ASX ANNOUNCEMENT

Sydney, 14th June, 2017: Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

I am pleased to report that the post-tax net tangible asset backing per Fat Prophets Global Contrarian Fund Limited share as at 31 May 2017 is $1.0968. This represents a 0.9% increase on last month's NTA of $1.087.

A comparison is provided below of our pre-tax and post-tax NTA over the previous two months.

	31-May-17	30-Apr-17	Change
Pre-Tax NTA	1.0955	1.0822	1.23%
Post-Tax NTA	1.0968	1.0870	0.90%

With the core portfolio established in April, during the month of May we have been hunting for promising opportunities to include in our trading book as well as adding to core positions in those stocks where we hold the highest conviction.

This strategy helped to underpin a solid month for the Contrarian Fund, with two takeover bids emerging for Fairfax Media after increasing our position earlier in the month. The subsequent share price appreciation has lifted Fairfax to become the second largest holding of the Fund as at 31 May 2017.

We have been bullish on **Fairfax** for some time and I see it as a recovery play in a rapidly evolving industry. Growth in Fairfax' digital media assets continues to accelerate while the print media industry continues to decline. Uncertainty towards this change has resulted in an overly pessimistic outlook for Fairfax by the market, with investors ascribing practically zero value to Fairfax's publishing assets. This however has not been lost on private equity with both Hellman and Friedman and TPG presently conducting due diligence over the company.

The company suffered a set-back earlier in May with the New Zealand Commerce Commission rejecting a bid from APN News & Media to acquire Fairfax's New Zealand operations – NZME - for NZ$55 million. The reason cited was that a merger would concentrate ownership of 90 percent of the country's print media in one company (and as such, substantially lessen competition).

This setback aside, the company has been looking for other ways to unlock value for shareholders, with plans well underway to demerge 35% of the successful Domain business through an in-specie distribution to existing shareholders. As a recap, Domain Group operates a property portal and provides related services, which many consider to be the 'jewel in the crown' for Fairfax, with it accounting for the bulk of company's market value.

This demerger may no longer be required however following two takeover bids received by Fairfax in quick succession.

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On 8 May Fairfax received a takeover bid from US Private Equity Firm TPG Capital who had teamed up with the Ontario Teachers' Pension Plan to launch the bid. The offer of $0.95 cents per share was to essentially cherry pick the prime assets from the company including Domain Group and Fairfax's three main mastheads being, Australian Metro Media, Events and Digital Ventures.

We were of the view that this offer was highly opportunistic, with the $0.95 cent per share offer valuing these businesses at just $2.5 billion. This compares to a company like RealEstate.com.au which is valued at A$8.5 billion, but with Domain having more than 40% market share in major metropolitan markets.

The realisation that this offer was too light and unlikely to succeed hit home for TPG and the Ontario Teachers' Pension Plan when they revised their offer upwards to $1.20 per share for the entire business, which saw the shares jump 6.5% to $1.14. Making an offer for the whole business makes more sense in our view, and has a much higher likelihood of success than cherry picking the best assets and leaving investors with the crumbs.

The value inherent in Fairfax Media was further underscored when on 18 May San Francisco based Private Equity Firm Hellman & Friedman (H&F) proposed to acquire 100% of the company at a price of between $1.225 to $1.25 per share. H&F is well placed to recognise the value of the company, with the group's emeritus chairman Brian Powers chairing Fairfax between 1999 and 2002.

While both offers are preliminary and non-binding, we believe the stage is has now been set for a bidding war that could see the price of Fairfax pushed up north of $1.30.

Turning to the rest of the portfolio, with the US market looking fully valued we continue to maintain sizeable weightings towards China, Australia, India, Spain and Japan while carrying only a small exposure to the world's largest economy.

We hold the view that the outlook for Japan is looking increasingly positive with a string of encouraging economic data being released confirming rising production, a surge in exports and record low unemployment. Provisional data for the most recent March quarter indicates that GDP grew at an annual 2.2% pace, marking five consecutive quarters of growth for the Japanese economy.

Japan's industrial production rose 4% in April on seasonally adjusted terms to sit at a near six-year high, while in the same month exports were up 7.5% on a year earlier, on the heels of a 12% rise in March. While the yen has strengthened against the greenback, the Nikkei has surged to above 20,000 in recent weeks, reflecting a strong underlying improvement in the economy.

While there is yet to be a meaningful pick-up in inflation with consumer prices rising only 0.4% in April on a year earlier, we believe it is only a matter of time before wage pressures build with unemployment at the lowest level in decades. Japan's labour market is now the tightest in 26 years with the ratio of open jobs to applicants hitting 1.45 at the end of March, the highest level since 1990. We expect this to eventually flow through to wage inflation and increased spending which will significantly benefit the economy.

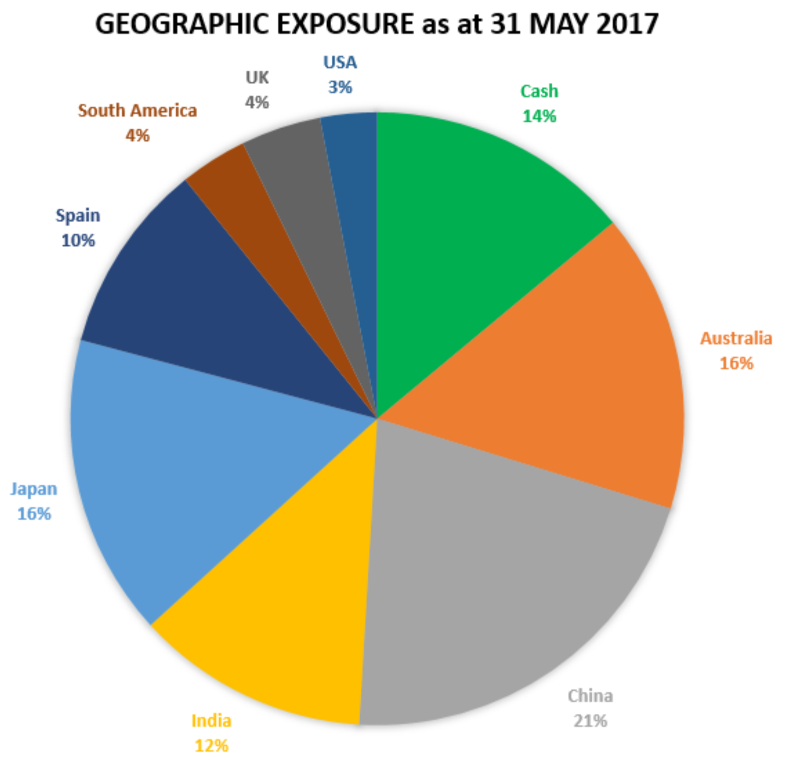
This will be further supported by the Bank of Japan (BoJ) with its stated intention to do whatever it takes to reach its inflation target of 2%. Should inflation return this will allow the BoJ to remove its negative interest rate policy, which will see a positive rerating of the Japanese banks (which arguably is already well underway).

The Contrarian Fund holds positions across a number of Japanese banks, which currently are valued on some of the lowest price to book multiples globally. While it may take time for the inflation story to play out we see risk to this sector as predominantly weighted to the upside. The Fund has significant exposure to this sector, holding the major players **Mitsubishi UFJ, Sumitomo Mitsui Financial Group, Mizuho and regional Bank of Kyoto.**

We also continue to see good momentum in the gaming precinct of Macau, with the fund holding a number of positions in Macau gaming stocks. May was the ninth consecutive quarter of year-on-year growth in gross gaming revenues, with May revenues up 23.7%. Tourism to the Chinese province is also increasing with some 404,000 people visiting Macau over the holiday period of May 27 – 30. With a number of world class entertainment and accommodation venues opening over the past 12 months we expect the appeal of Macau as a holiday destination for the mass-market to continue to grow and the companies in which we have invested to benefit from these trends. We hold **Wynn Macau, MGM China, and Sands China** which all performed solidly during the month.

While the fund is able to be utilise borrowings, as at the end of May there was no leverage in the Fund.

Top 10 Holdings	**31 May 2017**	**Country**
BAIDU INC	7.7%	China
FAIRFAX MEDIA LTD	6.1%	Australia
BOLSAS Y MERCADOS ESPANOLES	6.0%	Spain
MANTRA GROUP LTD	5.1%	Australia
WYNN MACAU LTD	5.0%	China
MGM CHINA HOLDINGS LTD	4.9%	China
QBE INSURANCE GROUP LTD	4.6%	Australia
RELIANCE INDUSTRIES LTD	4.6%	India
BANKIA SA	4.1%	Spain
HDFC BANK LTD	3.9%	India



Fat Prophets Global Contrarian Fund Ltd.
Chief Investment Officer
Angus Geddes

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