

Overview

On 1 August 2010, Merricks Capital Pty Limited (**Merricks**) became the Manager of Fat Prophets Australia Fund Limited (**Company**). As announced by the Directors of the Company on 29 July 2010, the Company will for the short term continue to be managed with an Australian equities mandate. The Directors together with Merricks are examining alternatives that are permitted within the Company's Constitution, which should result in a more permanent closure of the previously prevailing gap between the traded price of the Company's securities and the net asset value per share. It is anticipated that this review will be completed by the end of September 2010 and communicated to the Company's Shareholders.

Net Tangible Asset Backing

| Performance | Net Asset Backing | Monthly Return |
|----------------------------|-------------------|----------------|
| Pre Tax NTA | 1.0789 Per Share | -4.82% |
| Post Tax NTA | 1.0784 Per Share | -1.20% |
| ASX 300 Accumulation Index | | -1.08% |

Invested Portfolio

| Company | Code | Weight |
|-----------------|------|--------|
| Cash | | 96.5% |
| Equity Holdings | | 3.5% |

Fund Service Providers

Administrator White Outsourcing Pty Ltd
 Auditor Mark Schilliro & Associates

Fund Information

Inception Date April 2005
 ASX Stock Code FAT
 FUM \$30.7M AUD

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Disclaimer

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