offer not Underwritten

The Offer is not underwritten.

## 2.6 Applications for Shares and Loyalty Options under the General Offer

Applications for Shares and Loyalty Options must be made and will only be accepted on an Application Form.

Applicants who are not participating in the Broker Firm Offer must complete the Application Form marked "General Offer" accompanying this prospectus or complete the online Application Form accompanying the electronic version of this Prospectus which is available at [www.fatprophetsinvestors.com](http://www.fatprophetsinvestors.com).

The Application Form accompanying this Prospectus must be completed in accordance with the instructions set out on the reverse side of the Application Form. The online Application Form accompanying the electronic version of this Prospectus which is available at [www.fatprophetsinvestors.com](http://www.fatprophetsinvestors.com) must be completed in accordance with the instructions provided on the website. Applications must be for a minimum of 2,000 Shares and 2,000 Loyalty Options for a total of \$2,200.

A binding contract to issue Shares and Loyalty Options will only be formed at the time Shares are allotted and Loyalty Options granted to Applicants.

## 2.7 Payment of Application Monies under the General Offer

Applications under the General Offer must be accompanied by payment of the Application Amount in Australian currency of \$1.10 for each Share applied for (no Application Monies are required to be paid with respect to the Loyalty Options).

Application Monies payable with respect to the General Offer may be provided by BPAY or cheque(s). No stamp duty is payable by Applicants under the General Offer.

Application Forms will be accepted at any time after the issue of this Prospectus and prior to the close of business on the Closing Date.

Application Monies are payable with respect to the Broker Firm Offer in accordance with the directions of the Broker from whom you received a firm allocation. See Section 2.8 for details.

### Payment by Cheque

Cheque(s) must be drawn on an Australian branch of a financial institution and made payable to "Fat Prophets Global Contrarian Fund Ltd - Share Offer" and crossed "Not Negotiable".

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) for Application Monies is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms and accompanying cheques may be mailed to the Share Registry as follows:

### By Post

**Fat Prophets Global Contrarian Fund Ltd - Share Offer**  
**Computershare Investor Services Pty Limited**  
**GPO Box 2115**  
**Melbourne VIC 3001 Australia**

### Payment by BPAY

You may apply for Shares and Loyalty Options online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at [www.fatprophetsinvestors.com](http://www.fatprophetsinvestors.com) and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid. It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

## 2.8 Broker Firm Offer Applications and Payment

If you are applying for Shares and Loyalty Options under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Application Form. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Registry.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an application form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus.

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on the Closing Date.

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. The allocation of Shares to Brokers will be determined by the Company. It will be a matter for the Brokers how they allocate Shares among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them receive the relevant Shares and Loyalty Options.

The Company and Registry take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Application Form and Application Monies (including, without limitation, failure to submit Broker Firm Application Forms by the close of the Broker Firm Offer).

Please contact your Broker if you have any questions.

## 2.9 ASX Listing

Application will be made to ASX within seven days after the date of this Prospectus for the Company to be listed on ASX and for quotation of the Shares issued pursuant to this Prospectus and all other Shares on issue as at the date of such quotation. ASX quotation of the Shares, if granted, will commence as soon as practicable after holding statements are dispatched. The fact that ASX may list the Company is not to be taken as an indication of the merits of the Company or the Shares or Loyalty Options.



The Directors do not intend to allot any Shares unless and until ASX grants permission for the Shares to be listed for quotation unconditionally or on terms acceptable to the Directors.

If permission is not granted for the Shares to be listed for quotation before the end of three months after the date of this Prospectus (or such longer period permitted by the Corporations Act with the consent of ASIC) all Application Monies received pursuant to the Prospectus will be refunded in full without interest to Applicants, within the time prescribed by the Corporations Act.

## 2.10 Allotment

No allotment of Shares and Loyalty Options will be made until the minimum subscription has been received and permission has been granted by ASX for quotation of the Shares unconditionally or on terms acceptable to the Directors. It is expected that allotment of the Shares and Loyalty Options will take place by the Allotment Date.

An Application constitutes an offer by the Applicant to subscribe for Shares and Loyalty Options on the terms and subject to the conditions set out in this Prospectus.

The Board reserves the right to accept, reject or scale back any Application, in its absolute discretion. Where the number of Shares and Loyalty Options allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be refunded without interest to Applicants, within the time prescribed by the Corporations Act.

## 2.11 CHESS

The Company will apply to ASX to participate in the securities Clearing House Electronic Subregister System known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of the ASX) in accordance with ASX Listing Rules and the ASX Operating Rules. The Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the principal register of securities. Under CHESS, the Company will not be issuing certificates to successful investors following allotment, the Company will provide each Shareholder whose address is in Australia, and subject to the selling restriction set out in section 2.2, New Zealand, Singapore and Hong Kong, with a holding statement (similar to a bank account statement) which sets out the number of Shares allotted and Loyalty Options granted to each Shareholder pursuant to this Prospectus. If applicable, the holding statement will also advise Shareholders of their Holder Identification Number (HIN) or Sponsoring Issuer Number (SRN).

If a Shareholding changes during a month, the Shareholder will receive a statement at the end of that month. Shareholders may also request statements at any other time (although the Company may charge an administration fee). It is the responsibility of Applicants to determine their allocation prior to the trading of the Shares. Applicants who sell Shares or Loyalty Options before they receive notice of their allocation do so at their own risk.

## 2.12 Overseas Shareholders

The Offer is an offer to Australian investors and, subject to the selling restriction set out in section 2.2, New Zealand, Singapore and Hong Kong investors with their registered address being in those jurisdictions as at the date of this Prospectus. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

## United States residents

The Securities being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

## 2.13 Privacy

When you apply to invest in the Company, you acknowledge and agree that:

- (a) you are required to provide the Company with certain personal information to:
  - (i) facilitate the assessment of an Application;
  - (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
  - (iii) carry out appropriate administration;
- (b) the Company may be required to disclose this information to:
  - (i) third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis; and
  - (ii) third parties if that disclosure is required by law; and
- (c) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the Privacy Act 1988 (as amended), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by telephoning or writing to the Manager.

## 2.14 Anti-Money Laundering / Counter-Terrorism Financing Act 2006

The Company, the Manager or Lead Manager may be required under the Anti-Money Laundering / Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants.

The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

A black and white photograph of a large herd of wildebeest in a savanna setting. The animals are densely packed, with many heads and horns visible, creating a sense of a large, unified group. The text "BREAK FREE FROM THE HERD." is overlaid in the center in a bold, white, distressed font. The background shows a grassy field with some trees in the distance.

**BREAK  
FREE FROM  
THE HERD.**

## 3. Information on the Company

### 3.1 Overview of the Company

Fat Prophets Global Contrarian Fund Limited is a newly incorporated company that was established on 19 October 2016. Its purpose is to provide investors with access to a listed vehicle that will invest predominantly in Securities, currencies and commodities traded across global markets in a style that seeks to enhance returns through the disciplined use of leverage and shorting together with a range of financial derivatives, including but not limited to futures, options and contracts for difference. It will employ a conviction investing approach for the majority of the portfolio, investing in typically 15-25 global equities, with the balance of the company assets invested in short term trading opportunities and cash.

The Company's Portfolio will be constructed in accordance to the Manager's investment approach, which aspires to create value over the long-term by adopting a contrarian approach that identifies investments either close to or at their point of inflection, in both upward and downward directions.

### 3.2 Investment Objective

The Company's objectives are to maximise total returns on behalf of Shareholders over time, while remaining mindful of managing risk and reducing portfolio volatility. This is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.

### 3.3 Investment Philosophy

After extensive discussions with Fat Prophets, the Board has decided to adopt the investment philosophy of Fat Prophets, as developed by its joint founder, Angus Geddes, drawing on the experience he has gained as a stock broker, stock and market analyst and portfolio manager. It is his belief that markets can be highly inefficient, particularly over short to medium periods of time. In part this is due to inefficient dissemination of information, particularly among smaller capitalised companies and markets, but a more widespread cause is human behaviours such as collective emotional bias. As a result, individual stocks, whole sectors and markets can become either overvalued or undervalued, often to a significant degree. However, over time economic fundamentals will return market prices to their correct level, allowing value creation through active investment management. Fat Prophets, having adopted this philosophy, has found that by identifying such valuation distortions through a combination of top down and bottom up research and then taking a contrarian stance to position portfolios appropriately, it is possible to outperform markets as a whole after allowing for costs over the medium to long term.

### 3.4 Investment Style

The investment style is "active", creating a portfolio of investments that is not comparable in make-up to any specific benchmark.

### 3.5 Investment Strategy

The Investment Strategy of the Company is to take a strongly contrarian approach and to systematically invest in global themes at key inflection points across multiple asset classes, combining a strong core portfolio of long only positions with active trading to take advantage of shorter term opportunities regardless of market direction.

Under normal market conditions approximately 60% of the Portfolio will be allocated to a high conviction concentrated selection of 15-25 global listed securities and exchange traded funds. The Manager will seek to enhance returns when it deems appropriate through leveraging this portion of the Portfolio via a margin loan facility, typically within a leverage range of between 40% and 60%, but will not invest in any derivatives or other investments which will further leverage the portfolio against this high conviction portion of the portfolio.

The balance of the funds available (typically 40%) will be divided between a cash reserve and active short term trading.

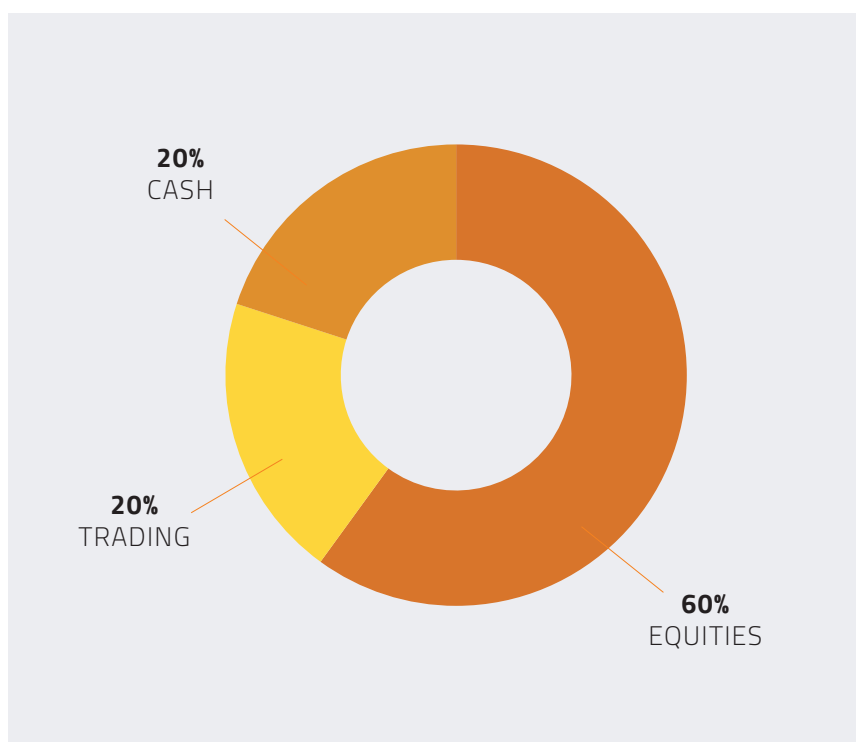
The Manager may hold up to 100% of the Portfolio in cash if it deems this to be appropriate, but typically does not expect the cash level to exceed 20%. The weighting allocated to trading is expected to be normally matched by cash as part of the Manager's risk management approach as shown in the diagram below.

The trading component of the portfolio will seek to take active positions in various global investments across a range of investments including equities, currencies, and commodities and will involve the ability to undertake short selling (refer to section 3.11 for further information on short selling). This portion of the portfolio will also have the ability to invest in options, contracts for difference and futures.

The investment company will be employing various investments and strategies which will have the effect of leveraging the portfolio. Total leverage across the portfolio as a whole is not to exceed 250% without Board approval. This means that for every \$100 of investment made using equity, there can be an additional \$250 of effective investment made using non equity means. This can include debt such as margin loans, options, contracts for difference and futures. Further information on the leverage effect of different types of investment can be found in sections 3.10 and 3.11.

The Company may pledge its securities as collateral in order to borrow additional funds for investment purposes. The Manager seeks to prudently manage these risks, but cannot eliminate them entirely.

#### Indicative allocation between equities, cash and trading components of the portfolio



The way in which the allocation between cash, trading and equities will be implemented will be determined by the nature of the theme or opportunity in question and will draw on the Manager's understanding of different asset classes and investment techniques. These may include long and short exposure to assets such as Securities, commodities and currencies, both in the physical form or by means of derivatives such as options, futures and contracts for difference.

The investments in the portfolio will typically not be hedged. This means investors will be subject to movements in global currencies to the extent they affect the non Australian investments. The Company will be reporting in Australian dollars. Further detail on the currency hedging policy is detailed in section 3.12

Underpinning the Company's investment strategy is a strong commitment to be always seeking out value. In the case of equities, value relates to an investment style whereby there is a focus on purchasing securities in companies that are perceived to be cheaper than the overall market. Value is perceived in many forms, including among other things, high dividend payout, high interest cover, low price earnings ratio, low price to net tangible assets ratio or a combination of these and other factors.

Investment decisions will be based on a regular assessment of which investment opportunities are likely to maximise capital appreciation and or income generation.

### 3.6 Permitted Investments

In implementing the Investment Strategy the Manager will have a wide range of investment options available to it as outlined below;

- (i) listed securities, being any security quoted on global stock markets including, without limitation, shares, securities, units or notes which are redeemable, preference or deferred, fully or partly paid, with or without any right, title or interest thereto or therein (including a right to subscribe for or convert to any such security and including a right to subscribe for or convert to any such security if it is unlisted and there are plans to list);
- (ii) warrants and options to purchase any investment and warrants, and options to sell any investment which is a permitted investment;
- (iii) cash, including cheques, bank deposits, bank transfers, bank drafts and bills of exchange;
- (iv) debentures, unsecured notes and bonds of a corporation of at least an investment grade credit rating granted by a recognised credit rating agency;
- (v) units or other interests in cash management trusts;
- (vi) exchange traded funds;
- (vii) commodities;
- (viii) currencies;
- (ix) futures or derivatives contracts over shares, currencies and commodities or equity indices or any other kind of foreign currency hedging; and
- (x) any other investment which the Manager may utilise in the management of the Portfolio in accordance with the AFSL it is operating under.

### 3.7 Investment Process

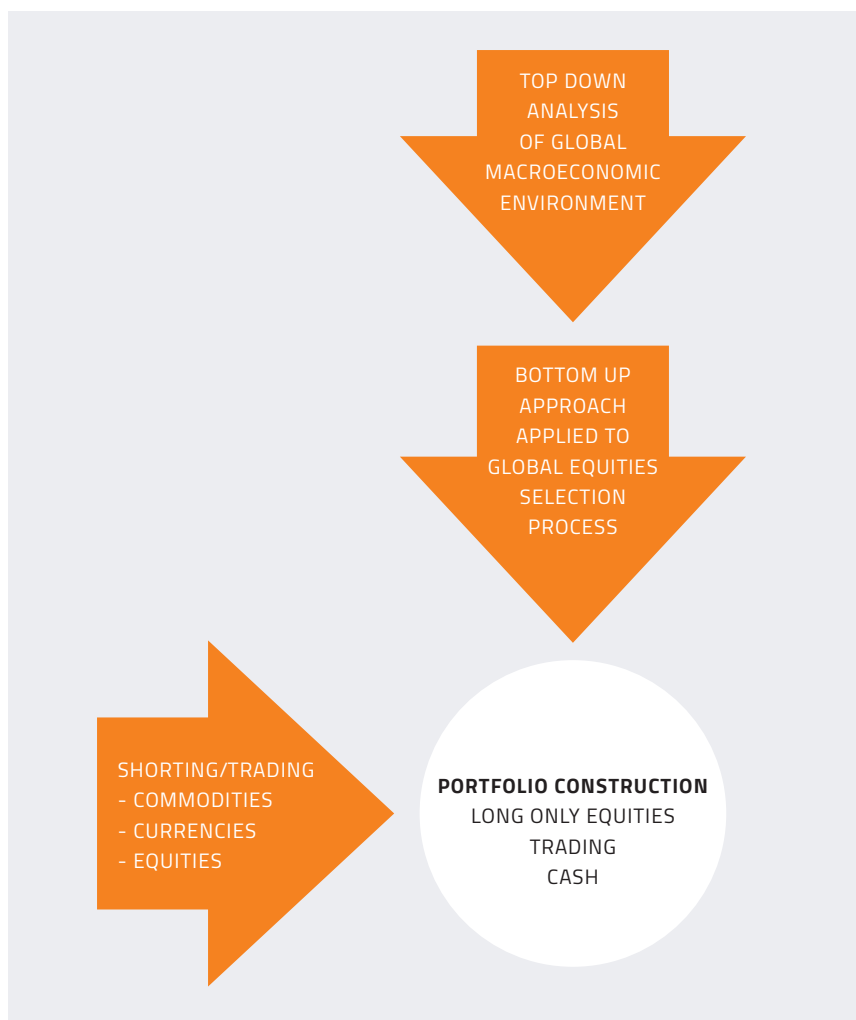
To implement the Company's investment strategy successfully takes an investment process that incorporates a regime of analytical rigour, dispassionate risk analysis and disciplined portfolio construction. The Company believes that the Manager's internal process, as outlined below, possesses these qualities.

The Manager follows an investment identification process that is designed to look at headline global



macroeconomic themes (Top Down approach) before determining the universe of investments that may be suitable for inclusion in the Portfolios (Bottom Up approach), with returns enhanced by selective shorting and active trading across all asset classes as summarised in the following diagram:

### Investment Process



The key elements of the overall process are as follows:

#### (a) Idea generation

Investment ideas are obtained from a variety of sources, including but not limited to;

- recommendations contained within the Fat Prophets research reports (see Section 4.7 - Chinese Walls)
- analysis conducted by the Manager, including interviews with company management, visits to assets, interviews with customers and competitors, economic, industry, demographic and geo-political analysis; and
- ideas sourced or stimulated by stockbroker's research, the media, industry publications and other sources. All investment ideas are assessed to produce a list of priority targets.

The Manager has full discretion to disregard investment recommendations sourced from any Fat Prophets reports, as it does from all other sources of investment ideas. The past performance of the investment recommendations contained within the Fat Prophets reports should not be seen as being indicative as to the future performance of the Company.

### **(b) Top Down Approach**

The Manager collates information from a variety of research sources including broking houses, financial institutions, and independent research houses. The information is used in conjunction with their combined investment experience and knowledge to identify relevant economic themes or trends such as;

- sovereign risk;
- GDP growth in key markets;
- overall economic trends;
- global interest rates
- inflation outlook;
- direction of oil prices;
- direction of precious metals prices;
- direction of individual base metals prices;
- technological change;
- changes in global industry structures;
- implications of movements in financial asset prices; and
- selected individual industry trends.

The Manager forms a view on specific markets or regions and specific investments which may benefit (purchases) or alternatively, be adversely (sales) affected as a consequence of the macroeconomic themes identified.

The Manager aims to find specific changes or movements (inflection points), which are capable of exploitation at either a stock specific, industry group, country/region or asset class level, without undue exposure to risk. If a desired and identifiable trend exists, the Manager aims to capture the benefits of the trend through an investment linked to the theme that it considers to be priced below its intrinsic value.

### **(c) Bottom Up Approach - Equities**

To identify which security is likely to provide the best return the Manager adopts a bottom up process combining fundamental and technical analysis, to isolate specific securities trading at discounts to intrinsic value. Not all security purchases are driven by thematic considerations. Individual securities will be included on their own merit with ideas for more focused security research being generated from research sourced from the Manager's or Fat Prophets' resources, brokers and other providers.

The aim of the security research is to establish a current and transparent fair value for an individual security through industry, business model and capital structure analyses, utilising relevant security peer group considerations and contemporary valuation measures. These elements, which are used to determine the fair value of a security, are summarised below.

#### **Industry Analysis**

Industry analysis provides a basis for:

- identifying and exploiting emotional overreactions which create mispricing. For example, investors may be overly emphasising short term factors in a stock when the medium term industry structure and dynamic is highly favourable;
- commodity price forecasts which are critical to the valuation of resource companies; and
- ensuring the use of relevant valuation techniques, given an understanding of valuation tools used by corporate acquirers and overseas investment managers.

In the case of mining securities, the Manager has a particular focus on the valuation sensitivity of differing commodity price forecasts on individual securities, based on their cost structures and complexity of mining plants. The Manager prefers to avoid companies with high cost operations unless there are limited alternatives or have an extremely positive and supportable outlook for the individual commodity.

At the micro level, industries are assessed to determine their relative attractiveness. Industry characteristics considered include barriers to entry and exit, level of upfront costs, level of ongoing investment, global competition, changes in competitive dynamics and cyclicalities.

### **Business Model Analysis**

Business model factors are assessed by:

- evaluation of a company's divisional profitability versus the relevant peer group; and
- the ability of company management to meet their own pre-determined goals and investment expectations.

These factors are reflected within individual lines of a company's financial model, such as margins and sales growth. They are used to evaluate the potential for competitive dynamic shifts such as the attainment of significant cost advantages.

### **Relevant Peer Group**

The relevant peer group for securities comprises both Australian and international companies. Whilst some sectors, such as banks, have sufficient depth and relevant history for domestic comparison, in others, comparison within the Australian market is often difficult. Consequently, international peer group comparison can provide insight, particularly for the telecommunications, life assurance, media (including cinema), building materials, diversified mining, utilities and specialist service sectors.

### **Capital Structure Analysis**

The Manager will undertake capital analysis which involves an assessment of corporate and financial strategy. Inefficient use of capital or an inefficient capital structure can impede the translation of rewards from a company to shareholders. Such impediments are usually found in:

- a poor financial mix;
- the use of core cash flow to fund non-core or low return investments;
- a management focus on non-return generating goals;
- mismatch of assets, liabilities and cash flow; and
- inadequate or speculative currency or commodity hedging policies.

### **(d) Equity and commodity trading**

Equity and commodity trading draws on a combination of technical and fundamental analysis incorporating Fat Prophets top down/bottom up approach, which is focused on identifying short term opportunities arising from either heavily over bought or oversold situations with near term catalysts to trigger a correction in the position. Given the limited investment time horizon and potential use of leverage careful consideration is given to establishing clear exit points for each trade at the outset and the application of strong risk management techniques such as the active use of stop loss/take profit levels.

### **(e) Currency trading**

With regard to currency trading the Manager will be adopting a long established approach that has been employed through multiple economic cycles, the principle elements of which are as follows:

- application of Elliott Wave and classical charting techniques;
- short and longer duration trades with clear technical structure and definable exit points;
- strong risk management and trading defence;
- identification of trades with a favourable risk/reward payoff ratio; and
- adjustment of stop loss/take profit levels on in-the-money trades to ensure some profit is taken, in the case of any sudden reversal.

### **(g) Portfolio Construction**

Individual investment weightings within the Portfolio are determined by the interaction of attractiveness of the investment and Manager's internal portfolio risk constraints.

Portfolio construction involves analysis of the potential size of individual investments within the Portfolio.

Portfolio risk constraints implemented by the Manager will be conveyed in regular reports to the Company, and will likely include, among other things:

- the minimum and maximum number of different investments held within the Portfolio; and
- the maximum holding size.

The Company has no right to dictate the portfolio risk constraints to be implemented by the Manager.

Finally, the Portfolio will be reviewed to ensure it is invested in a manner consistent with the terms of the Management Agreement.

### **(h) Sell Discipline**

The disciplined adherence to risk constraints, investment selection and portfolio construction combine to focus a "sell discipline" on the Manager.

For example, a stock that is considered cheap on a relative basis is analysed and subsequently purchased. Over time its price moves up relative to the market (so its relative ranking on screens moves down). At the same time, the active position (bet against the market) increases.

The Manager is repeatedly encouraged to begin the sell down process as the stock becomes expensive by:

- (a) the growing size of the absolute and relative position within the Portfolio; and
- (b) the reducing attractiveness of the stock on a relative basis.

## **3.8 Overview Of Proposed Portfolio**

The Company's Investment Strategy is to construct a leveraged portfolio made up of a concentrated number of positions across a range of asset classes using the most appropriate investment instrument. Angus Geddes' long-standing contrarian, high conviction, value driven investment approach and the instruments best suited to take advantage of the investment inflection points identified by the investment team will determine the actual content of the Portfolio.

### 3.9 Changes to the Investment Strategy

Any material change to the investment strategies outlined in Sections 3.5 to 3.7 (inclusive) must first be reviewed and approved by the Board.

### 3.10 Derivatives Policy

The Manager is permitted to use derivatives, both over the counter and exchange traded, in the execution of its overall Investment Strategy, including but not limited to:

- a. hedging at both the Portfolio and underlying investment level;
- b. to raise or lower overall Portfolio exposure to any or all of the underlying investments;
- c. investing indirectly where the Manager considers this to be a more effective means of capturing a desired investment opportunity, whether it would be commercially beneficial, more tax efficient or simpler than taking a long or short position in the underlying investment itself;
- d. short term portfolio re-structuring, for example achieving economic exposure to an investment opportunity pending identification of suitable direct exposure; and
- e. trading.

The Manager may use any type of derivative, including exchange traded derivatives such as futures and options and 'over the counter' (OTC) derivatives such as swaps, options, contracts for difference and forward contracts covering such things as interest rates, credit, equities, bonds and commodities. The use of derivatives may have a comparable effect to leverage as they may increase the level of exposure to investment markets within the portfolio.

All derivatives are backed by collateral, like cash or other assets of the Company. The collateral for exchange-traded derivatives is held by a third party central clearing facility. However, collateral for OTC derivatives positions is held directly by the counterparty and is not segregated from the counterparty's own assets. As a result, in the event of a counterparty becoming insolvent, the Company may not be able to recover its collateral in full. To minimise the Company's counterparty risk associated with derivative transactions, the Manager may enter into derivative transactions with multiple counterparties (including the Prime Broker) on behalf of the Company.

### 3.11 Short Selling / Leverage Policy

The Manager may employ leverage to increase exposure to investments and short selling as a means of potentially improving investment returns and to manage risk. In taking short positions, the Company bears the risk of an increase in the price of the underlying investment over which the short position is taken. Such an increase could lead to a substantial loss.

Trading in futures forms a part of the Company's Investment Strategy. Leverage is inherent in futures trading as futures contracts generally provide a much larger exposure to the underlying assets with a relatively small initial outlay. The buyer and seller of a futures contract are only required to pay an initial cash deposit, known as initial margin when entering into a futures contract. The amount of the initial margin is generally set by the futures exchange, and may vary from time to time according to the volatility of the market. Variation margin is an amount that is paid to cover an unfavourable move in the futures position, or an amount that is received for a favourable move in the futures position.

Margin loans may also be used to leverage the portfolio. Margin loans typically involve pledging the underlying stock to the lender as security with the loan being in the range of 40-60% of the value of the underlying investment. As such the leverage on margin loans will not exceed the value of the equity leveraged.

To manage this leverage risk the Company has adopted the leverage limits set out in Section 3.5, which it will monitor and report any breach to the Board.

The leverage for the portfolio will be a combination of the loan to value ratio (LVR) of borrowings against the Equities portion of the portfolio, and the leverage effect of shorting and derivatives on the trading portion of the portfolio.

**An example of how short selling works and its leverage impact on returns:**

The Manager receives \$100 of capital, which is placed on deposit with the Prime Broker. The Manager then undertakes a short sale of securities with a value up to \$100, which creates a liability on the balance sheet. The proceeds of the short sales are invested in a Long Position, creating an asset also worth \$100. In this example, the Company would have a gross exposure to securities of 200% (2 times) of the Portfolio's NAV and net market exposure within the Portfolio (as a whole) would be zero.

If the investment position of the Manager is successful and the value of the Long Position increases by 5% (to \$105) while the value of the Short Position decreases by 5% to (\$95), the resulting leverage in the structure will mean the Company will have made a profit of 10% or \$10 (before costs and interest). This is double the return of a traditional long only portfolio that would make 5% or \$5 on the increase in value of the Long Position.

Similarly, if the Manager is not successful and the movements in the Portfolio values are reversed, the Company will have lost 10% or \$10 (before costs and interest), twice the amount a traditional long only portfolio would have lost (which would have fallen by just 5% or \$5). As such the shorting creates a leveraged impact on investment returns. Losses resulting from a short position may exceed the amount initially invested. There may also be additional costs and income from borrowing costs, commissions and the return of investments.

### 3.12 Foreign Currency Policy

The Company will be exposed to fluctuations in foreign currencies. The Manager may use foreign exchange derivative instruments to both raise and lower the level of this exposure and also create exposure to currencies for trading purposes. While the Company has adopted the Australian dollar as its base currency, the Portfolio's foreign exchange exposure will not be automatically hedged back to the Australian dollar.

### 3.13 Counterparty Policy

The Manager is aware of counterparty risk and addresses this by whenever practicable using well-regarded and regulated investment banks and brokerage firms. In the event that no such counterparty is available then the Company will require the Manager to carry out an appropriate level of due diligence before entering into any financial arrangement with the institution in question. See Section 5.2 for risks linked to the use of derivatives.

### 3.14 Conflicts Policy

The Board is mindful of the need to identify issues pertaining to actual, potential and perceived conflicts of interest and has adopted a Board charter setting out the Company's policy on conflicts of interest.

The conflicts of interest policy aims to ensure that Directors are engaged in a business that is not significantly compromised by conflicts of interest.



The Board is not aware of any actual or potential conflicts of interest which may impact on the Directors' abilities to carry out their duties in the best interest of investors other than set out below and elsewhere in this Prospectus:

- a. Angus Geddes is a director and shareholder (indirectly) of the Manager and also a director of the Company

### 3.15 Dividend Policy

The Company's investment objective is to maximise total shareholder return. The Company may pay dividends to Shareholders at the Board's discretion. The quantum of any dividend to be paid will be determined by various factors, such as income received and the level of realised profits in the relevant period, expectation of future income receipts, capital requirements and market conditions.

It is expected that no dividend will be paid within the first 18 months post inception and the dividend policy will be reviewed thereafter by the board with a preference to paying annual dividends.

### 3.16 Capital Management Policy

The Company will focus on active capital management.

The Board may instruct the Manager to consider a buy-back of its Shares should the Shares trade at a sizeable discount to net tangible asset backing.

The Company may also consider other capital management alternatives such as, but not limited to, the issue of other Securities through bonus issues, rights issues and option issues, with a view to enhancing the value of Securities held by investors.

### 3.17 Allocation Policy

Fat Prophets currently manages ten long only equity model portfolios that feed into Managed Accounts. Where the investment objective of these models coincides with those of the Company, the Manager will issue trade instructions for each mandate at the same time as each other.

### 3.18 Valuation Policy and Custody of Assets

The Portfolio will be valued daily in a manner consistent with current industry practices and regulatory requirements. The valuation of the Company's assets used to calculate the monthly NTA will be provided by an external administrator to be appointed by the Manager. The Manager will appoint White Outsourcing Pty Ltd as the initial administrator for the Company.

Investments within the Portfolio will either be valued at the market value, a value determined from an independent source or by the administrator in consultation with the Manager and in accordance with industry and accounting standards. Non exchange traded assets will be held at cost or marked to market at the discretion of the external administrator based on the depth of market evidence available.

The Manager intends to delegate custody of the Company's investments to an external custodian/prime broker in accordance with the terms of a custodial/prime broker services agreement to be entered into. Deutsche Bank has been appointed as the Prime Broker for the Company. Further details of the Prime Broker agreement can be found in Section 9.2

The Company may choose to retain custody of some of its assets such as cash.

### 3.19 Reports to Shareholders

To assist Shareholders in the Company to assess the value of Shares and Loyalty Options and to comply with the Listing Rules, within 14 days after the end of each month the Company will report to ASX the NTA backing of its Shares as at the end of the preceding month. The calculation of the NTA backing of Shares will be made in accordance with the Listing Rules. The Company will provide to holders of Shares on request, free of charge, a copy of reports to ASX on net tangible asset backing of Shares.

### 3.20 Risk Management

The Company has established that the Manager:

- i. has robust systems and processes in place to manage the business' operational risks, including those related to investments in global markets;
- ii. will outsource all activities that fall outside of its core competency such as administration and custody of the Company's investments to experienced external service providers;
- iii. will manage the risk associated with its approach to investing through a number of measures including:
  - diversifying across differing markets and asset classes;
  - supplementing its long positions with short positions, particularly in relation to its trading activities;
  - controlling its positions in each market to reflect the Company's assessment of volatility risk;
  - all markets invested are deeply liquid generally allowing efficient entry and exit levels;
  - use of external brokers reducing the Manager's execution risk (note, some execution may be performed directly by the Manager).

However, there is no guarantee the above measures will mitigate all of the risks associated with the management of the Company's activities. Refer to Sections 5.2 and 5.3 for other specific risks related to the business of the Company.

Along with the risk measures outlined above, a significant aspect of the risk management strategy comes from the Manager's philosophy. This philosophy is based on understanding, in great detail, an investment opportunity's investment metrics, a thorough understanding of the operating market and the risk associated with the investment. Effective risk management depends on a range of factors including diversification of investments and other factors as outlined above.

### 3.21 Status as a Listed Investment Company (LIC)

It is intended that the Company will qualify as a LIC under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- (a) the Company must be listed; and
- (b) 90% of the Portfolio value must comprise certain permitted investments as defined in section 115-290(4) of the Income Tax Assessment Act 1997.

Permitted investments include shares, options, units (provided the Company does not own more than 10% of the entity in which it holds the permitted investment) financial instruments, derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore, Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

**REFUSE  
TO CONFORM.**

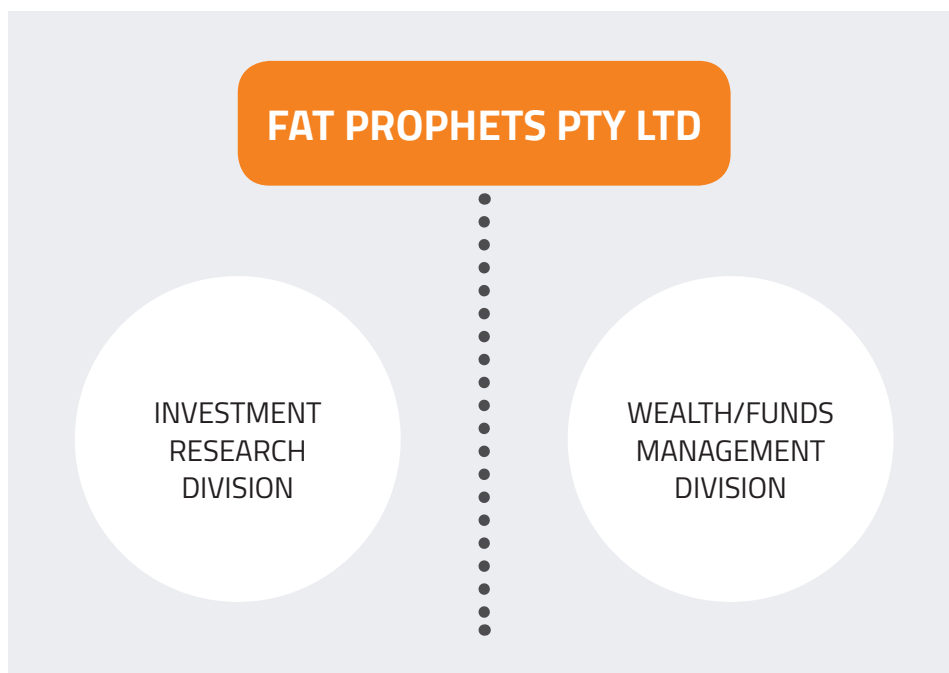


## 4. Information on the Manager

### 4.1. The Manager

The Manager is Fat Prophets Funds Management Pty Limited. It was incorporated on 25 October 2016 and is a wholly owned subsidiary of Fat Prophets Pty Ltd (Fat Prophets). In addition, the Manager is an authorised representative of Fat Prophets which holds the Australian Financial Services License. Under a services agreement, Fat Prophets will make available to the Manager, for the duration of the Management Agreement, all relevant office and professional resources necessary or desirable for the Manager to carry out its obligations under the Management Agreement including the services of the investment team discussed in section 4.4.

#### Fat Prophets Structure



Fat Prophets was jointly founded in 2000 by its current CEO and major shareholder, Angus Geddes. Fat Prophets has a long history in the area of investment advice and funds management. Over this period, the firm has grown substantially from just one small office and today has an international footprint with offices in Sydney, London and Auckland, and research coverage across major equity markets.

The philosophy of Fat Prophets' business was initially to provide independent and valued equity and stock market advice to its subscribers. The business was founded at the end of the "Tech Wreck" period in reaction to the demonstrated lack of research independence from certain analysts and stockbrokers that created disillusionment about the process of recommending stocks to investors. The success and stability of the strategy and its strong following has seen the subscriber base grow dramatically over the years with Fat Prophets' analysts being regularly quoted in the press and requested to present views to national and international financial media outlets.

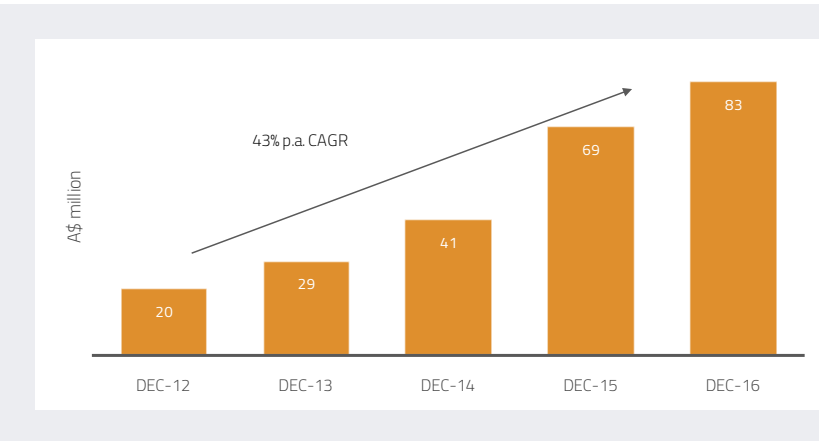
The reputation of the research business has been built around the provision of views and research recommendations from its Australian, New Zealand, and London based team of research analysts. This is done via the distribution of a daily newsletter by email, as well as other regular weekly and monthly research publications in addition to webinars and other interactive processes. The global research coverage is focused on equities and commodities within a macroeconomic overlay that includes currencies.

Fat Prophets presents the past performance of all of its stock investing research in a manner that is clear, concise and transparent and publishes all data on its website. It is important that investors understand that this research is just one input into the Manager’s investment process so should not be taken as an indication of future performance of the Company’s portfolio.

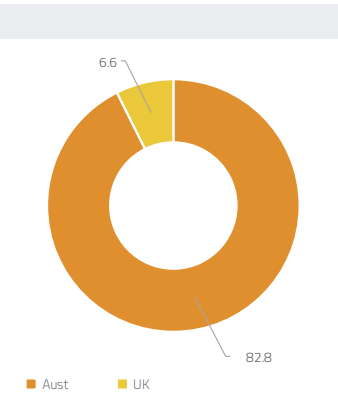
In addition to the provision of general investment advice, Fat Prophets also has a lengthy history of managing money on behalf of investors indirectly through a series of carefully constructed model portfolios.

The Fat Prophets funds management business was established in 2005. Fat Prophets currently manages \$82.8m of Australian funds and approximately another A\$6.6m of UK AUM on behalf of individual investors via managed accounts through its model portfolios, across a range of equity investment strategies covering global, regional and single country markets. As shown in the following diagram, funds under management in Australia have grown at a compound rate of 43% p.a. since 2012.

### Australian FUM Growth



### Global FUM



As at December 2016 (AUD - \$m)

Fat Prophets currently offers 10 model strategies, of which six have material long term track records. Of the other four, three were only established in July 2016 and the other holds insignificant funds.

Details of the six main portfolios are provided below:

### 4.2 Role of the Manager

The Manager will manage the Portfolio of the Company in line with the Management Agreement, as outlined in Section 9.1 of this Prospectus.

### Major portfolio models



The main services that the Manager will provide include:

- investment and management of the Portfolio in accordance with the Investment Strategy;
- identifying, assessing and implementing the acquisition and disposal of authorised investments;
- keeping the Portfolio under review and confer at regular intervals with the Company regarding investments and management of the Portfolio;
- maintaining appropriate compliance arrangements; and
- providing the Company with monthly reporting of the Portfolio value;

Provided it is consistent with the Investment Strategy, the Manager may acquire new investments or dispose of same without the need to seek the consent of the Company.

### 4.3 Investment Committee

The Manager has in place an investment committee, which meets quarterly and comprises of the senior members of the investment team and an external chairperson. The committee's role is to review all portfolios against their respective mandates for compliance and give consideration to the Manager's overall Investment Strategy.

### 4.4 Relevant Experience / Investment Team

The Portfolio will be managed by the investment team at the Manager. The Manager's investment team will comprise of Angus Geddes, Simon Wheatley and Max McKegg backed up by a support team made up of Amandeep Mashiana (equities/asset allocation) and Richard Fabricius (asset allocation/portfolio compliance).



**Angus Geddes** is the co-founder, CEO and CIO of Fat Prophets. Established in June 2000, Fat Prophets has grown into a recognised provider of both independent research and investment portfolio management encompassing major global stock markets.

Angus has a wealth of experience acquired over more than two decades in both domestic and international financial markets. Aside from running Fat Prophets, Angus has broad investment responsibilities within the wealth management division.

Over the last nine years Angus has been responsible for the construction of a range of long only model portfolios investing in equities across global markets, each of which is measured against appropriate market indexes. Angus has also been closely involved in the management of Fat Prophets long only and trading accounts. The latter have broad mandates covering global equities, commodities, currencies and real property and make use of leverage and derivative instruments. Majoring in Economics, Angus completed a Bachelor of Commerce degree at Otago University, New Zealand in 1990. He is also a member of the Securities Institute of Australia having qualified for a Graduate Diploma in Applied Finance and Investment in 1999.



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#### **Simon Wheatley**

Simon has over 20 years of listed markets experience, having started out in real estate equity research in 1996, before heading real estate equity research teams for JB Were and Goldman Sachs from 1999. Simon was head of international equity research for Goldman Sachs JBWere (GSJBW) based in New York from 2005 where he was also broker dealer licensee of the US business, was a member of the Australian Investment Review Committee for Goldman Sachs Equity Research, and was a long term partner at GSJBW. Additionally he has had successful private business ventures, and most recently headed Real Estate Corporate Advisory for Australia and New Zealand for Goldman Sachs. Simon is a contractor to Fat Prophets Pty Ltd.

**Max McKegg**

Max is a foreign exchange professional with three decades of FX trading/ forecasting experience. Max will provide investment support and expertise for the currency related investment opportunities in the Fund. Max is managing director of Technical Research Limited, a firm providing independent currency views and ideas to institutional and retail investors which has a deep level of clientele across the globe. Max worked in foreign exchange with the Bank of New Zealand for 8 years until 1993 prior to establishing Technical Research Limited. Max is a contractor to Fat Prophets Pty Ltd.

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**Amandeep Mashiana**

Aman has worked for Fat Prophets since 2009, based in the London office as a senior analyst and investment manager within the wealth management business. He has an active role in the management of high net worth client portfolios and portfolio construction. Aman is currently leading a team of investment advisors and analysts in the Fat Prophets London office. He has operational responsibilities for the UK office. Prior to joining Fat Prophets in 2009 Aman was an account manager at Corporate FX in London, a business providing companies with bespoke currency solutions

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**Richard Fabricius**

Richard has worked at Fat Prophets for over nine years. He is a senior member of Fat Prophets Sydney based wealth management team. Having worked within the investment management industry for over thirty years, first of all in London, then Chicago and now Sydney, Richard has accumulated a wealth of experience as a diversified portfolio manager, client adviser and business manager. After spending the early part of his career in private client stockbroking he then joined Robert Fleming Investment Management as a portfolio manager. This was followed by senior roles at Bank in Liechtenstein, where he Chaired the London investment committee, and Aberdeen Asset Management

## 4.5 Fat Prophets Track Record in Funds Management

Fat Prophets has a long involvement in the management of various strategies and underlying mandates. The six material model portfolios are well established with extensive track records. The funds under management have multi-year performance histories with a number extending close to a decade. All but one of the 6 funds have histories and track records since inception in excess of five years.

Three of the funds managed by Fat Prophets have strategies investing in offshore equities, drawing in part upon the expertise of the firms London office.

The charts provided below in Section 4.6 illustrate historical performance returns of each portfolio relative to its benchmark as at 30 September 2016, the latest quarterly performance period available. These tables have been provided solely to demonstrate the Manager's track record in deploying its investment philosophy and process and should not be used as an indicator of future performance of the Portfolio.

While the models are structured differently to the Company in that they feed into individually held managed account structures rather than a single portfolio managed on behalf of multiple shareholders, as far as the long equity component is concerned, the Manager's approach to structuring the Portfolio will be similar.

The investment philosophy and process outlined in Section 3.3 and 3.7 above, which is proposed to be utilised by the Manager for the Company, is the same investment philosophy and process utilised by the Manager for each of the models in as far as their respective mandates, as detailed in section 4.1, permits.

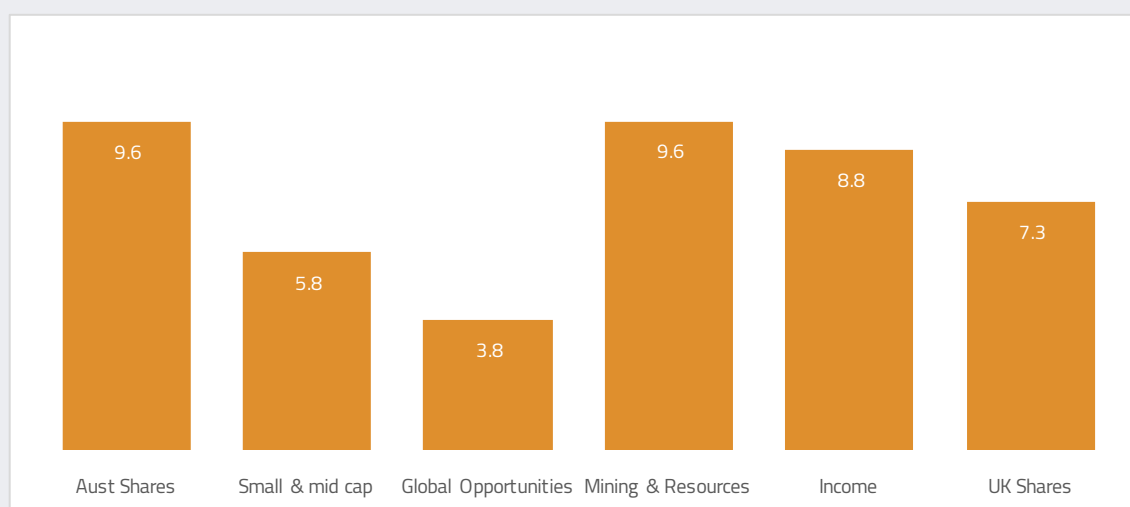


## 4.6 Performance History

Fat Prophets has established a successful track record in constructing and managing unlevered equity portfolios across a number of domestic and global strategies.

The Investment Strategy to be employed by the Manager on behalf of the Company has no directly comparable portfolio performance data available from the various managed funds within Fat Prophets. The mandates currently managed by Fat Prophets employ various specialist strategies including UK shares, Australian income, Australian mining, Australian small and mid cap, Australian concentrated shares, and global opportunities. All existing portfolios are long only strategies.

### Fund Duration since inception – years



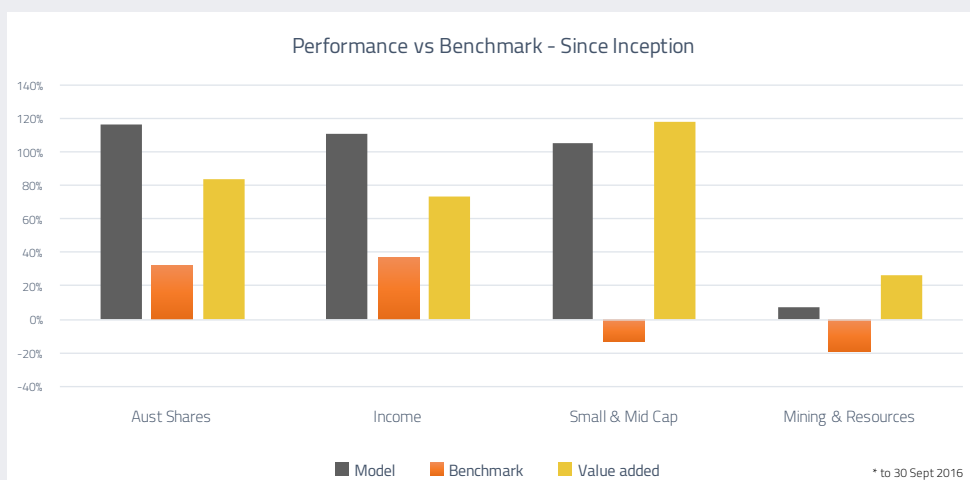
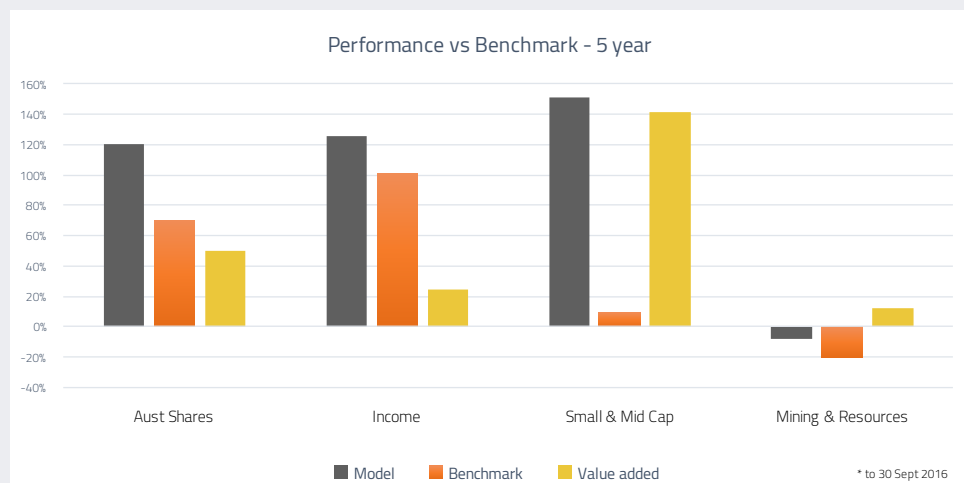
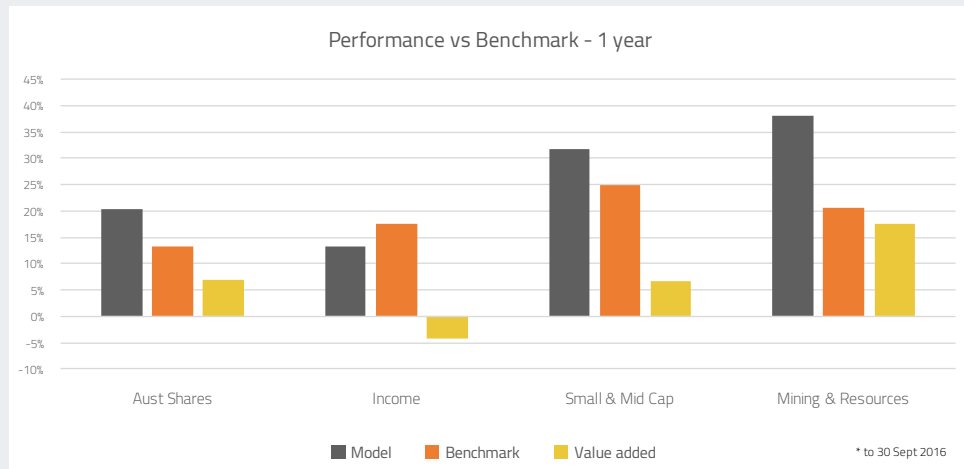
The performance returns achieved for these Australian mandates as at 30 September 2016, as set out in this section, are historical performance of the underlying model portfolios only and are not indicative of future performance of the Portfolio.

The following 3 charts summarise the gross returns achieved by the various major Australian models over 1 and 5 years to 30 September 2016 (the most recent quarterly data point available), and since inception in comparison to each model's relevant benchmark. The returns are gross and therefore before netting off fees and other expenses such as tax. The returns history are included to provide indicative information around the annual performance, and are provided this way due to external model administration and a current inability to compile comparable net data.

The relevant benchmarks are:

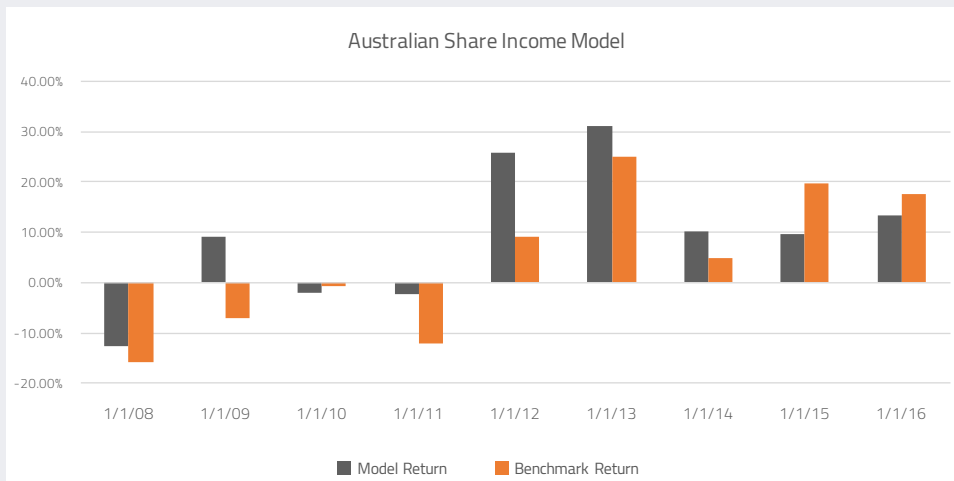
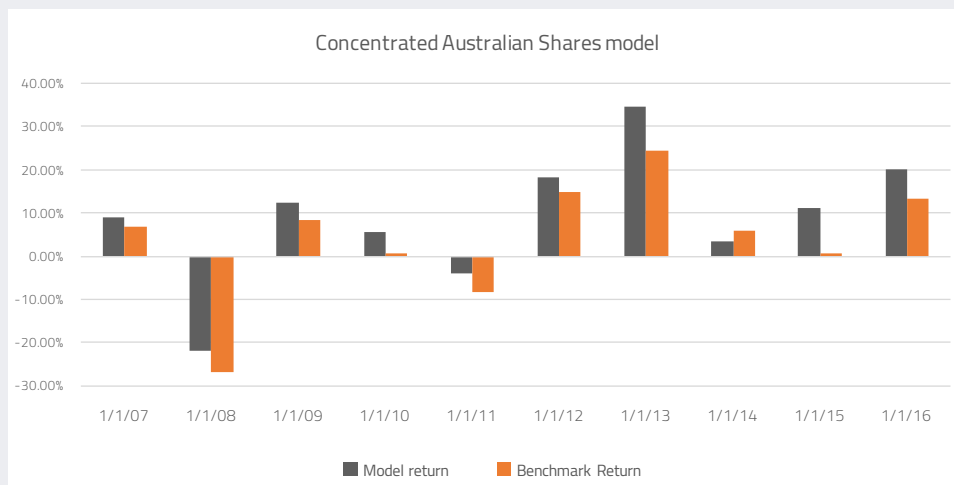
- Concentrated Australian shares fund benchmark: S&P/ASX 200 Accumulation Index
- Australian Share Income fund benchmark: S&P/ASX200 Industrials Accumulation Index
- Small and Mid Cap fund benchmark: S&P/ASX Small Ordinaries Accumulation Index
- Mining and Resources fund benchmark: S&P/ASX300 Resources Accumulation Index

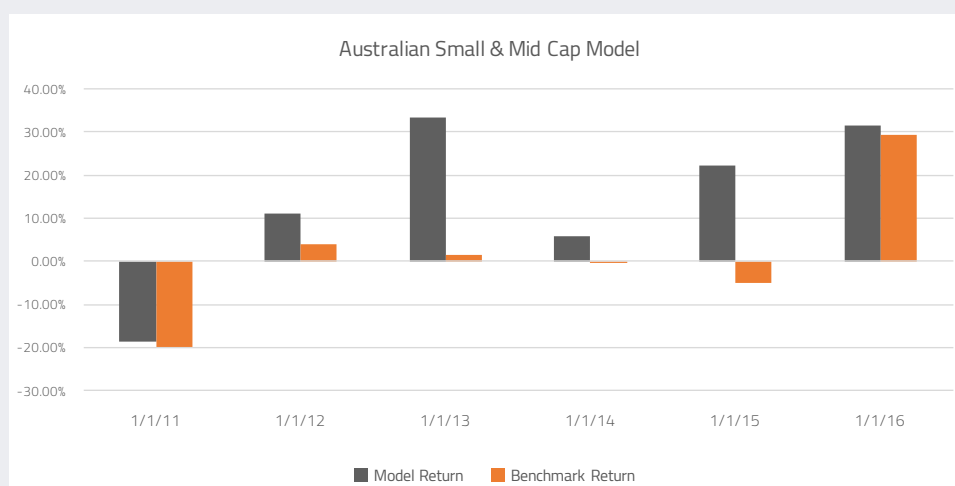
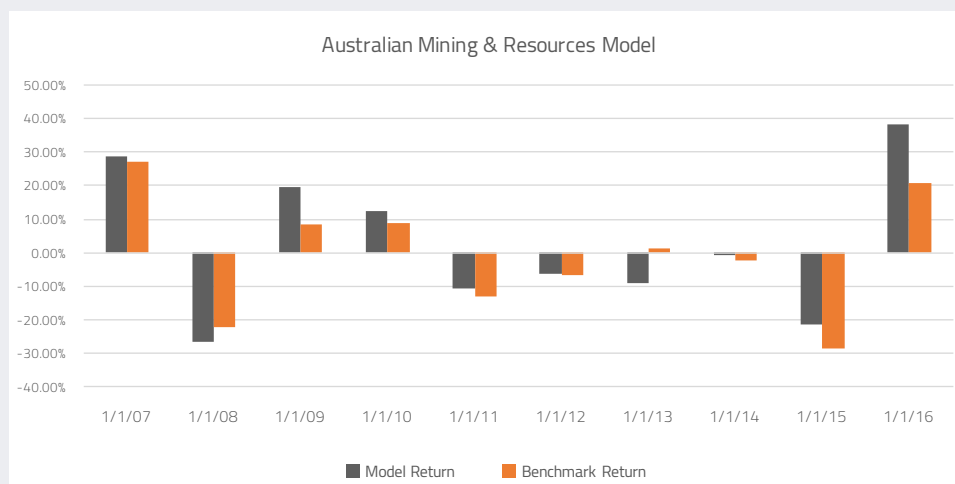
## Gross Returns for Models vs Benchmarks



The following 4 charts further detail the annual returns vs the benchmark for each of the four main Australian models relative to their benchmark. The returns are gross and therefore before netting off fees, and other expenses such as tax. The returns history are included to provide indicative information around the annual performance, and are provided this way due to external model administration and a current inability to compile comparable net data.

The first period of return for each of the funds in the charts below is the return from inception to the first 30 September period end and are not annualised. The balance of periods reflect the annual gross return.





The fees for the models are summarised as follows;

Fund Model	Base Fee*	Performance Fee **
Concentrated Australian Share model	0.50%	15%
Small & Mid Cap model	0.75%	10%
Mining and Resources model	0.75%	10%
Australian income Model	0.45%	N/A

\* % of gross funds under management p.a.

\*\* Performance fee percentage of additional return in excess of benchmark (subject to high watermark).

Past performance information provided in this Section relating to the Fat Prophets' models is given for illustrative purposes only. It should not be relied upon as (and is not) an indication of future performance of the Company's Portfolios. The actual results of the Company's Portfolios could differ materially from those referred to on this Section because of the different strategies to be adopted by the Manager in connection with the Company's Portfolios. Investors are reminded that past performance is no guarantee of future performance and that the Investment Strategy will differ from that of current Fat Prophets funds due to the leveraged nature of the fund, global investment nature, ability to short, and the opportunity to invest in alternatives such as currencies, commodities and derivatives.

#### 4.7 Chinese Walls

The Manager has in place long held, clearly designated and well documented Chinese walls between the research and wealth management sides of its business to ensure potential conflicts of interest between them are effectively managed.



**ORIGINALITY  
IS RARE. THINK  
DIFFERENTLY.**

## 5. Risk Factors and Governance

### 5.1 General Risk Factors

The value of your investment in the Company can increase and decrease with (or independently of) the value of the Portfolio. A listed investment company's shares may trade at a discount, premium or at par to its NTA (representative of the true value of the underlying Portfolio). The fluctuation in price is known as volatility and the level of volatility depends on the type of investment. Generally, in order of volatility of asset classes, shares, commodities and foreign currencies are the most volatile, then fixed interest, then cash. As with most investments, performance is not guaranteed. These risks may result in loss of income and principal invested.

You can do some things to reduce the impact of risk. Firstly, get professional advice suited to your investment objectives, financial situation and particular needs. Nothing in this Prospectus can replace or offer that. Secondly, invest for at least the time frame recommend by your professional advisor.

The Company should not be seen as a predictable, low risk investment. The Company's investments will be concentrated across a small number of positions, the value of which will fluctuate on a daily basis and the Company is therefore considered to have a higher risk profile than cash assets.

It is not possible to identify every risk associated with investing in the Company, however, the following provides a list of significant risks associated with the Company. There may be other risks associated with the Company.

### 5.2 Key Risks

#### **(a) Reliance on the Manager**

The success and profitability of the Company in part will depend upon the ability of the Manager to invest in investments that have the ability to generate a positive return for the Company.

The Company is exposed to the risk that the Manager may cease to manage the Portfolio. The ability of the Manager to continue to manage the Portfolio in accordance with this Prospectus and the Corporations Act is dependent on the maintenance of Fat Prophets AFSL and continued solvency. Maintenance of the AFSL depends, among other things, on Fat Prophets continuing to comply with ASIC imposed licence conditions and the Corporations Act.

The Manager has the ability to transfer the management agreement to another manager as it sees fit, which may change the personnel responsible for managing the Portfolio. The Manager has no current intention to transfer the Management Agreement.

#### **(b) Market risk**

Investment returns are influenced by market factors, including changes in economic conditions (e.g. changes in interest rates and economic activity), changes to the legislative and political environment, as well as changes in investor sentiment. In addition, exogenous shocks, natural disasters, acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments or appreciation of the Company's share price.

#### **(c) Industry risk**

There are a number of industry risk factors that may affect the future operation or performance of the Company. These factors are outside the control of the Company. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.



**(d) Capital risk**

There is a risk that the Company's investments will fall in value over short or extended periods of time. Markets tend to move in cycles, and one asset class may fluctuate and underperform other asset classes over extended periods of time. Investors in the Company are exposed to this risk both through their holding in Shares and Loyalty Options as well as through the Company's Portfolio of investments.

**(e) Interest rates**

Any variation in short and long-term interest rates could materially affect the operating results of the Company.

**(f) Liquidity risk**

The Company will be a listed entity, therefore the ability to sell Shares will be a function of the turnover of the Company's Shares at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time. In addition, there is no guarantee that the Company's investments will be liquid.

**(g) Derivative risk**

The Company may invest in exchange traded and over-the-counter derivatives including options, participatory notes, futures and swaps, fixed income, currency, commodity and credit default exposures, currency forwards/contracts and related instruments. The Company may use derivative instruments (both exchange traded and over-the-counter) for risk management purposes and to take opportunities to increase returns. Investments in derivatives may cause losses associated with the value of the derivative failing to move in line with the underlying security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction.

**(h) Operational costs**

Operational costs for the Company as a proportion of total assets will be affected by the level of total assets of the Company and by the level of acceptance of this Offer. Operational costs will represent a greater proportion of total assets and will reduce the operating results of the Company and accordingly the ability to make dividend payments if the Company only achieves the minimum subscription under this Offer than if it secures a greater level of acceptance.

**(i) No relevant operating or performance history of the Company**

The Company has no financial, operating or performance history. The information in this Prospectus about the investment objectives of the Company are not forecasts, projections or the result of any simulation of future performance. There is a risk that the Company's investment objectives will not be achieved.

**(j) Taxation risk**

Tax laws (including Australian tax laws) are in a continual state of change and reform which may affect the Company and Shareholders.

Investing in the Company may have a different tax outcome than investing directly. Tax liabilities incurred as a consequence of investing in the Company are the responsibility of each individual Shareholder. The Company is not responsible either for taxation or penalties incurred by Shareholders. Shareholders should consult their own taxation advisers to ascertain the tax implications of their investment.

**(k) Regulatory risk**

The Company is exposed to the risk of changes to applicable laws or their interpretation which have a negative effect on the Company, its investments or returns to Shareholders and the risk of non-compliance with reporting or other legal obligations.

**(l) Credit or counter party risk**

The strategies of the Company rely on the successful performance of contracts with external counterparties, including securities brokers and issuers of Securities to which the Company may have investment exposure. There is a risk that these counterparties may not meet their responsibilities, including as a result of the insolvency, financial distress or liquidation of the counterparty.

**(m) Forex/Foreign investment risk**

The Company may invest in securities of listed international companies. Foreign investments held by the Company may be subject to restrictions on the ability of foreign-domiciled companies to make payments of principal, dividends or interest to investors located outside the country, due to blockage of foreign currency exchanges, changes to tax laws, changes to local regulations or otherwise which could cause the Company to lose money on these investments.

**(n) Compensation fee structure risk**

The Manager receives compensation based on the Portfolio's performance. The performance fee may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Portfolio.

**(o) Default risk**

In executing its Investment Strategy the Company will be at times dependent at least in part on the successful execution of contracts with external counterparties. There is a risk such counterparties may not honour these contracts

**(p) Leverage risk**

The Manager does intend to use debt to increase the scale of the Portfolio of the Company and the use of derivatives and short selling may have an effect similar to leverage in that it can magnify the gains and losses achieved in the Portfolio in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not a time of the Manager's choosing

**(q) Key person risk**

The successful execution of the Company's Investment Strategy would be at risk should Angus Geddes stop being involved in the management of its Investment Portfolio.

**(r) Short selling risk**

Risks associated with short selling include: (a) short squeezes driven by a surge in the underlying value of the security; (b) a "buy in", which occurs when a broker-dealer closes out short positions in a difficult-to-borrow stock because its lenders are demanding it back; (c) intervention by market regulators such as the imposition of bans on short sales in a specific sector or even in the broad market to avoid panic and unwarranted selling pressure. Such actions can cause a sudden spike in stock prices, forcing the short seller to cover short positions at huge losses.

**(s) Limited diversification**

While the Manager seeks to diversify the Portfolio by asset classes, securities and industries, there will be a concentration of exposure in individual asset classes, securities or industries. The Company has flexibility to take significant positions in individual investments and the Portfolio may be less diversified than those of other managers.

## 5.3 Risks associated with the Company's investment approach

### (a) Strategy risk

There is no guarantee that any aspect of the investment strategy will be successful.

### (b) Legal risk

There is a possibility that the actions of the Company may lead to litigation or other enforcement action. For example, the Company, the investments or management may be targeted by other stakeholders such as regulators and ASX. This can be costly and very time consuming.

The Company may incur non-recurrent expenses. These expenses may include, but are not limited to, litigation, legal and other expert's fees, travel and accommodation costs, and other expenses arising from managing the Company's engagement activities. The Company will be responsible for paying these additional costs associated with implementing its strategy.

The Manager will seek to ensure any such costs are appropriately managed but if they are material, then actual costs could be substantially higher than estimates of ongoing costs.

## 5.4 Investor considerations

Before deciding to subscribe for Shares and Loyalty Options, Applicants should consider whether Shares and Loyalty Options are a suitable investment. There are general risks associated with any investment in the stock market. The value of Shares and Loyalty Options listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

There may be tax implications arising from the application for Shares and Loyalty Options, the receipt of dividends (both franked and unfranked) from the Company, participation in any dividend re-investment plan of the Company, participation in any on market share buy-back and on the disposal of Shares or Loyalty Options. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should subscribe for Shares and Loyalty Options you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.



**GO LEFT WHEN  
EVERYONE ELSE  
IS GOING RIGHT.**

## 6. Financial Information

### 6.1 Introduction

The Company was incorporated on the 19th of October 2016 and has not undertaken any investment activity to date. As at the date of this Prospectus, the Company has 100 shares on issue which are held by Mr Angus Geddes.

This Section contains a summary of financial information of the Company, which includes:

- the unaudited pro-forma statement of financial position of the Company assuming completion of the Offer (the, "Pro-Forma Statement of Financial Position") (see Section 6.3); and
- significant accounting policies of the Company. (see Section 6.8).

### 6.2 Basis of Preparation & Presentation of Financial Information

The Pro-Forma Financial Information (including the Pro-Forma Statement of Financial Position) has, except where otherwise noted, been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements and comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. All amounts disclosed in this Section are presented in Australian dollars.

The Pro Forma Financial Information has been reviewed by PKF Corporate Finance Pty Ltd ("PKFCF"), which has provided an Investigating Accountant's Report on the Pro Forma Financial Information in Section 7.

The information in this Section should be read in conjunction with Risk Factors discussed in Section 5 and other information as contained in the Prospectus.

### 6.3 Pro Forma Statement of Financial Position

The Pro-Forma Statement of Financial Position set out below has been prepared to illustrate the financial position of the Company upon completion of the Offer, taking into consideration the accounting impacts of the Offer including:

- the amount of funds raised from the Offer assuming the minimum subscription, maximum subscription and oversubscription scenarios as follows:
  - "Minimum Subscription" scenario which assumes that the Company will issue 15,000,000 shares and 15,000,000 loyalty options under the Offer at an issue price of \$1.10 per share to raise \$16.5 million before costs;
  - "Maximum Subscription" scenario which assumes that the Company will issue 30,000,000 shares and 30,000,000 loyalty options under the Offer at an issue price of \$1.10 per share to raise \$33 million before costs;
  - "Oversubscription" scenario which assumes that the Company will issue 60,000,000 shares and 60,000,000 loyalty options under the Offer at an issue price of \$1.10 per share to raise \$66 million before costs; and
- associated costs of the Offer (which have been deducted from the cash amount) under the respective subscription outcomes as detailed in Section 6.4.

The Pro-Forma Statements of Financial Position are intended to be illustrative only and will not reflect the actual position and balances as at the date of this Prospectus or at the completion of the Offer.

The Pro-Forma Financial Information has been prepared in accordance with the assumptions and significant accounting policies set out in this Section and Section 6.5 respectively.

### Pro-Forma Statement of Financial Position

	Note	Minimum Subscription	Maximum Subscription	Oversubscription
Cash and Cash Equivalents	Note 1	\$15,858,048	\$32,014,925	\$64,247,628
Other Current Assets	Note 2	\$14,531	\$33,094	\$79,500
Deferred Tax Asset	Note 3	\$192,616	\$295,552	\$525,742
Total Assets		\$16,065,195	\$32,343,572	\$64,852,869
Total Liabilities		-	-	-
Net Assets		\$16,065,195	\$32,343,572	\$64,852,869
Contributed Equity	Note 4	\$16,133,655	\$32,430,955	\$64,956,097
Retained Earnings	Note 5	(\$68,460)	(\$87,383)	(\$103,228)
Total Equity		\$16,065,195	\$32,343,572	\$64,852,869
Number of Shares on Issue		\$15,000,100	\$30,000,100	\$60,000,100
Implied NAV per Share	Note 6	\$1.071	\$1.078	\$1.081

#### Note 1: Cash & Cash Equivalents

Set out below is a reconciliation of pro-forma cash and cash equivalents under the various subscription scenarios:

#### Reconciliation of Pro-Forma Cash & Cash Equivalents

	Minimum Subscription	Maximum Subscription	Oversubscription
Existing Cash on Hand	\$100	\$100	\$100
Proceeds from the Offer	\$16,500,000	\$33,000,000	\$66,000,000
Costs of the Offer	(\$642,052)	(\$985,175)	(\$1,752,472)
Pro-Forma Cash & Cash Equivalents	\$15,858,048	\$32,014,925	\$64,247,628

Please refer to Section 6.4 for further details regarding costs of the Offer.

#### Note 2: Other Current Assets

Other current assets represents Goods and Services Tax ("GST") paid in relation to the costs associated with the Offer for which the Company will be eligible to claim an input tax credit. Please refer to Section 6.4 for further details regarding costs of the Offer.

#### Note 3: Deferred Tax Assets

Deferred tax assets represent deferred income tax savings in relation to costs of the Offer which have been accounted for against both equity and retained earnings. Please refer to Section 6.4 for further details regarding costs of the Offer.

#### Note 4: Contributed Equity

Set out below is a reconciliation of pro-forma contributed equity under the various subscription scenarios:

#### Reconciliation of Pro-Forma Contributed Equity

	Minimum Subscription		Maximum Subscription		Oversubscription	
	\$	No.	\$	No.	\$	No.
Initial Share Capital	100	100	100	100	100	100
Shares Issued	16,500,000	15,000,000	33,000,000	30,000,000	66,000,000	60,000,000
Less: Cost of Offer Net of DTA	(366,445)	n/a	(569,145)	n/a	(1,044,003)	n/a
Pro-Forma Contributed Equity	16,133,655	15,000,100	32,430,955	30,000,100	64,956,097	60,000,100

In addition to the above, the Company will have the following Loyalty Options on issue under the various subscription scenarios:

	Minimum Subscription	Maximum Subscription	Oversubscription
Number of Loyalty Options on Issue	15,000,000	30,000,000	60,000,000

Please refer to Section 10.6 of this Prospectus for details regarding the rights attaching to the Loyalty Options.

Please refer to Section 6.4 for further details regarding costs of the Offer.

#### Note 5: Retained Earnings

Pro-forma retained earnings relates to costs of the Offer which have been accounted for against retained earnings, net of deferred tax impacts. Please refer to Section 6.4 for further details regarding costs of the Offer.

#### Note 6: Implied NAV Per Share

In preparing the Pro-Forma Statements of Financial Position, the Directors were required to make certain assumptions in relation to expected costs associated with the Offer (refer to Section 6.4 for further details). In particular, the Directors were required to estimate the level of Offer proceeds which will be sourced by brokers (rather than from internal sources) and would thus attract brokerage costs. In this regard, the Directors have adopted the following assumptions:

- in the case of the Minimum Subscription scenario, 80% of capital raised (i.e. \$13.20 million) has been assumed to be sourced from internal sources, with the remaining \$3.30 million assumed to be sourced from brokers.
- in the case of the Maximum Subscription scenario, 65% of capital raised (i.e. \$21.45 million) has been assumed to be sourced from internal sources, with the remaining \$11.55 million assumed to be sourced from brokers. and
- in the case of the Oversubscription scenario, 50% of capital raised (i.e. \$33.00 million) has been assumed to be sourced from internal sources, with the remaining \$33.00 million assumed to be sourced from brokers.

In order to assess the potential impact of the assumptions outlined above on the Company, set out below is a sensitivity analysis which sets out the various NTAs per share depending on the level of proceeds sourced from internal as opposed to external sources:



## NTA Sensitivity Analysis

Net Tangible Asset Backing Per Share	Base Case	Assuming 0% of Capital Raising from Internal Sources	Assuming 30% of Capital Raising from Internal Sources	Assuming 60% of Capital Raising from Internal Sources	Assuming 90% of Capital Raising from Internal Sources
Minimum Subscription	\$1.071	\$1.055	\$1.061	\$1.067	\$1.073
Maximum Subscription	\$1.078	\$1.065	\$1.071	\$1.077	\$1.083
Oversubscription	\$1.081	\$1.071	\$1.077	\$1.083	\$1.089

## 6.4 Costs of the Offer

Set out below is a summary of the expected costs to be paid by the Company under the various subscription scenarios:

### Costs of the Offer

	Minimum Subscription	Maximum Subscription	Oversubscription
Brokerage Fees	\$90,750	\$317,625	\$907,500
Lead Manager Fees	\$122,375	\$167,750	\$258,500
ASX Fees	\$97,800	\$124,834	\$147,468
Other Expenses	\$331,127	\$374,966	\$439,004
<b>Gross Costs of the Offer</b>	<b>\$642,052</b>	<b>\$985,175</b>	<b>\$1,752,472</b>
Less: Deferred Tax Asset	(\$192,616)	(\$295,552)	(\$525,742)
Less: Refundable GST Credits	(\$14,531)	(\$33,094)	(\$79,500)
<b>Net Costs of the Offer</b>	<b>\$434,905</b>	<b>\$656,528</b>	<b>\$1,147,231</b>
Apportioned as Follows:			
Taken to Equity	\$366,445	\$569,145	\$1,044,003
Taken to Retained Earnings	\$68,460	\$87,383	\$103,228
<b>Total</b>	<b>\$434,905</b>	<b>\$656,528</b>	<b>\$1,147,231</b>

## 6.5 Liquidity & Capital Resources

Following completion of the Offer, the Company have, on a pro-forma basis, cash of between \$15.86 million (Minimum Subscription scenario) and \$64.25 million (Oversubscription scenario). The Directors believe that the Company will have sufficient working capital for it to carry out its business objectives over the next 2 years.

## 6.6 Going Concern

The Pro-Forma Financial Information has been prepared on the going concern basis.

## 6.7 Dividend Policy

The Company may pay dividends to Shareholders from earnings generated from its operating activities to the extent permitted by law and in accordance with prudent business practices. Such dividends will be franked to the extent that available imputation credits permit. It is anticipated that the Company will not pay dividends for the first 18 months post listing and the board will then review the dividend policy with a preference to paying annual dividends.

## 6.8 Significant Accounting Policies

A summary of significant accounting policies set out below represent the significant accounting policies that have been adopted in the preparation of the Pro-Forma Statements of Financial Position set out in Section 6.3, and which will be adopted prospectively by the Company:

### (a) Basis of preparation

The Pro-Forma Financial Information has been prepared, except where otherwise noted, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards ("AASBs"), although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements and comparative information required by AASBs applicable to annual financial reports prepared in accordance with the Corporations Act.

The Company is a for-profit entity for the purposes of preparing the financial statements.

The Pro-Forma Financial Information has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

All amounts disclosed in this Section are presented in Australian dollars.

### (b) Financial instruments

#### (i) Classification

The Company's investments are classified at fair value through profit or loss. They comprise:

#### - Financial instruments held for trading

Derivative financial instruments such as futures, foreign exchange forward contracts, options and interest rates swaps are included under this classification. The Company does not designate any derivatives as hedges in a hedging relationship.

#### - Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. The fair value through profit or loss classification is available for the majority of financial assets held by the Company and the financial liabilities arising from the units must be fair valued.

#### (ii) Recognition/de-recognition

Financial assets and liabilities are recognised on the trade date at which the Company becomes party to the contractual provisions of the instrument and recognises changes in the fair value of the financial assets and financial liabilities from this date. Other financial assets and liabilities are recognised on the date they originated.

Investments are derecognised when the right to receive cash flows from the investments has expired or substantially all risks and rewards of ownership have been transferred.

(iii) Measurement

- **Financial assets and liabilities held at fair value through profit or loss**

Financial assets and liabilities held at fair value through profit or loss are initially recognised at fair value. Transaction costs of financial assets and liabilities held at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets and liabilities held at fair value through profit or loss are recognised in the statement of comprehensive income with net gains/(losses), on financial instruments held at fair value, through profit or loss in the period in which they arise.

- **Loans and receivables**

Loans and receivables are measured initially at fair value plus transaction costs, which are subsequently amortised as per the effective interest rate method, less impairment losses, if applicable. Such assets are reviewed at each reporting date to determine whether there is any indication of impairment.

- **Other financial assets and liabilities**

Management considers that the carrying amount of cash and cash equivalents, other receivables and amounts due from brokers approximate fair value.

Other financial liabilities are initially measured at fair value and subsequently at amortised cost.

(iv) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets and financial liabilities is the last trading price.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on the prevailing market conditions as at the reported date. Valuation techniques used include discounted cash flow analysis, option pricing models, the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(v) Offsetting

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of value change, and bank overdrafts. Bank overdrafts are shown as a liability on the balance sheet.

(d) **Revenue/income recognition**

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised through profit or loss as they accrue, as per the effective interest rate method of the instrument calculated at the acquisition date. Interest income includes the amortisation of any discount or premium,

transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity on an effective interest rate basis. Interest income is recognised on a gross basis, including any withholding tax, if applicable.

Dividend income relating to exchange traded equity is to be recognised through profit or loss on the ex-dividend date with any related foreign withholding tax recognised as an expense.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlement basis through profit or loss on the day distributions are announced.

**(e) Expenses**

All expenses, including performance fees and investment management fees, are recognised through profit or loss on an accrual basis.

Interest expense is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

**(f) Income tax**

Income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustments recognised for prior periods, where applicable.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax through profit or loss.

Deferred tax assets are recognised for deductible temporary differences and at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

**(g) Dividends**

Dividends are recognised as a liability in the period in which they are declared.

**(h) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australia Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of the amount of GST receivables or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

**(i) Share capital**

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of tax effects.



**STALK  
THE MARKET  
WITH US.**

## 7. Investigating Accountant's Report



16 January 2016

Board of Directors  
Fat Prophets Global Contrarian Fund Limited  
Level 3, 22 Market Street  
Sydney NSW 2000

Dear Directors,

### INVESTIGATING ACCOUNTANT'S REPORT

#### INDEPENDENT LIMITED ASSURANCE REPORT ON THE PRO-FORMA HISTORICAL FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

##### 1. Introduction

We have been engaged by Fat Prophets Global Contrarian Fund Limited ("**FPGCF**" or the "**Company**") to report on the pro-forma financial information ("**Pro-Forma Financial Information**") of the Company to the due diligence committee in relation to the issue of the Prospectus to be dated on or about 16 January 2016 (the "**Prospectus**") in relation to the issue of ordinary shares to raise between \$16.5m and \$66.0m (the "**Offer**").

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

PKF Corporate Finance (NSW) Pty Limited ("**PKFCF**") holds Australian Financial Services Licence ("**AFSL**") 295872. This report ("**Report**") is both an Independent Limited Assurance Report, which scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

##### 2. Scope

You have requested PKFCF to provide a review opinion (negative assurance) with respect to the following Pro-Forma Financial Information presented in the Prospectus:

- the unaudited pro-forma statement of financial position ("**Pro-Forma Statement of Financial Position**") assuming completion of the Offer;
- details of pro-forma adjustments adopted in the preparation of the Pro-Forma Statement of Financial Position which we expect to reflect the proceeds of the offer, cost of the offer, and any other known short-term expenditures and/or investment outgoings ("**Pro-Forma Adjustments**"); and
- significant accounting policies and other notes accompanying the Pro-Forma Financial Information.

The Pro-Forma Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial report prepared in accordance with the Corporations Act 2001.

PKF Corporate Finance (NSW) Pty Limited  
ABN 65 097 893 957  
AFSL 295 872

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755 Hunter Street  
Newcastle West NSW 2302 Australia  
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f +61 2 4962 3245

PKF Corporate Finance (NSW) Pty Limited is member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member of correspondent firm or firms.

For our office locations visit [www.pkf.com.au](http://www.pkf.com.au)

### 3. Directors' Responsibility

The Directors of the Company are responsible for the preparation and presentation of the Pro-Forma Financial Information. The Directors are also responsible for the determination of the Pro-Forma Adjustments set out in Section 6.3 of the Prospectus and forming the basis of preparation of the Pro-Forma Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of financial information that is free from material misstatement.

### 4. Our Responsibility

Our responsibility is to express a negative assurance opinion on the Pro-Forma Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our procedures consisted of making enquiries of management of the Company, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Pro-Forma Financial Information.

These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently, do not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Financial Information.

Our engagement did not involve updating or re-issuing any previously issued audit or review opinion or report.

### 5. Conclusions

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that the Pro-Forma Financial Information of the Company described in Section 6 of the Prospectus does not present fairly;

- the Pro-Forma Statement of Financial Position assuming completion of the Offer; and
- the Pro-Forma Adjustments providing a reasonable basis for the Pro-Forma Financial Information,

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the Pro-Forma Adjustments set out in Section 6 of the Prospectus had occurred as at completion of the Offer.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus. Accordingly, prospective investors should have regard to the investment risks as described in Section 5 of the Prospectus. We express no opinion as to the future financial performance of the Company.

We disclaim any assumption of responsibility for any reliance on this report, or on the Pro-Forma Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.



## 6. Restrictions on Use

Without modifying our conclusions, we draw attention to Sections 6.2 and 6.3 of the Prospectus, which describes the purpose of the Pro-Forma Financial Information, being for inclusion in the Prospectus. As a result, the Pro-Forma Financial Information may not be suitable for use for another purpose.

## 7. Consent

PKFCF has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

## 8. Liability

The liability of PKFCF is limited to the inclusion of this report in the Prospectus. PKFCF makes no representation regarding, and has no liability, for any other statements or other material in, or omission from the Prospectus.

## 9. Independence & Disclosure of Interest

PKFCF does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. PKFCF will receive a professional fee for the preparation of this Independent Accountant's Report.

Yours faithfully

**PKF Corporate Finance (NSW) Pty Limited**



**Andrew Jones**

Director



**Nick Navarra**

Principal

## PART TWO - FINANCIAL SERVICES GUIDE

16 January 2016

### What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided in the form of an independent limited assurance report ("Report") prepared by PKF Corporate Finance (NSW) Pty Limited (ABN 65 097 893 957) ("PKFCF"). The use of "we", "us" or "our" is a reference to PKFCF as the holder of Australian Financial Services Licence ("AFSL") No. 295872.

The contents of this FSG include:

- who we are and how we can be contacted;
- what services we are authorised to provide under our AFSL;
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide;
- details of any potential conflicts of interest; and
- details of our internal and external dispute resolution systems and how you can access them.

### Information about us

#### What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

Provide financial product advice for the following classes of financial products:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services; and
- deposit and payment products limited to:
  - basic deposit products;
  - deposit products other than basic deposit products; and
  - debentures, stocks or bonds issued or proposed to be issued by a government.

#### Our responsibility to you

We have been engaged by the Directors of Fat Prophets Global Contrarian Fund Limited ("Client") to prepare an independent limited assurance report providing a review opinion (negative assurance) with respect to the financial information set out in Section 6 of the Prospectus to be issued by the Client on or around 16 January 2016. You are not the party or parties who engaged us to prepare the Report. We are not acting for any person other than the party or parties who engaged us. We are required by law to give you an FSG because the Report is being provided to you.

The liability of PKFCF is limited to the contents of this FSG and the Report referred to in this FSG.

### Information about the general financial product advice we provide

The financial product advice provided in the Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in the Report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

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For our office locations visit [www.pkf.com.au](http://www.pkf.com.au)

### Associations and relationships

PKFCF provides services primarily in the area of corporate finance and is partly owned by partners of the Sydney and Newcastle partnership of PKF, Chartered Accountants ("PKF"). PKF and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services. Our directors may be partners in the partnership of PKF. The financial product advice in the Report is provided by PKFCF and not by the partnership of PKF.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and the partnership of PKF (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business. Over the past two years professional fees of approximately \$65,000 have been received from entities associated with the Company. None of these services have related to the transaction or alternatives to the transaction. No individual involved in the preparation of the Report holds a substantial interest in or is a substantial creditor of the Client of has other material interests in the transaction.

### How are we and our employees remunerated?

We charge fees for providing reports. Fees are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us. Our fees are usually determined on an hourly basis. However they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services. The estimated fee for the Report is \$22,000 (exclusive of GST and out-of-pocket expenses).

Neither PKFCF, nor its directors and officers, receive any commissions or other benefits arising directly from providing the Report to you. The remuneration paid to our directors and staff reflects their individual contribution to the company and covers all aspects of performance. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### What should you do if you have a complaint?

If you have any concerns regarding the Report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

AFS Compliance Manager  
PKF Corporate Finance (NSW) Pty Limited  
GPO Box 5446  
SYDNEY NSW 2001  
Telephone: +61 2 8346 6000 Fax: +61 2 8346 6099

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service ("FOS"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Telephone: (03) 9613 7366 Fax: (03) 9613 6399  
Internet: <http://www.fos.org.au>

The Australian Securities and Investments Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630  
Email: [infoline@asic.gov.au](mailto:infoline@asic.gov.au)  
Internet: <http://www.asic.gov.au/asic/asic.nsf>

### Contact details

You may contact us using the details located below.

PKF Corporate Finance (NSW) Pty Limited  
Level 8  
1 O'Connell Street  
SYDNEY NSW 2000  
GPO Box 5446  
SYDNEY NSW 2001  
Telephone: +61 2 8346 6000 Fax: +61 2 8346 6099



## 8. Directors

### 8.1 Board of Directors

The Company believes that the Manager has skills, depth of knowledge and history of achieving results using the Investment Strategy and processes to manage the Portfolio.

The Manager will be overseen by the Board.

The Board has a broad range of experience in investment management combined with financial and commercial expertise. The following Section provides information regarding the Directors, including their positions.

Name	Independence	Position
Michael Gallagher	Independent	Chairman
Katrina Vanstone	Independent	Director
Angus Geddes	Non-Independent	Director

Note:

(1) The Company has assessed the independence of its Directors having regard to the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.

### 8.2 Director Experience and Qualifications

#### Michael Gallagher

Introduction	Mr Michael Gallagher was appointed Chairman of the Board in November 2016. Michael has over 25 years investment experience.
Role	Independent chairman
Current responsibilities	Michael is currently the Australian Director of the Alternative Investment Management Association (AIMA), along with being a director of Spinnaker Investment Management, a Sydney based private investment firm he established in 2009.
Past experience	In 2009 Michael co-founded Kima Capital, an Australian based funds management business, which he later moved to Hong Kong before it was acquired. Prior to AIMA & Kima, Michael headed Australasian Equities for Rand Merchant Bank, overseeing the Equity Trading, Derivative and Equity Funds Management businesses from 2005-2009. In the 10 years prior to this Michael was a director at Macquarie Bank heading up the structured retail equity derivative businesses in Australia, South Africa and also spent time with Macquarie in the UK. Whilst at Macquarie, Michael also was seconded to start up and run Equity Derivative Businesses at Standard Bank & Nedbank in South Africa.
Qualifications	Michael received his commerce degree in Econometrics and Finance from the University of New South Wales.



## **Fat Prophets Directors.**



**Michael Gallagher**  
Independent Chairman



**Katrina Vanstone**  
Independent Director



**Angus Geddes**  
Non-Independent Director

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## Angus Geddes

Introduction	Angus Geddes is the founder and CEO of Fat Prophets, a business he founded in 2000
Role	Non-independent Director. Angus is the portfolio manager of the Manager with primary responsibility for the investment decisions and strategy of the Company.
Current responsibilities	Angus is currently the CEO of Fat Prophets, overseeing the domestic and offshore businesses and taking an active involvement in the management of investment portfolios, as well as overseeing the publication of the daily newsletter.
Past experience	During his career, Angus has worked as a money market dealer in New Zealand, and a financial consultant in the United Kingdom and the United States. Moving to Australia in 1996, Angus worked for five years as a stockbroker at Bankers Trust and JB Were before co-founding Fat Prophets in June 2000.
Qualifications	Majoring in Economics, Angus completed a Bachelor of Commerce degree at Otago University, New Zealand in 1990. He is also a member of the Securities Institute of Australia having qualified for a Graduate Diploma in Applied Finance and Investment in 1999.

## Katrina Vanstone

Introduction	Katrina is an experienced executive with several decades of experience in financial markets across various investment classes and with global experience.
Role	Independent director.
Current responsibilities	Currently Katrina is a Senior Sales Executive at the National Australia Bank and has been with the group for 6 years.
Past experience	Katrina has worked in financial markets for 30 years, both in Australia and offshore, including such leading organisations as HSBC and Deutsche Bank. Katrina has extensive experience in foreign exchange, interest rates and credit markets across asset and liability portfolios. She has held roles in trading, sales and syndication. She has extensive experience in the wholesale debt and derivative markets with strong product knowledge across capital structures and debt raisings, risk management and hedging, and cash and currency management. Katrina is a serving Director on the Board of the Eastern Suburbs District Rugby Union Football Club.
Qualifications	Katrina has a Bachelor of Economics from the University of Sydney and is a Graduate of the Australian Institute of Company Directors.

## 8.3 Director disclosures

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last ten years which is relevant or material to the performance of their duties as a Director. No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.



## 8.4 Remuneration

The maximum total remuneration of the Directors has been set at \$125,000 to be divided among the Directors as they see fit. The Board will seek Shareholder approval should it wish to increase this amount.

In the financial year ending 30 June 2018 the Directors will be paid the following full year remuneration (inclusive of superannuation):

Board and Name Remuneration payable:

Michael Gallagher	\$40,000
Katrina Vanstone	\$30,000
Angus Geddes	\$0

The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the Listing Rules, may be increased.

## 8.5 Company Secretary - Brett Crowley

Brett Crowley has been appointed company secretary. Brett is a practicing solicitor and is an experienced chairman, finance director and company secretary of ASX-listed companies. He currently practices as a solicitor and is a former Senior Legal Member of the NSW Civil and Administrative Tribunal. He is currently company secretary of five other ASX listed companies.

## 8.6 Matters Relevant to the Directors

The number of Shares held by or on behalf of each Director and their Associates, at the date of the Prospectus is as follows.

Director	Ordinary Shares	Options
Michael Gallagher	0	0
Katrina Vanstone	0	0
Angus Geddes	100	0

Apart from those listed above, none of the Directors or an Associate of a Director holds any interest in any Option or other Security in the Company at the date of this Prospectus.

Angus Geddes intends to participate in the Offer. Accordingly, at completion of the Offer, Angus may either directly or through entities associated with him, own Shares or Loyalty Options.

Angus Geddes intends to invest a minimum of \$1,000,000 in the Offer.

Assuming Angus Geddes invests \$1,000,000 under the Offer, then at the time of listing:

- If the minimum subscription is achieved, this will give Angus Geddes a voting power of 6.1%.
- If the maximum subscription is reached, this will give Angus Geddes a voting power of 3.0%.
- If maximum subscription is achieved and the maximum number of over subscriptions are accepted, this will give Angus Geddes a voting power of 1.5%.

## 8.7 Corporate Governance Policies

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Board will conduct itself in accordance with the ASX Corporate Governance Principles and Recommendations, 3rd Edition (2014) (ASX Principles) as issued by the ASX Corporate Governance Council, to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company.

The Company has formulated its own corporate governance policies and practices using the ASX Principles as a guide. These are available on the Company's website, at [www.fatprophetsinvestors.com](http://www.fatprophetsinvestors.com).

The Board will review the corporate governance policies and structures that the Company has in place on an ongoing basis to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.

The Company will provide an explanation of any recommendation of the ASX Principles that it considers not appropriate to its particular circumstances in its future annual reports.

The Board will review the corporate governance policies and structures that the Company has in place on an ongoing basis to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.



## 9. Material Contracts

The Directors consider that the material contracts described below are the contracts which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

This Section only contains a summary of the material contracts and their substantive terms.

### 9.1. Management Agreement

#### Overview

The Company has appointed the Manager to invest and manage of the Portfolio in accordance with the Investment Strategy detailed in Section 3.5 (Investment Strategy).

The Company has sought and been granted in principle ASX relief from Listing Rules 15.16(b) and (c) so that the initial term of the Management Agreement will be for a period of 10 years (Initial Term). The term will be automatically extended for further terms of 5 years upon expiry of the initial term or extended term (as the case may be) unless terminated earlier as described below. If the ASX relief is not provided then the initial term of the Management Agreement would be for five years unless terminated earlier in accordance with the terms of the Management Agreement, with further renewals of five years.

The Manager is appointed on an exclusive basis by the Company to provide the services set out below. The Manager is expressly permitted to provide similar management services to other parties provided it does not conflict with the provision of the services to the Company.

#### Services to be provided by the Manager

Subject to the terms of the Agreement, the Manager is empowered and required to do all things it reasonably considers necessary or desirable for the administration, management and conduct of the Company.

The main services that the Manager will provide include:

- investment and management of the Portfolio in accordance with the Investment Strategy
- identifying, assessing and implementing the acquisition and disposal of authorised investments;
- keeping the Portfolio under review and conferring at regular intervals with the Company regarding investments and management of the Portfolio;
- maintaining appropriate compliance arrangements; and
- providing the Company with monthly reporting of the Portfolio value;

Provided it is consistent with the Investment Strategy, the Manager may acquire new investments or dispose of same without the need to seek the consent of the Company.

The Manager may not subcontract any discretionary management services to be provided under the Management Agreement without the prior consent of the Board.

#### Manager Compensation

##### Management Fee

The Company must, during the Term, pay to the Manager a management fee equal to approximately 1.25%p.a. of the Net Portfolio Value calculated at the end of the month (0.1042% per month) (plus GST). The Management Fee shall be paid to the Manager within twenty (20) days of the end of each month.

The Net Portfolio Value is essentially the market value of all the investments (including cash) that make up the Portfolio reduced by any accrued but unpaid expenses of the Company, but not provisions for tax payable or unpaid dividends of the Company, and after subtracting any borrowings drawn down and adding back any borrowings repaid (Net Portfolio Value).

### Performance Fee

In addition to the monthly Management Fee, in return for the performance of its duties as Manager of the Portfolio, the Manager is entitled to be paid a quarterly Performance Fee of 20% (plus GST) of the difference between the Net Portfolio Value at the end of the relevant period and highest Net Portfolio Value of any preceding period.

The formula for the Performance Fee is outlined below:

$$PF = 0.20 \times (CNPV - PNPV + D - NC)$$

Where:

PF = the amount of the Performance Fee;

CNPV is the Net Portfolio Value on the last business day of the relevant quarter;

PNPV is the higher of:

- (i) the Net Portfolio Value on the last business day of the immediately preceding quarter; and
- (ii) the previous highest Net Portfolio Value calculated under this formula;

D is the aggregate of all dividends or other distributions in respect of all Shares paid or payable to Shareholders, or the value of entitlements other than cash dividends or distributions where those other entitlements are given or due to Shareholders, on a pre-tax basis, where the Shares were quoted 'ex' dividend, distribution or other entitlement on the ASX in respect of such dividend, distribution or other entitlement at any time during the quarter;

NC is the aggregate dollar value of any new capital subscribed for Shares during the quarter (including dividend reinvestments and exercise of options), calculated at the subscription price for that new capital less the costs incurred in raising that new capital less the aggregate dollar value of any buy-back of Shares or capital reduction or capital return during the quarter.

If PF is a negative number, no Performance Fee is payable in respect of that quarter

The Performance Fee shall be paid to the Manager within twenty (20) days of the end of each quarter

Examples of how the Performance Fee would be calculated:

### Example 1

Assumptions:

1. At the end of the quarter on 31 December 2016, the Net Portfolio Value is \$50,000,000;
2. The Company does not pay any dividends or raise any new capital in the quarter ended 31 March 2017;
3. At the end of the quarter on 31 March 2017, the Net Portfolio Value is \$53,000,000;

Calculation:  $0.20 \times (53,000,000 - 50,000,000) = \$600,000$

Therefore, the Performance Fee is \$600,000 (plus GST)

### Example 2

Assumptions:

1. At the end of the quarter on 31 March 2017, the Net Portfolio Value is \$53,000,000;
2. The Company pay a dividend of \$1,000,000 in the quarter ended 30 June 2017 but raises no capital;
3. At the end of the quarter on 30 June 2017, the Net Portfolio Value is \$51,000,000;

Calculations:  $0.20 \times (51,000,000 - 53,000,000 + 1,000,000) = -200,000$

There is no Performance Fee because the formula produces a negative number

### Example 3

Assumptions:

1. At the end of the quarter on 30 June 2017, the Net Portfolio Value is \$51,000,000;
2. The Company raises share capital of \$2,000,000 in the quarter ended 30 September 2017 but pays no dividend;
3. At the end of the quarter on 30 June 2017, the Net Portfolio Value is \$58,000,000;

In this calculation, the variable PNPV will be \$53,000,000 (being the previous highest Net Portfolio Value)

Calculations:  $0.20 \times (58,000,000 - 53,000,000 - 2,000,000) = 600,000$

Therefore, the Performance Fee is \$600,000 (plus GST)

## Termination

### Termination by the Company

The Company may terminate the Management Agreement by written notice to the Manager in certain circumstances (Company Termination for Cause) including:

1. the event of any material and substantial breach of the Agreement by the Manager, provided that before termination the Manager has failed to remedy the breach within 30 days of receiving notice from the Company;
2. a change in control of the Manager without the consent of the Company;
3. the Manager ceasing to be an Authorised Representative of Fat Prophets (which holds the AFSL);
4. the AFSL is cancelled or suspended; and
5. the Manager becomes insolvent.

After the Initial Term, the Company may also terminate the Agreement on 3 months' notice after the Company's Shareholders pass an ordinary resolution to terminate it (Company Termination for Convenience).

## Termination by the Manager

The Manager may terminate the Agreement on three months' notice in certain circumstances (Manager Termination for Cause) including:

1. the Company fails to make payment of the Manager's fees and the failure continues for twenty one (21) days from the delivery of a written notice by the Manager to the Company requesting payment;
2. the Company enters into liquidation (except voluntary liquidation for the purpose of reconstruction);
3. the Company does or commences to do any of the following:
  - (a) reduces its capital, enters into a buy-back;
  - (b) distributes in-specie any of its assets; or
  - (c) enters into any arrangement which has or is likely to have the effect of reducing the Net Portfolio Value,  
and the effect or likely effect of the relevant action is that the Net Portfolio Value is reduced to amount which is less than 90% of the amount of capital raised under the Prospectus;

After the first anniversary of the Commencement Date, the Manager may also terminate the Agreement on 3 months' (Manager's Termination for Convenience).

## Termination Fee

If the Management Agreement is terminated because of the Company's Termination for Convenience or the Manager's Termination for Cause, the Manager is entitled to a termination payment. The termination payment will be equal to 5% of the Net Portfolio Valuation as at the termination date. The above percentage of Net Portfolio Value will be reduced on a pro-rata basis in accordance with the length of time served under the agreement:

The formula for the Termination Fee is outlined below:

$$TP = NPV \times 5\% \times (1 - M/Y)$$

Where:

TP is the Termination Fee;

NPV is the Net Portfolio Value on the date of termination;

M is the number of months which:

- (d) if the Agreement is terminated during the Initial Term, the number of whole calendar months that have elapsed between the Commencement Date and the date of termination; and
- (e) if the Agreement is terminated during an Extended Term, the number of whole calendar months that have elapsed between the first day of that Extended Term and the date of termination.

Y is:

- (a) if the Agreement is terminated during the Initial Term, 120;
- (b) otherwise, 60.

Examples of how the Termination Fee would be calculated:



### Example 1

Based on the following assumptions:

Initial Term of the agreement is 10 years (equivalent of 120 months). The Management Agreement is terminated at end of Year 7 (84 months) for Manager Termination for Cause.

Net Portfolio Value at end of Year 3 is \$70m.

The Termination Fee would be calculated at 5% of the Net Portfolio Value reduced by 84/120 (equivalent to 7 years served out of the 10 year term) as follows:

$$70,000,000 \times 5\% \times (1 - 84/120)\% = \$1,050,000$$

### Example 2

Based on the following assumptions:

The Initial Term of the Management Agreement has expired and has been automatically extended under the terms of the Management Agreement for a further 5 year period. At the end of the fourth year in that extended term the Company Terminates for Convenience with 3 months' notice. The Management Agreement is therefore terminated after 51 months into the extended term. At that time the Net Portfolio Value is \$90,000,000.

The Termination Fee would be calculated at 5% of the Net Portfolio Value reduced by 51/60 (equivalent to 51 months years served out of the 5 year term) as follows:

$$90,000,000 \times 5\% \times (1 - 51/60) = \$675,000$$

On termination of the Management Agreement, the Manager must immediately deliver up to the Company all property belonging to the Company or any of its related bodies corporate which is in its or any of its employees or agents possession.

## Expenses

The Company is liable for and must pay out of the Portfolio (or if paid by the Manager, reimburse the Manager out of the Portfolio) all fees, costs and expenses when properly incurred in connection with the investment and management of the Portfolio, the acquisition, disposal or maintenance of any investment or performance of the Manager's obligations under the Agreement. The Manager must pay in-house administration costs of the Manager in the nature of rent for the Manager's premises, computer charges, salaries, research costs and like expenses.

## Indemnity

The Company indemnifies the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses incurred in connection with the Manager or any of its officers, employees or supervised agents acting in accordance with the Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or supervised agents in accordance with the Agreement except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers, employees or supervised agents, or is incurred in breach of the Agreement.

The Manager indemnifies the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with any breach by the Manager of the Agreement or any negligence, default, fraud or dishonesty of the Manager or its officers, employees or supervised agents.

## Variation

Any modification or alteration of the terms of the Agreement shall be agreed by the Manager and the Company. The ASX may require that the Company may not agree to any material change without the approval of its Shareholders.

## Dealings with Related Parties

If the Manager proposes that the Company acquire assets from or dispose of assets to a related party of the Manager, the Company must approve the acquisition or disposal of the asset to the extent required by all relevant laws and regulations (including the ASX listing Rules).

## 9.2 Prime Broker Agreement

Deutsche Bank AG, acting through its London branch (**Prime Broker**), will provide prime brokerage services to the Company in accordance with the terms of the prime brokerage agreement between the Company and the Prime Broker (**Agreement**). These services will include financing and settlement services. The Prime Broker may delegate its obligations to any of its affiliated companies or to third parties and may appoint such party to act directly with the Company. The Prime Broker is authorised under German banking law and by the United Kingdom Prudential Regulation Authority. It is subject to supervision by the ECB and BaFin, Germany's Federal Financial Supervisory Authority and is subject to limited regulation by the United Kingdom Prudential Regulation Authority and the United Kingdom Financial Conduct Authority (**FCA**).

The Prime Broker will also provide a custody service for all the Company's investments, including documents of title or certificates evidencing title to securities. The Prime Broker can appoint a sub-custodian to provide custodial services to the Company and will supervise the sub-custodian.

In accordance with FCA rules, the Prime Broker will record and hold investments held by it as custodian in such a manner that the identity and location of the investments can be determined at any time and that such investments are readily identifiable as such and, other than bank deposits, are held separately from any property of the Prime Broker.

Any cash or securities held by or received by the Prime Broker from or for the benefit of the Company will be held in a cash account and one or more securities accounts. The Prime Broker is not obliged to keep any securities or derivatives separate or segregated from any other customer held or controlled by it.

The Prime Broker will hold the Company's money as banker not as a trustee or agent and the Prime Broker is not required to hold the Company's money in a segregated client account.

As security for the payment and performance of the Company's obligation to the Prime Broker, the Prime Broker will hold a security interest by way of charge over the Company's right, title and interest in connection with the securities held by the Prime Broker, the Company's right, title and interest in connection with cash held by the Prime Broker, all other assets of the Company and other amounts payable to the Prime Broker.

The Company's securities may be used by the Prime Broker for its own purposes, whereupon such securities will become the property of the Prime Broker and the Company will have a right against the Prime Broker for the return of equivalent securities. The Company will rank as an unsecured creditor and, in the event of the insolvency of the Prime Broker, the Company may not be able to recover such equivalent assets in full.

Neither the Prime Broker nor any affiliated persons or companies will be liable for any loss relating to the Company resulting from any losses incurred by or asserted against the Prime Broker and affiliated persons and companies in connection with the Prime Broker Agreement. The Prime Broker will be responsible for the acts of any sub-custodian or nominee which is an affiliated company or is controlled by an affiliated company (and therefore for losses to the Company arising as a result of such acts) to the same extent as for its own acts, including any act or omission, fraud, negligence or wilful default. Where the Prime Broker has appointed a sub-custodian or nominee which is not an affiliated company or controlled by an affiliated company, it will not be liable for any act or omission, or for the insolvency, of such sub-custodian or for any loss arising therefrom.

The Prime Broker is a service provider to the Company and is not responsible for the preparation of this document or the activities of the Company and therefore accepts no responsibility for any information contained in this document. The Prime Broker will not participate in the investment decision-making process.

### 9.3 Lead Manager Engagement and Offer Management Agreement

The Company and the Manager have entered into an engagement and offer management agreement dated 6 December 2016 (Mandate) appointing Taylor Collision Limited (Lead Manager) as lead arranger and lead manager for the Offer, on the terms and conditions of the Mandate.

The Lead Manager may appoint at any time any co-managers to co-manage the Offer (with the prior written consent of the Company) (Co-Managers) and brokers to participate in the Broker Firm Offer.

For its work, the Lead Manager is to receive a management fee of \$50,000 plus 0.25% of the total gross proceeds of the Offer. The Company must also pay to the Lead Manager and each Co-Manager a broker firm selling fee of 2.5% of the total amount raised under the Offer from allocations to each of them (and their respective brokers and affiliates) under the Broker Firm Offer. All fees set out in the foregoing, are exclusive of GST and exclude disbursements.

The terms of the Mandate are customary for the size and risk associated with this type of transaction.

### 9.4 Director Protection Deeds

The Company has agreed to provide access to board papers and minutes to current and former Directors of the Company while they are Directors and for a period of seven years from when they cease to be Directors.

The Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities, which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each Director a directors' and officers' policy of insurance for the period that he or she is a Director and for a period of seven years after the officer ceases to be a Director.



## 10. Additional Information

### 10.1. Incorporation

The Company was incorporated on 19 October 2016.

### 10.2 Balance Date and Company Tax Status

The accounts for the Company will be made up to 30 June annually. The Company will be taxed as a public company.

### 10.3 Capital structure

As at the date of this Prospectus, the Company has 100 Shares and no options on issue. The 100 Shares are held by Angus Geddes.

### 10.4 Impact of the Offer on the capital structure

The below table sets out the issued capital of the Company on the Allotment Date:

Securities	Capital Structure Example 1 (Minimum)	Example 2 (Maximum)	Example 3 (Maximum with oversubscriptions)
Shares	15,000,100	30,000,100	60,000,100
Loyalty Options	15,000,000	30,000,000	60,000,000
Total Shares on fully diluted basis	30,000,100	60,000,100	120,000,100

### 10.5. Rights Attaching to the Shares

Immediately after issue and allotment, the Shares will be fully paid Shares. There will be no liability on the part of shareholders for any calls and the Shares will rank pari passu with the Share currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's constitution and the Corporations Act. A copy of the constitution can be inspected during office hours at the registered office of the Company.

A summary of the rights attaching to Shares under the Constitution is set out below. This summary is qualified by the full terms of the Constitution (copies of the Constitution may be inspected at the registered office of the Company during normal business hours by appointment with the Company secretary) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory, ASX Listing Rules and common law requirements. For an investor to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, that investor should seek legal advice.

## General

Subject to the Constitution and the terms of issue of a Share, attached to each Share is the right to receive notice of, attend and vote at all meetings of Shareholders, to receive dividends, and in a winding up to participate equally in the distribution of assets of the Company subject only to the amounts unpaid on any Share.

## Voting

At a meeting of Shareholders, subject to the Constitution, the Corporations Act and (if applicable) the ASX Listing Rules, on a show of hands each Shareholder present in person or by proxy has one vote. At the taking of a poll, each Shareholder present in person or by proxy has one vote for each fully paid Share, and for each partly paid Share a fraction of a vote equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited). A Shareholder is entitled to be counted in a vote only in respect of Shares on which all calls due and payable have been paid.

A resolution put to vote at a meeting must be decided on a show of hands unless a poll is demanded.

## General meetings and notices

A Director of the Company may call a general meeting and the Directors must call an annual general meeting in accordance with the Corporations Act. Shareholders may request or call and arrange to hold a general meeting in accordance with the Corporations Act.

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Company's Constitution, the Corporations Act and (if applicable) the ASX Listing Rules.

The quorum for a meeting of Shareholders is two Shareholders entitled to vote at the meeting.

## Dividends and share plans

The Directors may pay to Shareholders any interim and final dividends as they see fit. The Directors may fix the amount, the time for payment and the method of payment.

The Directors may establish and make rules for a dividend reinvestment plan/or a dividend election plan in relation to any dividend payable by the Company.

The Directors may declare dividends on a class of Shares to the exclusion of and in different amounts than other classes. Dividends on partly paid shares must not exceed the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited) on that Share.

## Issue of Shares

Subject to the Constitution, the Corporations Act, the ASX Listing Rules (if applicable) and any special rights conferred on holders of existing Shares or a class of Shares, the Directors may issue or otherwise dispose of, or grant options in respect of, shares to such persons on such terms as they think fit. In particular, the Directors may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and payment of calls.

The Company may issue preference shares which are or at the option of the Company are to be, liable to be redeemed. Holders of preference shares will only have the right to vote at a meeting convened for the purpose of reducing capital, in certain circumstances upon winding up, where the resolution effects the rights attached to the preference shares, when a dividend on the preference shares are in arrears or on a resolution to approve the terms of a buy-back.

### **Transfer of Shares**

Generally, all Shares are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the ASX Listing Rules (if applicable) and the operating rules of ASX Settlement Pty Limited (if applicable). The Directors may decline to register an instrument of transfer received where refusal is permitted under the Constitution and (if applicable) the ASX Listing Rules. If the Company is admitted to the official list of the ASX, the Directors must refuse to register the transfer of "restricted securities" (as defined in the ASX Listing Rules) during the relevant escrow period (except as permitted by the ASX Listing Rules or the ASX) or any other transfer as required by the ASX Listing Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal.

### **Proportional takeover provisions**

If the Company is admitted to the official list of the ASX or if the Company is an unlisted public company with more than 50 Shareholders, the registration of a transfer of Shares which would give effect to a proportional takeover bid is prohibited unless and until an approving resolution approving the proportional takeover bid is passed. The proportional takeover provisions will cease to have effect on the third anniversary of the adoption of the Constitution, unless renewed.

### **Small shareholdings**

If the Company is admitted to the official list of the ASX, subject to the ASX Listing Rules, and compliance with the procedure set out in the Constitution, the Company may issue a notice of divestment to a Shareholder holding a parcel of non-marketable shares. Unless the Shareholder objects to the divestment, the Company must sell the Shares as agent of the Shareholder with all consideration received by the Company to be paid by the relevant Shareholder.

### **Winding up**

Subject to any special rights attaching to a class of shares, if the Company is wound up the liquidator in a winding up may, with the sanction of a special resolution of the Shareholders, divide the assets of the Company among the Shareholders.

### **Liability of Shareholders**

As all existing Shares on issue are fully paid, and the New Shares to be issued pursuant to this Prospectus will be fully paid, Shareholders will not be subject to any further call for money by the Directors and therefore Shares will not become liable to forfeiture.

### **Variation of rights**

The rights attaching to the Shares may only be varied, modified or cancelled with the prior written consent of at least 75% of the holders of votes in that class or by a special resolution of the holders of shares in that class at a meeting of those holders.

### **Directors – Appointment, retirement and removal**

The minimum number of Directors is three (3) and the maximum is ten (10). The Directors are not required to hold any Shares.

Directors may be appointed by resolution of Shareholders at a general meeting. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, and such Director will hold office until the next annual general meeting.

Directors may only be removed by resolution of Shareholders at a general meeting.



A Director must retire from office at the end of the third annual general meeting following that Directors last appointment or three (3) years, whichever is longer. The requirement to retire does not apply to the Managing Director. If there is more than one Managing Director then the requirement to retire will not apply to just one Managing Director. A retiring Director is eligible for re-election.

### Decisions of Directors

The quorum for a meeting of Directors is two (2). Questions arising at a meeting of Directors are decided by a majority of votes cast by Directors entitled to vote on the resolution. The Chairman has a casting vote.

### Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least 21 days' notice (if the Company is not listed) or 28 days' notice (if the Company is listed) of the meeting at which the special resolution is proposed must be given.

## 10.6 Rights Attaching to the Loyalty Options

The terms and conditions of the Loyalty Options are as follows:

<b>Register</b>	The Company will maintain a register of holders of Loyalty Options in accordance with Section 168(1)(b) of the Corporations Act.
<b>Issue price</b>	The Loyalty Options will be issued for no consideration.
<b>Entitlement to be issued Shares and vesting</b>	<p>The Loyalty Options will either Vest or lapse on the Vesting Date (i.e. the date that is 12 months following the commencement of trading of the Shares on the ASX). Upon Vesting each Loyalty Option entitles the holder to be issued one Share for each Loyalty Option vested and exercised. The number of Loyalty Options to Vest will be equal to that number of Shares issued to that holder under this Prospectus that the holder continues to hold on the Vesting Date.</p> <p>For example, if an Applicant acquires 20,000 Shares under this Prospectus, the Applicant will be issued 20,000 Loyalty Options at the same time it acquires the Shares. If, during the 12 months commencing on the date the Company's Shares are quoted on the ASX, the Applicant sells all of those Shares, all of the Loyalty Options will lapse and will not be able to be exercised. On the other hand, if the Applicant sells only 6,000 of those Shares in that 12 month period, then only 6,000 Loyalty Options will lapse and the remaining 14,000 Loyalty Options will vest on the Vesting Date and may be exercised at any time during the 12 month period after the Vesting Date. As another example if the Applicant sells 6,000 of the 20,000 Shares acquired under the Prospectus prior to the Vesting Date, and then purchases additional shares at a later date, that 6,000 Loyalty Options will still lapse and only the remaining 14,000 Loyalty Options will vest on the Vesting Date. Consequently, should an Applicant increase their holding above what they acquired under the Prospectus before the Vesting Date, those additional Loyalty Options will not be granted.</p> <p>Loyalty Options which do not vest on the Vesting Date will immediately lapse.</p>
<b>Exercise price</b>	The exercise price of the Loyalty Options is \$1.10 each.
<b>Expiry Date</b>	The expiry date of the Loyalty Options is 1 year from the Vesting Date (Expiry Date). The Loyalty Options may be exercised at any time after vesting and prior to the Expiry Date, in whole or in part, upon payment of the exercise price per Loyalty Option.
<b>Transferable</b>	The Loyalty Options are not transferable prior to or post Vesting.

<b>Exercise</b>	The Company will provide to each Loyalty Option holder a notice that is to be completed when exercising the Loyalty Options (Notice of Exercise). Loyalty Options may be exercised by the Loyalty Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Company Secretary to be received prior to the Expiry Date. The Notice of Exercise must state the number of Loyalty Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by a Loyalty Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Shares.
<b>Ranking of Shares</b>	All Shares issued upon the exercise of the Loyalty Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX for quotation of all Shares issued upon exercise of Loyalty Options.
<b>Participating rights</b>	There are no participating rights or entitlements inherent in the Loyalty Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Loyalty Options. Thereby, the Loyalty Option holder has no rights to a change in the exercise price of the Loyalty Option or a change to the number of underlying securities over which the Loyalty Option can be exercised except in the event of a bonus issue. The Company will ensure, for the purposes of determining entitlements to any issue, that Loyalty Option holder will be notified of a proposed issue after the issue is announced. This will give Loyalty Option holders the opportunity to exercise their vested Loyalty Options prior to the date for determining entitlements to participate in such issues.
<b>Bonus issue</b>	If from time to time on or prior to the Expiry Date, the Company makes a bonus issue of securities to holders of Shares in the Company (Bonus Issue), the number of shares over which the Loyalty Options is exercised will be increased by the number of shares which the holder of the Loyalty Option would have received if the Loyalty Options had been exercised before the Loyalty Option Record Date for the Bonus Issue.
<b>Reconstructions</b>	In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Loyalty Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.
<b>Quotation</b>	The Company will not seek to have the Loyalty Options quoted after the Vesting Date.

## 10.7 Related Party Arrangements

The Directors are entitled to receive the following benefits:

- (a) the remuneration described in Section 8.4; and
- (b) the Company has agreed to provide an indemnity to the Directors in limited circumstances.

See Section 9.4 for details.

Except as set out in this Prospectus (including in Section 10.8), there are no interests that exist at the date of this Prospectus and there were no interests that existed within two years before the date of this Prospectus that are or were, interests of a Director or a proposed Director in the promotion of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion.

Further, except as set out in this Prospectus, there have been no amounts paid or agreed to be paid to a Director in cash or Securities or otherwise by any persons either to induce him to become or qualify him as a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company.

## 10.8 Legal Proceedings

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings which have had a significant effect on the financial position on the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

## 10.9 ASX Waiver

ASX Listing Rule 15.16 sets a maximum term of 5 years for an Investment Management Agreement. The ASX has granted the Company an 'in-principal' waiver of ASX Listing Rule 15.16 to allow for a maximum term of 10 years under the Management Agreement. The waiver is expected to be granted prior to the inclusion of the Company the Official List.

## 10.10 Offer expenses

The Company will pay all of the costs associated with the Offer. If the Offer proceeds, the total estimated cash expenses (excluding GST) in connection with the Offer (including advisory, legal, accounting, tax, listing and administrative fees as well as printing, advertising and other expenses) are estimated to be approximately \$642,052 for the minimum subscription and \$1,752,472 for the maximum subscription. See Section 10.12 for details of experts' fees.

If the offer does not proceed all costs will be met by the Manager.

Offer Costs Met by Company	MIN	MAX
Lead Manager Fees	\$122,375	\$258,500
ASX Fees	\$97,800	\$147,468
Brokerage Fees	\$90,750	\$907,500
Other	\$331,127	\$439,004
<b>Costs met by the Company</b>	<b>\$642,052</b>	<b>\$1,752,472</b>

## 10.11 Consents and Responsibility Statements

Thomson Geer has given and before lodgment of the paper Prospectus with ASIC and the issue of the Electronic Prospectus has not withdrawn its written consent to be named as solicitors to the Offer in the form and context in which it is so named.

Thomson Geer consents to being named in the Prospectus as the Australian legal adviser in the form and context in which it is named. It has not authorised or caused the issue of the Prospectus and does not make, or purport to make, any statement in the Prospectus.

PKF Corporate Finance Pty Ltd (PKFCF) has given and before lodgment of the paper Prospectus with ASIC and the issue of the Electronic Prospectus has not withdrawn its written consent to being named in the Prospectus as investigating accountant for the Company in the form and context in which it so named.

PKFCF has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus except for its investigating accountant's report. PKFCF has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Fat Prophets Funds Management Pty Ltd has given and before lodgment of the paper Prospectus with ASIC and the issue of the Electronic Prospectus has not withdrawn its written consent to being named in the Prospectus as Manager of the Company in the form and context in which it so named.

Fat Prophets Pty Ltd has given and before lodgment of the paper Prospectus with ASIC and the issue of the Electronic Prospectus has not withdrawn its written consent to being named in the Prospectus as owner of the Manager and the holder of the AFSL in the form and context in which it so named.

Taylor Collison has given and before lodgment of the paper Prospectus with ASIC and the issue of the Electronic Prospectus has not withdrawn its written consent to being named in the Prospectus as Lead Manager to the Offer in the form and context in which it so named.

Taylor Collison has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. Taylor Collison has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Computershare Investor Services Pty Limited (Computershare) has given and before lodgment of the paper Prospectus with ASIC and the issue of the Electronic Prospectus has not withdrawn its written consent to being named in the prospectus as share registrar for the Company in the form and context in which it so named.

Computershare has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. Computershare has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

## 10.12 Interest of Experts

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Thomson Geer has acted as solicitors to the Offer and have performed work in relation to the due diligence program and performing due diligence enquiries on legal matters. In respect of this Prospectus, the Company estimates that it will pay amount totaling approximately \$70,000 (plus GST and disbursements) to Thomson Geer.

PKF Corporate Finance Pty Limited has prepared the investigating accountant's report included in this Prospectus and have also performed work in relation to the due diligence enquiries on financial matters. In respect of this work, the Manager estimates that it will pay up to \$24,200 (including GST and disbursements) to PKF Corporate Finance Pty Limited.

The Lead Manager will be paid \$50,000 (exclusive of GST) and a fee equal to 0.25% of the total gross proceeds of the Offer in consideration for its services as the Lead Manager to the Offer.

Certain partners and employees of the above firms may subscribe for Shares and Loyalty Options in the context of the Offer.

### 10.13. Share Trading and Return Risks

Before deciding to invest in Shares and Loyalty Options, each potential investor should consider whether shares are a suitable investment. There are general risks associated with any investment in the stock market. The value of the Shares and Loyalty Options can go down or up due to circumstances affecting the stock market generally or a company in particular and are due to factors beyond the control of the Company. Similarly, the level of dividends paid in respect of the Shares can go down as well as up. Shares and Loyalty Options should generally not be considered a short term investment.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

### 10.14 Statement of Directors

Other than as set out in this Prospectus, the Directors report that after due enquiries by them there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

Each Director has authorised the issue of this Prospectus and has consented to the lodgment of this Prospectus with ASIC and has not withdrawn that consent.

### 10.15 Taxation

The Company is not licensed under the tax agent services regime and cannot provide tax advice to investors. Taxation discussion in this prospectus is based on the law in place at the date of this Prospectus and is intended to be a general guide only. It is not intended to be definitive advice, nor relied upon as such and (unless otherwise noted), is only relevant for Australian resident investors who hold their Shares and Options on capital account for investment purposes. It does not purport to be a complete analysis of all potential tax effects relevant to the Offer or to a holder of Shares or Options. As the taxation outcomes will depend on individual investors' personal circumstances, all Applicants (and in particular, corporations and trustees) should satisfy themselves of possible tax consequences of the Offer by consulting their own professional tax advisers.





# 11. Glossary

Terms and abbreviations used in this Prospectus have the following meaning:

Allotment Date	The date on which the Shares and Options are allotted under the Offer.
Applicant	A person who submits an Application and required Application Monies pursuant to this Prospectus.
Application	An application for Shares and Options pursuant to this Prospectus.
Application Form	The General Offer Application Form or the Priority Application Form or Broker Firm Application Form (as applicable) each in the form attached to this Prospectus or the online Application Form that accompanies the electronic version of this Prospectus.
Application Monies	Money submitted by applicants under the Offer representing the Application Amount for each Share applied for under the Offer.
Application Price	\$1.10 for each Share applied for.
Arbitrage	Taking advantage of different prices of related securities. For example, buying a security at a low price and short selling the related security at a higher price to capture the pricing difference.
Associate	Has the meaning given by Division 2 of the Corporations Act.
ASIC	Australian Securities & Investments Commission.
ASX	The Australian Securities Exchange operated by ASX Limited.
Australian Financial Service Licence or AFSL	Has the same meaning set out in the Corporations Act.
Authorised Representative	Has the same meaning set out in the Corporations Act.
Broker	Any ASX participating organisation selected by the Lead Manager in consultation with the Company to act as a broker to the Offer.
Broker Firm Offer	Has the meaning ascribed to that term in Sections 2.3 and 2.8.
Business Day	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney.
Cash	Cash investment that carries a relatively high degree of capital security which can be realised within a relatively short term. Examples include bank deposits, treasury notes with a term of less than one year and interests in cash management trusts.



Closing Date	The date that the Offer closes, being Friday 10 March 2017.
Company	Fat Prophets Global Contrarian Fund Limited (ACN 615 414 849).
Directors or Board	The board of directors of the Company.
Eligible Participants	A person eligible to participate in the Priority Allocation, being a client of the Manager or an investor in either of the unlisted funds managed by the Manager with a registered address in Australia as at the date of this Prospectus.
Electronic Prospectus	The electronic version of this Prospectus which can be downloaded from the following website <a href="http://www.fatprophetsinvestors.com">www.fatprophetsinvestors.com</a>
Expiry Date	Means the date which is 12 months after the Vesting Date.
Exposure Period	The seven day period after the date of lodgment of the Prospectus with ASIC (as extended by ASIC (if applicable)).
Fat Prophets	Fat Prophets Pty Ltd (ACN 094 448 549)
General Offer	The offer of Shares and Options to investors who are not Eligible Participants and who are not participating in the Broker Firm Offer.
General Offer Application Form	The Application Form to be used by Applicants who are not participating in the Broker Firm Offer and who are not Eligible Participants and who are not applying for Shares under the Priority Allocation.
Hedging	Taking an offsetting position to reduce the risk of adverse price movements in an asset.
Issue	The issue of Shares and Options in accordance with this Prospectus.
Institutional Applicant	An Applicant to whom offers or invitations in respect of Shares and Options can be made without the need for a lodged prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under Section 708 of the Corporations Act (disregarding Section 708AA).
Investment Strategy	Means the strategy to be used by the Manager in relation to the Portfolio involving actively managing the Portfolio in accordance with the guidelines set out in Section 0 (as amended from time to time).
Lead Manager	Taylor Collison Limited ABN 51008 712 450
Listing Rules	The listing rules of ASX
Loyalty Option	An option to acquire a Share at an exercise price of \$1.10 per Share exercisable at any time after the Vesting Date and within 12 months after the Vesting Date on the terms set out in Section 10.6.

<b>Manager or Investment Manager</b>	Fat Prophets Funds Management Pty Limited (ACN 615 545 536), Authorised Representative of Fat Prophets Pty Ltd (Australian Financial Services Licence Number . 229183).
<b>Management Agreement</b>	The management agreement between the Company and the Manager dated 2nd January, 2017 and summarised in Section 9.1.
<b>Management Fee</b>	A fee the Manager is entitled to be paid in return for the performance of its duties as Manager of the Company, being approximately 1.25% p.a. (exclusive of GST) of the Net Portfolio Value .
<b>Net Portfolio Value</b>	Has the meaning set out in section 9.1.
<b>NTA</b>	Net tangible assets of the Company.
<b>Offer</b>	The offer of up to 30,000,000 Shares and up to 30,000,000 attaching Loyalty Options, and any over subscriptions for up to 30,000,000 Shares and up to 30,000,000 attaching Loyalty Options, pursuant to and in accordance with this Prospectus.
<b>Official List</b>	The official list of ASX.
<b>Opening Date</b>	The date the Offer opens after expiry of the Exposure Period, expected to be Tuesday, 24 January 2017.
<b>Original Prospectus</b>	Means the prospectus issues by the Company and dated 16 January 2017, replaced in full by this Replacement Prospectus.
<b>Performance Fee</b>	A fee the Manager is entitled to be paid by the Company under the Management Agreement, described in Section 9.1.
<b>Performance Fee Period</b>	Three monthly periods ending 31 March, 30 June, 30 September and 31 December each year (or part thereof for the first Performance Fee Period after listing).
<b>PKFCF</b>	PKF Corporate Finance (NS) Pty Limited the Investigating Accountant to the Offer.
<b>Portfolio</b>	The Portfolio of investments of the Company from time to time.
<b>Portfolio Performance</b>	The change in the Net Portfolio Value over a Performance Fee Period.
<b>Prime Broker Agreement</b>	Means the agreement between the Company and Deutsche Bank AG, acting through its London branch, the terms of which are summarised in section 9.2.
<b>Prospectus</b>	This replacement prospectus dated 23rd January 2017 as modified or varied by any replacement supplementary prospectus made by the Company and lodged with ASIC from time to time.
<b>Relevant Interest</b>	Has the meaning set out in the Corporations Act.

Retail Applicant	An Applicant who is not an Institutional Applicant.
Securities	Means the Shares and Loyalty Options the subject of the Offer or, if the context requires, has the same meaning as in Section 92 of the Corporations Act.
Short selling	Selling a Security the Company does not own. Generally, the investor will borrow the Security to sell in the market then purchase the Security at a subsequent date to “close out” the transaction.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A registered holder of a Share.
Share Registry or Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
Subscription Price	The amount payable by Applicants to the Company for the issue of Shares under the Offer
U.S. Person	Has the meaning given to it in Rule 902(k) under Regulation S of the United States Securities Act of 1933, as amended.
Thomson Geer	Thomson Geer, the Solicitors to the Offer.
Vest and Vesting	Means the process under which a Loyalty Option first becomes exercisable by and Applicant in accordance with the terms of issue of the Loyalty Option.
Vesting Date	Means the date which is 12 months after the Shares are quoted on the ASX.

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Dated: 16th January, 2017



Michael Gallagher  
Chairman

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HUNTING.**



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**STEP 3** CHESS Holdings Only - supply your Holder Identification Number X

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Amount of payment

- you apply for the number of Shares set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares, a lesser number or none; you agree to become a member of the Company and to be bound by and comply with the terms of its Constitution;

- you acknowledge that the information contained in the Prospectus (or any supplementary or replacement prospectus) is not investment advice or a recommendation that Shares are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares is not guaranteed by the Company;

- your Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law;

- you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque submitted with this Application Form is dishonoured or for the wrong amount and you authorise the Company to complete or correct this Application Form; and

- you acknowledge that if you are not issued any Shares or you are issued fewer Shares than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Conditions Act.

John Smith Pty Ltd  
Superannuation Fund



# Fat Prophets Global Contrarian Fund Ltd

ACN 615 414 849

**Broker Firm Offer - Return your form to your broker**

**General Offer - Return your form to:**

Fat Prophets

c/- Computershare Investor Services Pty Limited

GPO Box 2115

Melbourne VIC 3001

**For all enquiries:**

(within Australia) 1300 750 153

(outside Australia) +61 3 9946 4458

Monday to Friday 9.00am to 5.00pm (Sydney time)

[www.fatprophetsinvestors.com](http://www.fatprophetsinvestors.com)

## General Offer and Broker Firm Offer Application Form

**Broker Firm Offer closes 5.00pm (Sydney time) on Friday, 3 March 2017**

**General Offer closes 5.00 pm (Sydney time) on Friday, 3 March 2017**

Broker Firm Offer applicants must contact their Broker for information on how to submit this Broker Firm Offer Application Form and Application Monies.

This Application Form relates to the General Offer and Broker Offer by Fat Prophets Global Contrarian Fund Ltd (the "Company") of fully paid ordinary shares ("Shares") in the Company, made under the prospectus ("Prospectus") lodged with the Australian Securities and Investments Commission on 16 January 2017 (or any supplementary or replacement prospectus).

This Application Form is important. If you are in doubt as to how to deal with it, please contact your financial or other professional adviser. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

**By applying under the General Offer or Broker Firm Offer, you make the acknowledgments, declarations, representations and warranties set out in the Prospectus.**

### STEP 1 Shares applied for

Enter the number of Shares you wish to apply for. The Application must be for a minimum of 2,000 Shares and Loyalty Options (A\$2,200.00). Enter the amount of the Application Monies. To calculate this amount, multiply the number of Shares applied for by the offer price which is A\$1.10.

### STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in CHESS. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to the Company's privacy statement. This is not compulsory but will assist us if we need to contact you.

### STEP 3 CHESS holdings only

The Company will apply to ASX for Shares to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESS, the Company will operate an electronic CHESS subregister of shareholdings and an electronic issuer sponsored subregister of shareholdings.

Together, the two subregisters will make up the Company's principal register of Shares. The Company will not be issuing certificates to applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN.

Otherwise, leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ("SRN") will be allocated to you.

Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares issued will be held on the issuer sponsored subregister.

### STEP 4 Application payment

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not return this Application Form or Application Monies to the Share Registry.

Applicants under the General Offer must return this Application Form and Application Monies to the Share Registry.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the applicant received a firm allocation.

### Lodgement instructions

The General Offer is expected to close at 5.00pm (Sydney time) on Friday, 3 March 2017. You can lodge your application online and pay by BPAY or return this Application Form with cheque(s) attached to: Fat Prophets Global Contrarian Fund Ltd c/- Computershare Investor Services Pty Limited, GPO Box 2115, Melbourne VIC 3001. Neither Computershare nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

The Broker Firm Offer is expected to close at 5.00 pm (Sydney time) on Friday, 3 March 2017. The Company and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

There is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

### Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS), as registry for Fat Prophets Global Contrarian Fund Ltd for the purpose of maintaining registers of securities and facilitating payments and other corporate actions and communications. Your personal information may be disclosed to related bodies corporate of CIS, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Fat Prophets Global Contrarian Fund Ltd in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this Application Form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au).

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# Directory

## Directors

Michael Gallagher

Katrina Vanstone

Angus Geddes

## Company Secretary

Brett Crowley

## Registered Office

Level 3, 22 Market Street, Sydney, New South Wales, 2000

## Manager

Fat Prophets Funds Management Pty Limited (ACN 615 545 536)

Authorised Representative of Fat Prophets Pty Ltd (Australian Financial Services Licence Number 229183)

Level 3, 22 Market Street, Sydney, New South Wales, 2000

Telephone: 1300 059 258

Facsimile: +61 2 9266 0488

## Lead Manager

Taylor Collison

10/167 Macquarie Street, Sydney, New South Wales, 2000

(Australian Financial Services Licence Number: 247083)

Telephone: +61 2 9377 1500

## Investigating Accountant

PKF Corporate Finance (NSW) Pty Limited

ABN 65 097 893 957

AFSL 295 872

Level 8, 1 O'Connell Street, Sydney, New South Wales, 2000

Telephone: +61 2 8346 6000

Facsimile: +61 2 8346 6099

## Auditor

PKF (NS) Audit & Assurance Limited Partnership

Level 8, 1 O'Connell St, Sydney, New South Wales, 2000

Telephone: +61 2 8346 6000

Facsimile: +61 2 8346 6099

## Share Registry

Computershare Investor Services Pty Limited

ABN 48 078 279 277

Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067

Telephone: +61 3 9415 5000

Facsimile: +61 3 9473 2500

## Solicitors to the Offer

Thomson Geer Lawyers

Level 25, 1 O'Connell Street, Sydney, New South Wales, 2000

Telephone: +61 2 9248 5800

Facsimile: +61 2 9248 5899



**fatPROPHETS**