ASX ANNOUNCEMENT

Sydney, 13th December, 2017: Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Shareholders,

November was another good month for the Contrarian Fund with a solid performance in the Macau casino stocks and Japanese industrials helping to offset the subdued performance in the Funds largest holding, Baidu. The month also saw Domain Holdings partially demerged from Fairfax Media which we expect will create value over the medium term. We maintain our heavy tilt towards Japan with nearly 40% of the portfolio invested in this market and we introduced new positions in the energy sector in Asia where we see immense value on offer.

Pre-tax and post-tax net tangible asset backing per Fat Prophets Global Contrarian Fund Limited share as at 30 November 2017 increased 1.90% and 1.38% respectively, net of fees, to $1.1959 and $1.168 respectively on the previous month's NTA.

	30-Nov-17	31-Oct-17	Change
Pre Tax NTA	1.1959	1.1736	1.90%
Post Tax NTA	1.168	1.1521	1.38%

Strong gains were made in November by **Sony** (+17.9%), **MGM China** (+13.4%), **Wynn Macau** (+11.8%) and **Volkswagen** (+9.1) while **Baidu** pulled back by 2.2%. We also exited a position in Japanese electronic component manufacturer **Murata Manufacturing** with the company lowering guidance for the second half of FY17 due to a substantial increase in production costs and lower demand for its profitable products.

Electronics and entertainment conglomerate **Sony** had a stellar month with the company reporting a sizeable jump in second quarter operating income to ¥204.2 billion from ¥45.7 billion in the previous year, and well ahead of analyst estimates of ¥140.5 billion. Growth across all segments saw sales surge 22.1% year on year to ¥2.06 trillion but it was the Game & Network Services segment that was the stand out due to the contribution of PlayStation, which outsold Xbox units by 2-to-1. Favourable exchange rates also gave a boost, with constant currency sales up by 15%.

This contributed to the company lifting its full year operating profit guidance to ¥630 billion (US$5.6 billion) for the fiscal year ending March 2018. This was a big improvement, with the company previously forecasting profits of ¥500 billion for the year as recently as a few months ago. If Sony can hit this new target, it would see the company surpass its record ¥526 billion profit set way back in the year to 31 March 1998.

German Automaker **Volkswagen** also had strong news flow over November with the company announcing a series of major investments that should help to underpin growth in the years ahead. These include investing €34 billion over the next five years on developing electric cars, autonomous driving and new technologies, with the bulk of the money going into the electrification and hybridization of all of its models. By 2025 VW is targeting the release of 80 new electric vehicles and by 2030 it plans to offer at least one electric variant of each of its ~300 models.

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In addition, the company plans to invest €10bn to develop new energy vehicles (NEVs) in China and €1.8 billion to roll out 20 new models in Brazil by the end of the decade. Emerging markets and clean energy are coming into focus for the company, which has raised sales guidance for 2020 on the back of growing demand for its new sport- utility vehicles in emerging markets, led by Brazil and Russia. As we mentioned last month the valuation reflects a company that is out of favour with the market, with many investors not bothering to take a look at where VW is heading because of the much-publicised diesel emissions cheating scandal that is freshly etched on their minds.

The Macau casino sector performed solidly during November led by **MGM China** and **Wynn Macau**. Accumulated Monthly Gross Gaming Revenue in November was 243 billion patacas, representing a 19.5% gain from the comparable period in 2016. November marked the 16th consecutive month of year-on-year increases in Macau gaming revenue, which were under pressure last year when the Chinese Authorities cracked down on graft. We see the recovery as being broad based as Macau transitions to mass gaming and repositions itself as a major tourist destination. New resorts continue to be rolled out and Chinese outbound tourism is growing at a double-digit pace with the rise of discretionary income amongst the middle class.

MGM China's latest offering will soon be the MGM Cotai that is slated to open at the end of this coming January. The building is based on a jewellery box design and will boast 1,400 hotel rooms and suites along with a high-end spa, retail offerings, food & beverage and a high-tech movie theatre with a 900 square metre ultra HD LED screen. If the opening of the property is anywhere near as successful as the parent's opening of its National Harbor casino in Maryland in the United States in December 2016, this new resort should add significant shareholder value. The improving outlook is also starting to be realised by the market with a number of brokers raising their price targets in the sector during the month.

Japanese machine and electrical component manufacturer **Minebea Mitsumi** also released a solid set of numbers in its September quarter with net sales, operating income and net income all hitting quarterly record highs. Net sales were up 52.3% year on year to ¥235.8 billion while net income per share was up 87%. Strong demand for the company's electrical components in particular underpinned a 38.5% upward revision of its full year net profit forecast to ¥57 billion ($500 million).

The fund's largest position **Baidu** was sold off towards the end of the month to finish slightly down after it got caught up in the sell-off in the US tech sector, where the company's ADR's trade in New York. In November the company held its Baidu World 2017 Conference in Beijing where it outlined its focus on Artificial Intelligence and the corresponding monetisation opportunities this technology could create across its business lines.

Baidu has also entered a partnership with smartphone maker Xiaomi that will see them "establish in-depth cooperation" to gain leverage in areas of artificial intelligence and the "internet of things". The goal is to enhance the experience for users of consumer electronics and smart devices in areas such as voice recognition, deep learning and conversational AI which could have a wide-ranging impact on how humans interact with their devices.

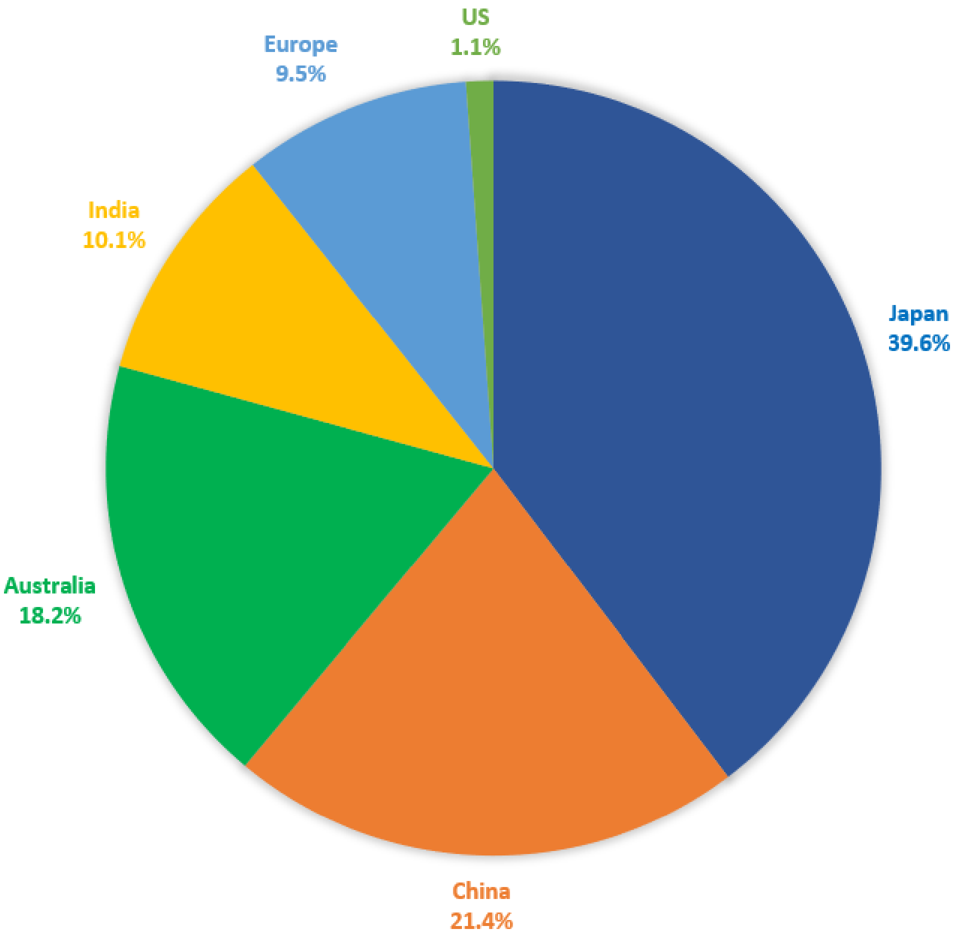
During the month we introduced some oil exposures into the portfolio in the form of **CNOOC** and **Inpex**. The energy sector is currently out of favour with the market, however we believe that near term concerns around a rapid recovery in US shale supply are overstated. Supply is rising but potentially not fast enough to balance rising demand. Longer term worries about electric vehicles will take more than a decade to meaningfully impact energy demand. This has created a contrarian opportunity within the sector with some major energy companies valued at around 4 times on price to cash flow basis.

With demand continuing to grow and supply cuts in OPEC countries expected to remain in place throughout 2018 we see oil prices pushing up towards $80 next year which should be the catalyst for a significant re rating of the sector, particularly amongst Asian majors which are valued at a significant discount to the global sector.

As at the end of November the Fund had leverage of 45.6%.

Top 10 Holdings	30 November 2017	Country
BAIDU INC	8.6%	China
MGM CHINA HOLDINGS LTD	6.9%	China
WYNN MACAU LTD	6.8%	China
SONY CORP	6.3%	Japan
QBE INSURANCE	5.9%	Australia
SUMITOMO MITSUI FINANCIAL GROUP	5.5%	Japan
RELIANCE INDUSTRIES LTD	5.4%	India
MITSUBISHI UFJ FINANCIAL GROUP	5.1%	Japan
NIPPON TELEGRAPH AND TELEPHONE CORP	4.2%	Japan
FAIRFAX MEDIA LTD	3.9%	Australia

GEOGRAPHIC EXPOSURE as at 30 NOVEMBER 2017



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