

Overview

On 1 August 2010, Merricks Capital Pty Limited (**Merricks**) became the Manager of Fat Prophets Australia Fund Limited (**Fund**) and on 1 October 2010 the Fund announced its new Investment Mandate.

The Fund focuses on having a few select investments at any given time. The Fund makes investments in small to mid-cap Australian listed companies. The types of investments that the Fund targets are:

- Obtaining a strategic stake in a desired small to medium sized listed company via placement of new securities or acquisition of shares.
- Construction of unlisted convertible securities offering equity-type returns but with debt security characteristics.
- Combining with other investors to acquire significant stakes in companies with a view to actively agitating for change, which could release hidden value to all shareholders.
- Investments that reward the provision of liquidity.

The Fund's core strength is that it has semi-permanent capital. Merricks seeks to make investments that allows the Fund to maximise the use of its semi-permanent capital, resulting in both capital gains and the payment of regular and consistent dividends.

Net Tangible Asset Backing

Performance	Net Asset Backing	Monthly Return
Pre Tax NTA	1.093 Per Share	0.64%
Post Tax NTA	1.089 Per Share	0.46%
ASX 300 Accumulation Index		1.84%

Invested Portfolio

Company	Weight
Cash	67.929%
Equity Holdings	32.08%

Fund Service Providers

Administrator White Outsourcing Pty Ltd
 Auditor MNSA Pty Ltd

Fund Information

Inception Date April 2005
 ASX Stock Code FAT
 FUM \$31.1M AUD

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Disclaimer

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