ASX ANNOUNCEMENT

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

Dear Shareholders,

The month of August was a positive one for the Fund, with a strong second quarter result for the Funds largest position - Chinese online search engine **Baidu** - helping to propel the shares nearly 27 percent higher over the month. This was a key driver of the monthly performance, which resulted in the post-tax net tangible asset backing per Fat Prophets Global Contrarian Fund Limited share as at 31 July 2017 to be $1.0989. This represents a 0.66% increase on last month's NTA of $1.0917.

	31-Jul-17	30-Jun-17	Change
Pre Tax NTA	1.0986	1.0884	0.94%
Post Tax NTA	1.0989	1.0917	0.66%

Our Indian exposures also had a good month, with diversified conglomerate **Reliance Industries** (+17%) and **HDFC Bank** (+11%) both releasing solid June quarter results. On the other side of the ledger the main detractors from July's performance were **Fairfax** (-10%), **MGM China** (-11.4%), **Wynn Macau** (-7.1%) and **Mitsubishi UFJ Financial** (-7.3%).

A number of changes were made to the portfolio during the month of July. We took advantage of the sell-off in **Fairfax** to top up our holding in this company, and expect the partial demerger of the Domain business by the end of the year to unlock value for shareholders. Early in the month we went long resources, adding quality plays like **South32**, **BHP Billiton** and **Fortescue Metals**. Resource stocks remain well down from their highs despite a solid recovery in iron ore and base metal prices, and we expect prices will continue to grind higher, with Chinese demand holding firm and inflationary pressures mounting.

We also continued to ramp up our exposure to Japan, primarily focusing on the Financial and Industrial sectors where stock prices are yet to reflect improvements in earnings. Regional player **Bank of Kyoto** has been one the star performers in the portfolio, up over 26% since it was added. While the stock was flat over July we expect the tight labour market in Japan and higher commodity prices to eventually underpin inflation and enable the Bank of Japan to raise interest rates, which would be positive for Financials.

Other additions include US Mall REIT **DDR Corp** and Spanish Pizza chain **Telepizza**. We also took a hard look at stocks in the portfolio that weren't performing as expected and after careful deliberation decided to exit our positions in South American McDonalds Franchisee **Arcos Dorados** and UK online automotive market place **Autotrader**.

But it was **Baidu** that took the podium in July, after reporting an 82.9% surge in second quarter net profit to RMB 4.41 billion (US$651 million), which was 50% higher than median analyst estimates. Total revenue for the quarter was up by 14.3% year on year to RMB 20.87 billion ($3.08 billion) with the key driver being growth in mobile which now contributes 72% to the top line.

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The company slashed selling, general and admin costs by 30% in the quarter to RMB 2.93 billion, which helped to boost operating profit 47% year on year to RMB 4.21 billion. While the company reported a 20.9% decline in online marketing customers to 470,000, revenue per customer was up 32%, surging to RMB 37,500.

Baidu has underperformed relative to its peers Alibaba and Tencent, after being been hit by a number of regulatory investigations last year. More recently the company has been narrowing its focus on key areas such as Artificial Intelligence (AI), mobile and the cloud. CEO Robin Li said on the result "our new mission to make a complex world simpler through technology. To achieve this mission, we will execute on two strategic pillars: to strengthen our mobile foundation and lead in AI".

While it may take time for AI's true monetisation potential to be realised, Baidu is using AI today to improve advertising placement to bolster revenues. The company has also recently entered a strategic partnership with Paypal which should give Mobile Baidu a boost, connecting Baidu's 100 million mobile wallet users to Paypal's 17 million merchants. Management is forecasting the upcoming quarter to deliver year on year revenue growth of between 27% – 30%, and with the company well positioned to capitalise on global technology trends we remain comfortable with Baidu remaining the largest holding in the Fund.

Diversified Indian conglomerate **Reliance Industries** posted a solid first quarter to the end of June, with consolidated net profit up 28% year on year to ₹9,108 crore. Excluding one-off divestment gains net profit was up 12.8%, which was ahead of consensus analyst expectations and was driven by a strong performance in the petrochemical and refining segments, with refining margins at a nine-year high.

Its telecommunications division continues to gain traction with more than 100 million paid subscribers at the end of June. The Average Revenue Per User is expected to be given a boost in the second quarter by a 30% tariff hike for users of the company's prime plan (1GB for 84 days) with user numbers expected to remain firm given the higher cost will still be significantly lower than competitors.

The Retail segment also delivered, with the company adding 18 new stores over the quarter and revenue up 74% to ₹11,580 crore and operating income up 97% to ₹2,900 crore. Meanwhile, upstream oil exploration and production sales declined due to lower volumes and lower domestic realisations.

The result illustrates how diversified earnings streams can help to reduce the risks associated with investing in developing countries, and the sheer scale of Reliance's operations should ensure that the company will receive its share in the spoils of India's economic growth story.

India's second largest private sector lender **HDFC Bank** also released its unaudited June quarter result, reporting a 20.2% year on year rise in Net Profit to ₹3,893.8 crore on a 21.7% gain in net revenues to ₹12,887.4 crore. The lender showed solid momentum with its loan portfolio advancing 23.4% to ₹580,975.8 crore and net interest income up 20.4% to ₹9,370.7 crore. The bank continues to take market share, helped by using alternative channels such as ATM's and online banking to disburse pre-approved loans.

There was a sharp rise in Non-Performing Loans however, which were up 20 basis points from last year to 1.24%. This was primarily caused by a one-off higher provision for loans to the agricultural sector, with a number of state governments expected to waive US$40 billion in farm loans in the run-up to the 2019 general elections.

Positively, HDFC continues to remain well positioned to benefit from macro trends with mortgage penetration in India at only 9% of nominal GDP compared to 42% in Germany, 63% in the US and 90% in Denmark. Urbanisation and rising incomes are helping to drive a shift towards nuclear families, and with 66% of India's population below 35 years of age there is a wide scope for the company to expand its mortgage lending book.

Macau gaming stocks were softer after June quarter earnings fell short of expectations for **Wynn Macau** and **MGM China**. Both stocks have a high beta so volatility is to be expected, but after taking the bigger picture into consideration we think the sell-off was an over-reaction. July recorded the 12th consecutive monthly rise in gross gaming receipts, according to Macau's Gaming and Coordination Bureau and Wynn Macau saw 1Q17 casino revenue double from the comparable quarter in 2016 to US$1.025 billion. While the market was clearly expecting more the trend remains to the upside and we expect this to continue over the medium to longer term.

As mentioned we added Spanish pizza chain **Telepizza,** which was founded in 1987 but only listed last year. The company has global aspirations with 65% of its stores in Spain and 143 stores its South American hub of Chile. We like the company's growth prospects, with it owning the Master Franchise, giving it the ability to expand by franchising the company, which it is doing in the UK, Iran, Saudi Arabia and Malta.

The group has over 1,400 outlets and is eyeing up Mexico to be a key market, with plans to enter the country next year. Preliminary estimates put the country at being able to support up to 500 stores. Pizza doesn't require significant skill to make and has been proven to have a universal appeal, which opens many avenues for expansion. The company has also been investing in digitalisation, with approximately 40% of sales coming from the digital channel, and has been investing 16 million euros in a store refurbishment program.

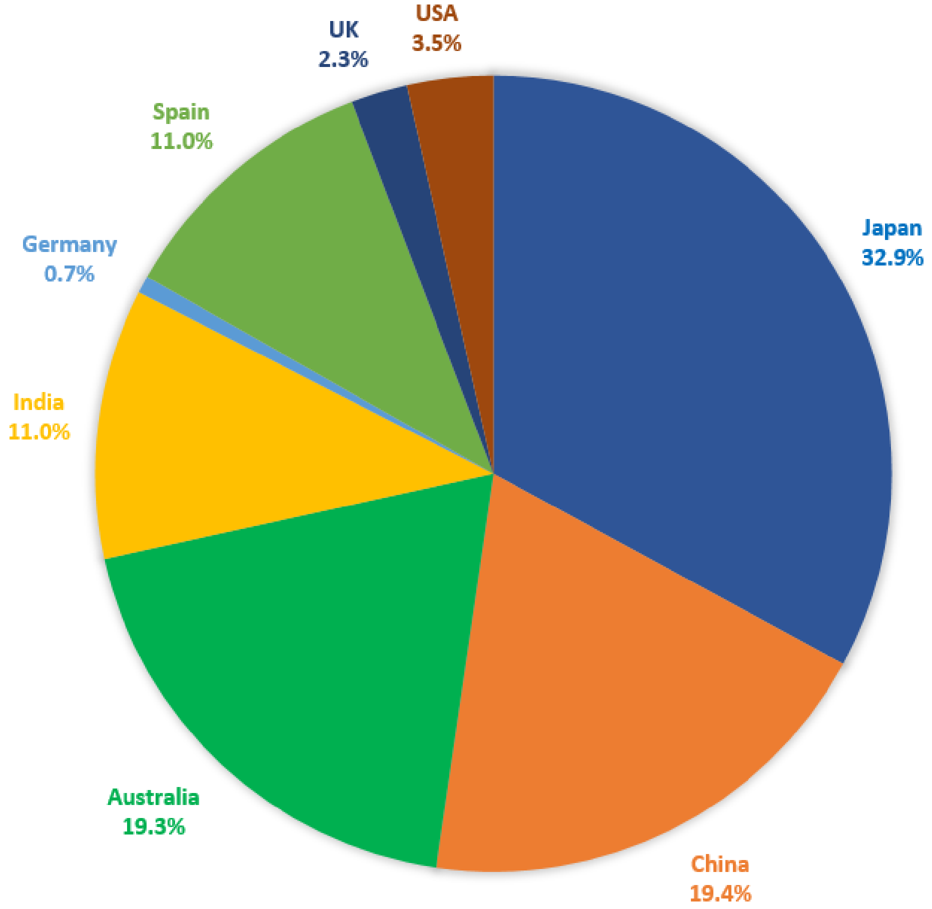
We also added US Shopping REIT **DDR Corp** into the portfolio. We have been discussing this and other shopping centre REITs in our daily research over the past month. It has more than halved in share price over the past year, putting it on a single digit multiple with a high yield. DDR is the biggest owner of 'big box' (large format retailing) shopping centres in the US with 300 properties. While concerns around store closure numbers in 2017 and weak department store sales growth numbers (both of which have negligible impact on DDR) are real, the impact to DDR will be minimal.

At present the portfolio occupancy remains stable, and both like for like retail sales growth and net income growth from the portfolio are positive. We have seen the decline in DDR as a classic case of fundamental overselling by the market. The underlying asset value of the portfolio (NAV per share) is in our assessment significantly higher than current equity pricing. This has allowed us to take an effective position in the assets at a substantial discount to their real value. Long term analysis of REITs shows that the stock price mean reverts back toward the NAV or NTA over time. We expect our positioning to show strong medium-term returns.

During July we also shorted both the USD and JPY to go long AUD to benefit from the strengthening AUD and USD weakness. As at the end of July the Fund had leverage by 15.9%.

Top 10 Holdings	31 July 2017	Country
BAIDU INC	7.5%	China
BOLSAS Y MERCADOS ESPANOLES	6.1%	Spain
FAIRFAX MEDIA LTD	5.2%	Australia
WYNN MACAU LTD	4.7%	China
MANTRA GROUP LTD	4.5%	Australia
RELIANCE INDUSTRIES LTD	4.4%	India
SUMITOMO MITSUI FINANCIAL GROUP	4.3%	Japan
MGM CHINA HOLDINGS LTD	4.2%	China
MITSUBISHI UFJ FINANCIAL GROUP	4.2%	Japan
SONY CORP	4.0%	Japan

GEOGRAPHIC EXPOSURE as at 31 JULY 2017



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