



## HALF YEAR TO DEC 2017 RESULTS CHAIRMAN & CEO's LETTER

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Dear Shareholders,

We are very happy to be able to provide you with our 2017/18 financial year Half year results for the Fat Prophets Global Contrarian Fund Ltd (FPC), these results cover the period from July 1st, 2017 till 31<sup>st</sup> December 2017. The results represent the first full half year after the successful capital raising and subsequent listing of FPC on the ASX in March 2017.

For the half year period to December 2017 we are pleased to report a pre tax Net Tangible Asset (NTA) of \$1.2302 and a post tax Net Tangible Asset (NTA) value of \$1.1919. This represents an annualised return for FPC of 26.06% (pre tax), again very pleasing given that the portfolio has only been fully invested since June 2017.

### Investment and portfolio performance

During the six months ended 31 December 2017 the Global Contrarian Fund continued with strong performance. The positive performance was attributable to a number of fronts. Firstly, the Macau casino stocks continued a strong run since November with gross gaming revenues making a strong recovery. Both **MGM China** (+18.6%) and **Wynn Macau** (+10.7%), two of the fund's largest positions, had double digit gains in December. In Australia **Praemium** rallied +17.5% after a sharp increase in FUM and global asset management firm Blackrock took a 5% stake in the company. Overall our significant exposure to Japan contributed positively to performance, with the exception of **Nippon Telegraph and Telephone** and **Nissha Printing** which were down by 9.8% and 9.3% respectively during the month.

The Macau casino sector where we remain aggressively positioned, had another strong month in December. Many brokers upgraded their target prices for both **MGM China** and **Wynn Macau over the past few months**. The Macau casino sector is passing through a critical inflection point with a strong recovery in gaming revenue ensuing with what is likely to be a declining CAPEX cycle.

Casino gross gaming revenue (GGR) in Macau increased 14.6% year-on-year in December to 22.70 billion patacas (US\$2.72 billion) according to Macau's Gaming Inspection and Coordination Bureau. It was the 17th straight month of year-on-year gains and stronger than the average growth estimates. At 265.74 billion patacas for 2017 Macau gaming revenue was 19.1% above 2016 with this falling within Reuters analyst estimates of 18 – 20%.

We remain bullish on commodities with demand continuing to grow and supply remaining tight. Accordingly we have positioned the fund to benefit from this thematic in both Australia and Asia. Most commodities have rallied significantly off deep inflection points, yet equity valuations in this sector in many cases remain compelling. LNG and oil in particular have the potential to surprise to the upside, and we positioned the Fund accordingly back in early November.

This year could well prove to be a transitional year for the energy market as US production accelerates but may yet struggle to fill the demand/supply gap as OPEC retains production discipline. We have a similar view

in LNG prices, which could also push sharply higher this year as China embraces clean energy and addresses domestic pollution.

Oil & Gas companies, in Asia particularly, offered up compelling valuations last year, trading at a significant discount to global peers. While concerns about electric vehicles are valid, the automotive sector only accounts for 25% of global fuel demand currently and it is likely to take many years to meaningfully reduce demand. As mentioned last month, we added large Asian energy producers such as **CNOOC** in China and **Inpex Corp** in Japan to the portfolio, amongst other names.

We remain heavily invested in the world's third largest economy – Japan, which continues to outperform global indices and is accountable for around 40% of the Funds' portfolio. We have a significant exposure to Japanese banks and I believe it is only a matter of time before longer term Japanese interest rates (fuelled ultimately by inevitable rising inflation) break out on the upside. Japan's banking system will be a significant beneficiary.

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.

During December we reduced the Funds largest holding in **Baidu**, but which remains a top ten position. Following the recent \$52.4 billion acquisition of 21<sup>st</sup> Century Fox by **Disney**, I believe the combined entity will launch a compelling and formidable challenge to rivals such as Netflix in streaming. While the decline of cable has been a serious challenge for the company in recent years, the rise of streaming will conversely deliver an unprecedented opportunity for Disney to capture global market share. This has not been priced into Disney with a market valuation of \$160 billion, less than twice that of Netflix.

## Financial Results

For the half year period to December 31st, 2017, the Company reported a pre-tax profit of \$6,381k and a net profit after income tax of \$4,511k.

The FPC portfolio appreciated by \$0.1302 cents per share since listing to December 31st, 2017, with initial costs of \$514k AUD being partially recouped.

An investor who invested \$1.10 AUD in the Company on listing finished the Calendar 2017 year at an NTA of \$1.2302 (pre tax) plus the value of their loyalty option. These options will vest/begin trading on March 22<sup>nd</sup>, 2018.



Angus Geddes  
CEO



Michael Gallagher  
Chairman

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**Appendix 4D**  
**For the Half-Year Ended 31 December 2017**

**Details of Reporting Period**

Current: Half-year ended 31 December 2017

Previous corresponding\*: Half-year ended 31 December 2016

\* The previous corresponding reporting period was from 19 October 2016 (date of Company incorporation) to 31 December 2016.

<b>Results for Announcement to the Market*</b>	<b>\$'000</b>	<b>Up/Down</b>	<b>Movement</b>
Revenue from ordinary activities	8,747	n/a	n/a
<b>Profit (Loss)</b> from ordinary activities before tax expense	6,381	n/a	n/a
<b>Profit (Loss)</b> after tax from ordinary activities attributable to members	4,511	n/a	n/a
<b>Total comprehensive income</b> for the period attributable to members	4,511	n/a	n/a

\* The amount and percentage up or down from the previous period are not disclosed as the Company's operations commenced on 21 March 2017.

**Details of dividends/distributions**

No dividends were declared, paid or payable for the current period.

**Details of dividends/distribution reinvestment plan**

Not applicable as no dividends were declared, paid or payable.

**Net Tangible Assets per share (cents)**

	<b>31 December 2017</b>
<b>Pre-tax NTA</b>	1.2302
<b>Post-tax NTA</b>	1.1919

**Control gained or lost over entities during the period**

The Company did not gain or lose control over any entities during the period.

**Details in associates and joint ventures entities**

The Company did not have any interest in any associates or joint ventures entities during the current period.

**Independent audit report**

This report is based on the interim financial report which has been subject to an independent review by the Company's Auditors, PKF (NS) Audit and Assurance Limited Partnership. All documents comprise the information required by Listing Rule 4.2A.

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**

**ACN 615 414 849**

**Interim Financial Report**

**For the Half-Year Ended 31 December 2017**

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**Interim Financial Report**  
**For the Half-Year Ended 31 December 2017**

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**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD  
CORPORATE DIRECTORY**

Directors:	Michael Gallagher Katrina Vanstone Angus Geddes
Company Secretary:	Brett Crowley
Investment Manager:	Fat Prophets Funds Management Pty Limited
Auditor:	PKF(NS) Audit & Assurance Limited Partnership Level 8, 1 O'Connell Street SYDNEY NSW 2000
Country of Incorporation:	Australia
Registered Office:	Level 3 22 Market Street SYDNEY NSW 2000
Share Registry:	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street ABBOTSFORD VIC 3067
ASX Code :	FPC
ACN:	615 414 849
Website:	<a href="http://www.fpcontrarian.com.au">www.fpcontrarian.com.au</a>
Corporate Governance Statement:	<a href="http://fpcontrarian.com.au/wp-content/uploads/2017/08/Corporate-Governance-Statement.pdf">http://fpcontrarian.com.au/wp-content/uploads/2017/08/Corporate-Governance-Statement.pdf</a>

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**DIRECTORS' REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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The directors present their report on Fat Prophets Global Contrarian Fund Limited ("the Company") for the half-year ended 31 December 2017.

**Directors**

The following persons were directors of the Company during the whole of the half-year, and up to the date of this report (unless otherwise stated):

Michael Gallagher	Chairman and Non-executive director (appointed 19 October 2016)
Katrina Vanstone	Non-executive director (appointed 19 October 2016)
Angus Geddes	Executive director (appointed 19 October 2016)

**Principal Activities of the Company**

The Company's principal activity is to invest predominantly in a concentrated portfolio of listed securities from global equity markets, with the objective of providing long-term capital growth.

**Review of Operations**

The performance of the Company, as represented by the results of its operations, was as follows:

	Half-year ended 31 December 2017 \$'000	For the period from 19 October 2016 to 31 December 2016 \$'000
Profit/(loss) before income tax	6,381	-
Income tax (expense)/benefit	(1,870)	-
Profit/(loss) for the period attributable to shareholders	<u>4,511</u>	<u>-</u>

Please refer to the Statement of Profit or Loss and Other Comprehensive Income for further details.

The invested position of the Company as at 31 December 2017 is held as to 70% (30 June 2017: 53%) in equity securities and 30% (30 June 2017: 47%) in cash and cash equivalent assets. The invested position is recognised on the balance sheet in cash and cash equivalents and financial assets held at fair value through profit or loss. Investments are partially funded through borrowings.

**Dividends**

No dividends will be made in respect of the period ending 31 December 2017.

Details of the Plan can be found on the Company's website (under ASX announcements).

**Comparative period**

The Fund was constituted on 19 October 2016 and commenced its operations on 21 March 2017. The current reporting period is the half-year ended 31 December 2017. For the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the period from 19 October 2016 (date of incorporation) to 31 December 2016. For the Statement of Financial Position, the previous corresponding date is 30 June 2017.

**Rounding of amounts**

Amounts in the Directors' report have been rounded to the nearest thousand, or in certain cases to the nearest dollar in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

Signed at Sydney this 23<sup>rd</sup> day of February 2018, in accordance with a resolution of the Board of Directors by:



Chairman

Fat Prophets Global Contrarian Fund Ltd

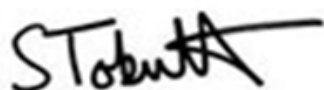
Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



SCOTT TOBUTT

PARTNER

23 FEBRUARY 2018

SYDNEY, NSW



**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

		Half-year ended 31 December 2017 \$'000	For the period from 19 October 2016 to 31 December 2016 \$'000
	Note		
<b>Investment income</b>			
Interest		-	-
Dividends	4	545	-
Gains/(losses) on investments held at fair value through profit or loss		7,574	-
Gains/(losses) on foreign exchange		628	-
<b>Total revenue/(loss)</b>		<b>8,747</b>	<b>-</b>
<b>Expenses</b>			
Management fees		328	-
Performance fees		1,634	-
Interest expense		52	-
Directors' fees		34	-
ASX fees		55	-
Insurance		19	-
Audit fees		25	-
Transaction costs		152	-
Legal and tax advice		11	-
Share registry fees		20	-
Other operating expenses		36	-
<b>Total expenses</b>		<b>2,366</b>	<b>-</b>
<b>Profit/(loss) before income tax</b>		<b>6,381</b>	<b>-</b>
Income tax (expense)/benefit		(1,870)	-
<b>Profit/(loss) after income tax</b>		<b>4,511</b>	<b>-</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) attributable to shareholders</b>		<b>4,511</b>	<b>-</b>
<b>Basic earnings/(loss) per share (cents)</b>	7	<b>10.09</b>	<b>-</b>
<b>Diluted earnings/(loss) per share (cents)</b>	7	<b>10.09</b>	<b>-</b>

*This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.*

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	As at 31 December 2017 \$'000	30 June 2017 \$'000
<b>Assets</b>			
Cash and cash equivalents	5	35,210	40,357
Receivables		82	108
Prepayments		8	31
Financial assets held at fair value through profit or loss	3	82,062	45,017
Deferred tax assets		750	282
<b>TOTAL ASSETS</b>		<b>118,112</b>	<b>85,795</b>
<b>Liabilities</b>			
Payables		1,495	181
Interest bearing liabilities	5	60,568	37,098
Deferred tax liabilities		2,471	133
<b>TOTAL LIABILITIES</b>		<b>64,534</b>	<b>37,412</b>
<b>NET ASSETS</b>		<b>53,578</b>	<b>48,383</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	48,917	48,233
Retained profits		4,661	150
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>53,578</b>	<b>48,383</b>

*This Statement of Financial Position should be read in conjunction with  
the Notes to the Financial Statements which follow.*

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Note	Share Capital \$'000	Retained Profits \$'000	Profits Reserve \$'000	Total Equity \$'000
<b>Balance on date of incorporation</b>		-	-	-	-
Total comprehensive income for the period		-	-	-	-
<b>Subtotal</b>		-	-	-	-
<b>Transactions with owners in their capacity as owners</b>					
Shares issued	6	-	-	-	-
Costs of share issue net of deferred tax impact	6	-	-	-	-
<b>Subtotal</b>		-	-	-	-
<b>Balance at 31 December 2016</b>		-	-	-	-
<b>Balance at 30 June 2017</b>		<b>48,233</b>	<b>150</b>	-	<b>48,383</b>
Profit/(loss) for the period		-	4,511	-	<b>4,511</b>
Total comprehensive income for the period		-	-	-	-
<b>Subtotal</b>		-	<b>4,511</b>	-	<b>4,511</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued	6	730	-	-	<b>730</b>
Costs of share issue net of deferred tax impact	6	(46)	-	-	<b>(46)</b>
<b>Subtotal</b>		<b>684</b>	-	-	<b>684</b>
Transfer to profit reserve		-	-	-	-
<b>Balance at 31 December 2017</b>		<b>48,917</b>	<b>4,661</b>	-	<b>53,578</b>

*This Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.*

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

		Half-year ended 31 December 2017 \$'000	For the period from 19 October 2016 to 31 December 2016 \$'000
	Note		
<b>Cash flows from operating activities</b>			
Purchase of investments		(50,620)	-
Proceeds from sale of investments		21,722	-
Dividends received		563	-
Interest received		3	-
Management fees paid		(318)	-
Performance fees paid		(384)	-
Interest paid		(28)	-
Other operating expenses		(294)	-
<b>Net cash outflow from operating activities</b>		<b>(29,356)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		730	-
Issue costs paid		(46)	-
<b>Net cash inflow from financing activities</b>		<b>684</b>	<b>-</b>
Effects of exchange rate changes on cash and cash equivalents		55	-
<b>Net decrease in cash and cash equivalents</b>		<b>(28,617)</b>	<b>-</b>
Cash and cash equivalents at the beginning of the financial period		3,259	-
<b>Cash and cash equivalents at the end of the financial period</b>	<b>5</b>	<b>(25,358)</b>	<b>-</b>

*This Statement of Cash Flows should be read in conjunction with  
the Notes to the Financial Statements which follow.*

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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**1. General information**

Fat Prophets Global Contrarian Fund Limited ("the Company") is a listed investment company incorporated in Australia. The Company was incorporated on 19 October 2016. The registered office and principal place of business of the Company is Level 3, 22 Market Street, Sydney NSW 2000.

These condensed interim financial statements are for the half-year ended 31 December 2017, and were authorised for issue by the Directors on 23 February 2018.

The Company will be managed in accordance with the Constitution and investment objectives as detailed in the Replacement Prospectus dated 16 January 2017. The Manager is Fat Prophets Funds Management Pty Ltd, ACN 615 545 537, an Authorised Representative of Fat Prophets Pty Ltd (AFSL 229183).

A summary of the material accounting policies adopted by the Company in the preparation of the interim financial statements is set out as

**2. Summary of significant accounting policies**

**(a) Basis of preparation**

These condensed interim financial statements for the period ended 31 December 2017 have been prepared in accordance with accounting standard *AASB 134 Interim Financial Reporting*, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

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

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The half-year financial report has been prepared on a going concern basis in accordance with the historical cost convention with the exception of the valuation of investments described on Note 3 below.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities.

The Company manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**(b) Accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2017.

**(c) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published by the AASB that are not mandatory for the interim period ending 31 December 2017 and have not been early adopted by the Company. The directors have considered these standards and interpretations and have concluded that they will not have a material impact on the financial report of the Company.

**(d) Rounding of amounts to the nearest thousand dollars**

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollar, unless otherwise indicated.

**(e) Comparative period**

The Fund was constituted on 19 October 2016 and commenced its operations on 21 March 2017. The current reporting period is the half-year ended 31 December 2017. For the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the period from 19 October 2016 (date of incorporation) to 31 December 2016. For the Statement of Financial Position, the previous corresponding date is 30 June 2017.

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**3. Fair value measurement**

The Company measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis.

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

*(i) Fair value in an active market (Level 1)*

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

*(ii) Recognised fair value measurements*

The table below presents the Company's financial assets and liabilities measured and recognised at fair value as at 31 December

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 31 December 2017</b>				
Financial assets at fair value through profit or loss:				
Listed securities	82,062	-	-	82,062
	<b>82,062</b>	-	-	<b>82,062</b>
<b>At 30 June 2017</b>				
Financial assets at fair value through profit or loss:				
Listed securities	45,017	-	-	45,017
	<b>45,017</b>	-	-	<b>45,017</b>

*(iii) Transfer between levels*

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

*(iv) Fair value of financial instruments not carried at fair value*

The carrying value of trade receivables and trade payables approximate their fair value because of the short-term nature of the instruments and low credit risk.

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**4. Segment information**

*Identification of reportable operating segments*

The Company is organised into one main operating segment with the key function of the investment of funds internationally. AASB 8: *Operating Segments* requires disclosure of revenue by investment type and geographical location, which is outlined below:

	Half-year ended 31 December 2017 \$'000	For the period from 19 October 2016 to 31 December 2016 \$'000
<b>(a) Investment income by investment type</b>		
Equity securities - dividends	545	-
<b>Total</b>	<b>545</b>	<b>-</b>
<b>(b) Investment income by geographical area</b>		
Australia	219	-
Europe - Euro	36	-
Europe - Other	4	-
Hong Kong	52	-
Asia ex Hong Kong	191	-
North America	43	-
<b>Total</b>	<b>545</b>	<b>-</b>

**5. Cash and cash equivalents and interest bearing liabilities**

	31 December 2017 \$'000	As at 30 June 2017 \$'000
<i>Cash and cash equivalents</i>		
Cash at bank (custodian) - AUD	35,193	40,357
Cash at bank (custodian) - NZD	17	-
	35,210	40,357
<i>Interest bearing liabilities</i>		
Overdraft at custodian	(60,568)	(37,098)
	<b>(25,358)</b>	<b>3,259</b>

Overdraft at Custodian is a cash facility offered by the Custodian.

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**6. Share capital and share option reserve**

**Shares**

There is a single class of ordinary shares on issue. For all shares issued in accordance with the Prospectus dated 16 January 2017 an option was also issued. The amount paid by each shareholder was allocated between the share and the option based on relative market prices on the first day of trading. Costs of fundraising were allocated between shares and options on the same basis.

Each Share confers on its holder equal voting rights and to share equally in dividends and any surplus on winding up.

Subject to the *Corporations Act 2001* and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

Movements in share capital during the period are set out below:

	As at 31 December 2017		As at 30 June 2017	
	Shares	\$'000	Shares	\$'000
Ordinary shares - fully paid, net of Capital				
Raising costs, net of tax	44,949,367	48,917	44,315,377	48,233

**Movement in ordinary share capital**

	Half-year ended 31 December 2017		For the period from 19 October 2016 to 31 December 2016	
	Shares	\$'000	Shares	\$'000
Opening balance	44,315,377	48,233	-	-
Ordinary shares issued	633,990	730	-	-
Cost of issued capital, net of tax	-	(46)	-	-
Closing balance at 31 December	44,949,367	48,917	-	-

**Options**

Under the Offer outlined in the Replacement Prospectus dated 16 January 2017, the Company offered one option for every one Share subscribed for, exercisable on any business date after vesting of the options on 17 March 2018.

The terms and conditions of the options were as follows:

- An option may be transferred or transmitted in any manner approved by the ASX;
- An option may be exercised by the registered holder of the option, and a share in the Company issued, with payment to the Company of \$1.10 per option being exercised;
- An option may be exercised on any business day from the date of vesting provided the option holder buys back in by 17 March 2019.

Movement in options that are still outstanding was as follows:

	Half-year ended 31 December 2017		For the period from 19 October 2016 to 31 December 2016	
Details	Options	\$'000	Options	\$'000
Opening balance	44,315,277	-	-	-
Options issued under the IPO	-	-	-	-
Options issued during the period	-	-	-	-
Options exercised, and related transfer to share capital	-	-	-	-
Options on issue at end of the period	44,315,277	-	-	-

**Capital Management**

The Company's objectives for managing capital are to invest the capital in investments meeting the description, risk exposure and expected return as indicated in the Company's Replacement Prospectus dated 16 January 2017.



**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**7. Earnings per share**

	Half-year ended 31 December 2017	For the period from 19 October 2016 to 31 December 2016
Weighted average number of ordinary shares used in the calculation of basic earnings per share	44,697,929	-
<b>Basic earnings/(loss) per share (cents)</b>	10.09	-
Weighted average number of shares used in the calculation of diluted earnings per share	44,697,929	-
<b>Diluted earnings/(loss) per share (cents)</b>	10.09	-

**8. Expenses**

**(a) Fees paid to the Investment Manager**

The Company has appointed Fat Prophets Funds Management Pty Limited as the Investment Manager. A summary of the fees (GST exclusive) charged by the Investment Manager is set out below.

**(i) Management fee**

The Investment Manager is entitled to be paid a management fee equal to 1.25% p.a. of the Portfolio Net Asset Value. The management fee is calculated and accrued on the last day of each month and paid within 20 days of the end of the month.

**(ii) Performance fee**

At the end of each quarter, the Investment Manager is entitled to receive a 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.

**(b) Auditor's remuneration**

During the half-year the following fees were paid or payable for services provided by PKF, the auditor of the Company:

	Half-year ended 31 December 2017 \$
Review of the financial statements	5,000
	<b>5,000</b>

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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**9. Related party transactions**

All transactions with related parties are conducted on normal commercial terms and conditions, and are as follows:

- The compensation arrangements with the Directors and Executive Directors (refer to Directors' Remuneration below);
- The interests in the Company held directly or indirectly by the Directors and Executive Directors (refer to remuneration report included in the directors' report); and
- The Management Agreement between the Company and the Investment Manager (refer to Note 8 for details of fees paid to the Investment Manager). Angus Geddes is Director of the Investment Manager.

**Directors Remuneration**

Directors' remuneration received or receivable for the half-year ended 31 December 2017 was:

<b>Director</b>	<b>Directors' fees</b>	<b>Superannuation</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Michael Gallagher	22,000	-	22,000
Katrina Vanstone	16,500	-	16,500
Angus Geddes	-	-	-
	<b>38,500</b>	<b>-</b>	<b>38,500</b>

**10. Contingencies**

As at 31 December 2017, the Manager was not aware of any liabilities or gain or loss contingencies considered material, individually or in aggregate, that were required to be accrued or disclosed.

**11. Commitments**

As at 31 December 2017, the Manager was not aware of any commitments considered material, individually or in aggregate, that were required to be accrued or disclosed.

**12. Events subsequent to reporting date**

No significant events have occurred since the reporting period which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2017 or on the results and cash flows of the Company for the half-year ended on that date.

**FAT PROPHETS GLOBAL CONTRARIAN FUND LTD**  
**ACN 615 414 849**  
**DIRECTORS' DECLARATION**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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1. In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Chairman

Sydney, NSW  
23 February 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FAT PROPHETS GLOBAL CONTRARIAN FUND LTD

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Fat Prophets Global Contrarian Fund Ltd (the company), which comprises the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fat Prophets Global Contrarian Fund Ltd is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the company's financial position as at 31 December 2017, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

#### Directors' Responsibility for the Half-Year Financial Report

The directors' of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

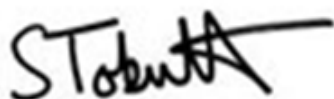
## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Fat Prophets Global Contrarian Fund Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



SCOTT TOBUTT

PARTNER

23 FEBRUARY 2018

SYDNEY, NSW