ASX ANNOUNCEMENT

Sydney, 11th April 2019: Fat Prophets Global Contrarian Fund (FPC) announces a Disclosure pursuant to ASX Listing Rule 4.12

Dear Investors,

March was another positive month for the Global Contrarian Fund with solid performances from **Reliance Industries, CNOOC, Nintendo** and **Collins Foods** all making a contribution. On a pre-tax NTA basis, the Fund was up 1.29% at the end of March, and was leveraged around 22.3%. On a post-tax basis, the Fund closed up 1.02%.

	31 Mar-19	28-Feb-19	Change
Pre-Tax NTA	**1.0269**	**1.0138**	**1.29%**
Post-Tax NTA	**1.0504**	**1.0398**	**1.02%**

Outlook

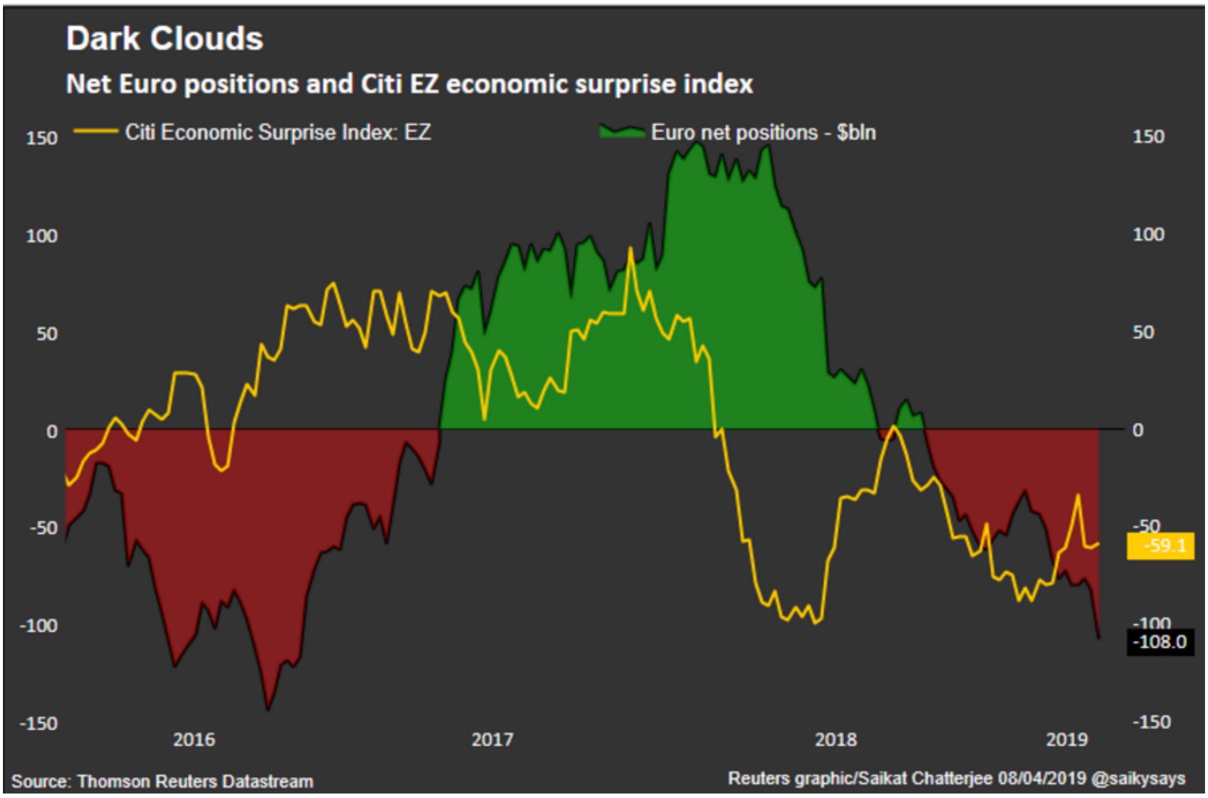
Wall Street has backed away from near record highs which seemed appropriate given the "known unknowns" associated with reporting season that gets underway this week. The S&P500 at around 2900 is priced on a 16X/17X forward multiple, **so as we move into the March reporting season, the market will be looking for this valuation to be underpinned.**

The one bright spot about the reporting season however, is that the "bar of expectation" is still set relatively low. With the US economy being relatively robust, and with a trade deal likely to be consummated before May, downside risk seems to be contained at this point in time.

While the resurfacing of the trade issue with Europe has been surprising, we doubt whether this will transition into a broader dispute with wider ramifications for the financial markets. **The last thing Donald Trump wants to see is another spill on Wall Street and a slowdown in the US economy ahead of the 2020 Presidential election,** which is just around the corner.

We have been vocal about the US dollar weakening this year, particularly given the overbought conditions of US assets and that the bearish outlook for Europe and Asia seems excessive. The graph below illustrates the significantly oversold conditions of the euro.

Our scenario for a weakening greenback is less about US growth faltering, and more about expectations for global growth bottoming out after becoming too pessimistic. Not only is Europe a prime candidate to lift off the bottom, but we are seeing China's economy stabilise and growth beginning to climb once again.



These twin dynamics interplaying should be sufficient to send the US dollar index lower in the months ahead, which in turn should feed through into commodities, oil and the precious metal complex. **The Euro appears to be poised for a significant reversal and upward move against the US dollar, which could be particularly favourable to gold.**

The Euro

Attribution

In terms of monthly performance attribution in the portfolio, **Collins Foods**, the fund's largest holding, was the best performer, adding 104.3 basis points (bpts), on limited news-flow, but as investors perhaps are appreciating more the recession proof nature of KFC and the growth prospects coming in Europe, and in Australia with the Taco Bell rollout. **Reliance Industries** and **CNOOC** were both propelled by higher energy prices, adding 41.0 and 35.6 points respectively. Sentiment towards **Telstra** continues to firm following a better than expected interim result, and the reaffirmation of full year guidance, in February. **Nintendo** chimed in with a solid attribution, after some positive developments during the month, and with the impending upgrade of the Switch console.

Positive Attributions

Company	Country	Attribution (bpts)
Collins Foods	Australia	104.3
Reliance Industries	India	41.0
Telstra Corporation	Australia	35.8
CNOOC	China	35.6
Nintendo	Japan	24.8

On the negative side, shares in **Sony** were lower during the month after Google announced its entry into video game streaming, costing the Fund 69.5 basis points. Sony shares have however since recovered strongly in early April after substantial stake-building by an activist hedge fund. **Meituan Dianping** was lower after reporting a wider loss than expected, and after the expiry of a share lock-up period post the IPO – the investment case however still looks solid. Also, weighing on the portfolio were **Oil Search**, **South32,** and **Wynn Macau**, the latter of which has picked up strongly in the first week of April.

Negative Attributions

Company	Country	Attribution (bpts)
Sony	Japan	69.5
Meituan Dianping	China	57.5
Wynn Macau	China	28.3
Oil Search	Australia	20.4
South32	Australia	14.2

Portfolio changes

We made relatively few changes to our holdings during the month. We did add to our holdings in tech giant **Tencent** during March, coincident with Chinese authorities making video game approvals once again. Consistent with our positive view of the sector, we also established a position in **iQiyi**, the video streaming service spun out of Baidu.

In Australia we added to our resource exposure, establishing new positions in **BHP** and **South32.** This goes with our bearish view on the US Dollar, a decline which would act as a further tailwind to commodity prices.

Portfolio positions

The Fund’s largest exposure, **Collins Foods,** gained further ground in March, despite a lack of news-flow. We highlighted our positive view on the stock during a recent roadshow for the fund around Australia last month. We continue to be positive about the KFC operator’s expansion plans both domestically and abroad, with the roll-out of Taco Bell in Australia another long-term growth angle.

The company's offering is a highly defensive one, which has also been evident in recent results from fellow KFC franchisee Restaurant Brands, and master franchise holder Yum! Brands. Not that Collins isn't facing cost pressures, with chicken prices on the rise. Collins Foods has however historically been able to mitigate this through prudent cost control and given a degree of pricing power.

Indian mega-conglomerate **Reliance Industries** continued to be a strong performer and contributed positively in March. Petrochemicals and refining remain cash cows for the group and overall are benefitting from the recovery in crude oil prices in 2019. The company is already at work on expanding its Jamnagar refinery complex (already the world's largest).

Chairman and Managing Director Mukesh Ambani has been rapidly expanding the business into other areas, launching telecom business Jio in 2016 and disrupting the local telecom market with generous data plans, rapidly adding subscribers along the way to quickly become one of the major players. Continued subscriber additions and expected increases in average revenue per user combined with operating leverage should result in exponential earnings growth from the business over the next few years. The business is also expanding its consumer retail unit and will push into e-commerce.

CNOOC, which is China's largest operator of LNG import terminals, had a positive month in March having carried on its initiative and talking to independent companies to open up its facilities for lease over a 10-year period. This would be a relatively risk-free source of revenue (in the tens of millions in US$) for the company and follows Beijing's push to open state infrastructure to third parties as well as consolidate its oil and gas pipeline into one network.

That aside, the company also reported its FY18 results which showed improvements in production and achieving annual targets of 475 million barrels of oil equivalent while reporting 17 new commercial discoveries. The company also reported a net profit surge of 113.5% year-on-year to RMB 52.7 billion amidst higher realised oil (+27.7% yoy) and gas (+9.8%) prices.

Oil majors like **CNOOC** also had a favourable end in March with reports that OPEC's production in the month hit its lowest levels since February 2015 as Saudi Arabia cut even more than pledged while Venezuela continues to struggle from the US sanctions. OPEC's oil production for the month fell 280,000 barrels per day (bpd) to 30.4 million bpd for the month.

Our holding in **Japan Airport Terminal** made a positive contribution to fund performance in March. Revenue for the first nine months of the fiscal year ended 31 December 2018 increased 24.4% to ¥207.3 billion and operating income jumped 84.5% to ¥19.4 billion. The company stands to benefit from increasing tourist travel to Japan as the operator of Haneda Airport, ranked by Skytrax as the world's best in 2019 for the 7th year in a row. Over 85 million passengers passed through Haneda in 2018, making it one of the busiest on the planet.

Along with being the domestic airport for Tokyo, the terminal boasts an increasing amount of international flights. The company also operates retail stores (including duty-free) and food and beverage services at a handful of other airports. While the 2020 Olympic Games (and before then this year's Rugby World Cup) will provide a sharp short-term boost in business for the company, the medium-term outlook is robust we believe underpinned by strong prospects for international tourism traffic growth from China and South Asia.

Nintendo had a strong month, having reported several developments that have piqued the market's interest. Included is the news that the movie *Pokémon: Detective Pikachu* is set for release next month. Nintendo owns a significant stake in *Pokémon* company, still one of the world's most valuable franchises. Perhaps this also forms part of Nintendo's efforts to boost the profile of its wholly-owned and part-owned IP, especially *Pokémon* which is yet to release a 'core' game under the Switch.

Speaking of which, Nintendo's Switch console is set for an upgrade as early as the US summer with a launch of two new versions. This should keep sales momentum going and in advance of competitors Sony and Microsoft launching new consoles, possibly as early as 2020. Nintendo has also released its Virtual Reality Kit for the console looks a 'virtual winner,' in large part due to its innovation providing a tactile experience Toy-Con accessories and unique controllers. The launch is tomorrow.

On the downside, **Sony** shares weighed on performance in March as the unveiling of Google's entrance into video game streaming, called Google Stadia, led to a sharp sell-off in the console leader's shares. Traders were concerned that the rise of video game streaming would soon materially erode the profitability of Sony's key PlayStation business, which has been a major earnings centre.

After the initial knee-jerk reaction to the announcement, Sony shares began to recover, as investors began to doubt how likely Stadia is to seriously disrupt the leaders in video gaming like Sony anytime soon. We too believe Sony will continue to remain one of the big players in the huge and still relatively fast-growing video game market, although it will need to evolve from its current model. Its relationships, IP, content catalogue and experience in the industry provide a strong foundation that aren't going to be matched in just a couple of years.

In early April, Sony shares surged on the news that US-based hedge fund, Third Point, is once again building a substantial stake in the company to push for changes. These include the sale of the movie business which Third Point believes can unlock value for shareholders. We also believe there remains some scope for optimisation.

Meituan Dianping, China's 'life service e-commerce platform' and undisputed 'king' of China's fast-growing food delivery market saw tts shares take a tumble in March largely for two reasons: 4Q results and its share lock-up period expired. The company's net loss widened to RMB 3.4 billion in the fourth quarter from RMB 2.2 billion last year, mostly due to higher costs. This however is consistent with Meituan's efforts to 'scale up,' with revenues surging 89% year-on-year to RMB 19.8 billion for the quarter.

Also behind share price weakness was the fact that early stage investors were freed from a 6-month lock-up post the IPO. These investors covered some 35% of the company's outstanding shares and likely influenced the market's movements for the period. This should be less of an overhang going forward.

While not yet profitable, Metiuan is certainly on track in its efforts to achieve scale. The company has a Platform market share of 47.7% of the 'total internet using public' at 382.3 million users while also being the market leader in the food delivery space with about 61% share based on Trust Data. This has also been helped by a strategic alliance with Tencent.

The company also benefits largely from the fact that it has developed a successful 'super-platform' which is essentially a unified app that combines related activities and services for consumers. Unifying services under one platform creates a much larger marketplace for the B2C (business to consumer) sector.

The long-term case for the company looks highly positive with China shifting towards a more consumer-centric economy from its previous investment-driven structure. This is a side effect of the country seeing higher disposable incomes. Rising incomes will likewise see more demand for convenience and ease of access on modern life's necessities as consumers shift from spending on basic needs to more discretionary expenditures.

iQiyi weakened during the month, despite the video streaming subsidiary (spun out of Baidu) recently reporting better than expected growth, with full year sales climbing 55% year-on-year to hit $1 billion. iQiyi is still generating big losses; but added 36.6 million members to take the total to 87 million in 2018. Management alluded to similar growth expectations in 2019 which would take the total to 120 million or above. We expect per-user content costs should drop substantially, as iQiyi grows, and with a still huge untapped pool, if it maintains its strong market position, the Netflix of China tag it is so often ascribed should be apt

Hong Kong-listed shares of **Wynn Macau** drifted lower in March, largely due to expectations that Macau would face lower gaming revenues compared to a year earlier. The slowing mainland China economy, a weaker yuan and the simmering trade dispute between the US and China were all headwinds. Casino revenue in Macau had shrank in January for the first time in over two years, hamstrung by less VIP activity and a smoking ban, before returning to growth in February.

As it turns out, March gaming revenue was only marginally lower year-on-year and there were a couple of other positive developments and that has seen the sector return to favour in April, with Wynn Macau shares enthusiastically joining the rally. March gaming revenue in Macau dipped just 0.4% year-on-year to 25.8 billion patacas (US$3.2b) compared to some forecasts expecting as much as a 6% decline. Also, casino operators MGM China and SJM Holdings had their gaming contracts extended until 2022 during March and this bodes well for Wynn and others that will also need to extend licenses.

Over the long term, we expect secular growth in the Macau mass market to reduce the reliance on volatile VIP play. We also expect continued growing contributions from the Wynn Palace flagship property on the Cotai Strip as its ramp up progresses further.

Praemium shares finished the month fairly flat, but came under significant pressure earlier this week after the financial service platform provider announced the loss of a key institutional client. The private wealth arm of ANZ is moving to an alternative supplier, commencing from the new financial year. The contract loss is a material one for Praemium, with ANZ Private contributing $4 million worth (8%) of revenue in the 2018 calendar year.

The revelation was a very disappointing one, and also shows that while client mandates are fairly 'sticky', they can also be extricated from, particularly given the choice in the platform provider marketplace. That said, Praemium still has a strong reputation for innovation which continues to hold it in good stead. This has also resulted in contract wins elsewhere and was highlighted by management, and as a partial offset to the negative disclosure.

The company announced separately that Shaw and Partners had extended their Virtual Managed Account solution for 5 years and agreed a contract expansion which will be worth an additional $1 million per annum. A contract with Asgard Capital has also been renewed for up to 6 years from November 2019, with a minimum value of $3 million per year. Morgan Stanley Wealth Management also recently expanded a contract, worth an additional $1 million per annum.

The loss of a major client has unsurprisingly damaged investor sentiment, and after a softer than expected half year result in February. However, the announcement, whilst very disappointing, is not disastrous. Indeed, the several major new agreements executed this financial year, will have a positive material impact, and combined will exceed the revenue decline following the ANZ Private decision.

We remain positive on the underlying investment case for Praemium, and the ability of the company to keep winning mandates, and growing funds under administration, both domestically and offshore. We also like the wider underlying thematic, with industry operating leverage riding a growing superannuation pot. Praemium's valuation is also very modest now at less than 4 times revenues.

Company news was lacking for **South32** over March, however softer commodity prices for key offerings in zinc, manganese, silver, coal (energy and metallurgical) and nickel, caused the share price to dip. The shares also went ex-dividend during the month. South32 was however very active in buying its shares on-market via its on market buy-back programme, acquiring around 8.5 million shares during the month. The stock is in our view a high-quality play on US$ commodity prices pushing higher over the medium term.

The same is true in our view for **BHP Group.** The diversified miner is constantly building on its financial capability to deliver shareholder value across commodity cycles as it optimises its foot-print, and continues to grow production in key areas.

Shares in Chinese tech giant **Tencent** have however been pushing higher, following a return to video game approvals by Chinese authorities, and an ever-broadening portfolio of businesses. The company is making a move into what is plausibly the next logical step in the gaming industry: Cloud Gaming. Last week, Tencent stealthily launched a new cloud gaming service aptly dubbed "Start" to a select group of users in Shanghai and Guangdong.

Cloud Gaming (a.k.a. gaming on demand) basically allows users to 'stream' a game by accessing the cloud network and its servers to play directly on a console or smartphone (illustrated below), without having to actually install or download a game onto a platform.

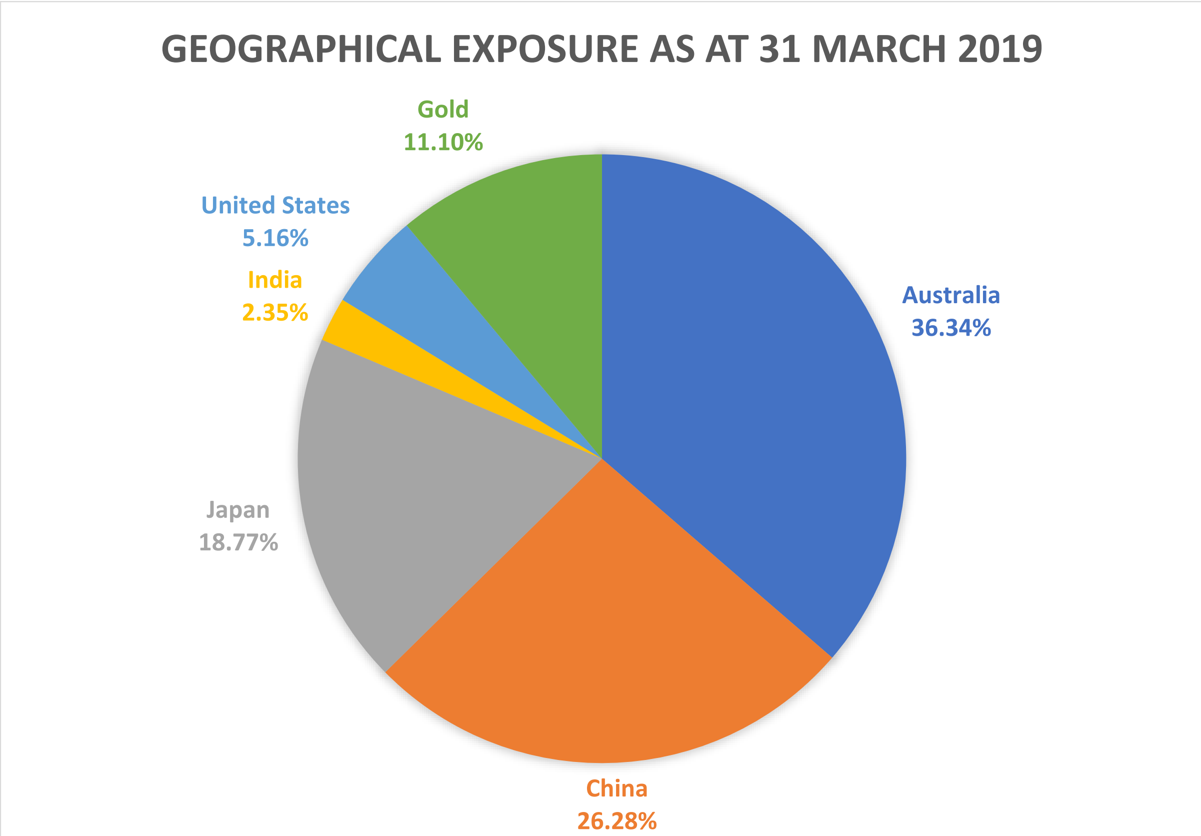
A nascent cloud gaming market would be beneficial for companies such as Tencent, with strong Intellectual Property (IP) and/or relationships with developers and gamers. Consider that Tencent already owns 88% of Supercell – the maker of Clash of Clans and Hay Day – as well as smaller stakes in other developers of lucrative games like Epic Games (which owns Fortnite) and Riot Games which developed the multiplayer online battle arena (and e-Sport) League of Legends.

From the initial outlook, this puts Tencent in a strong position over rivals (think Google & Microsoft) due to its aforementioned IP, and as it effectively 'holds the keys' to China's gaming market – which has now become the world's largest. In addition, Tencent also has its own cloud infrastructure, making it a natural move.

The advent of 5G technology promises to make cloud gaming very possible. The segment is a rapidly part of the global US$140 billion gaming industry, having surged from $45 million in 2017 to $66 million in 2018, and, according to an estimate from IHS Markit, expected to be worth over $1.5 billion by 2023.

Top 10 Holdings	31 March 2019	Country
Collins Foods	7.24%	Australia
The Walt Disney Company	5.14%	United States
Telstra Corporation	4.85%	Australia
Wynn Macau	4.43%	China
Nine Entertainment	4.41%	Australia
Evolution Mining	4.09%	Australia
Nintendo	3.93%	Japan
MGM China	3.92%	China
SPDR Gold Trust	3.84%	United States
QBE Insurance	3.81%	Australia

Geographical dispersion



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