



fatPROPHETS™

Proposed Changes to Board and Management Arrangements

Fat Prophets Australia Fund Limited ("**Fat Fund**" or "**the Company**") is today announcing proposed changes to its management arrangements and board structure.

Change to management arrangements

Tidewater Asset Management Pty. Limited ("**TAM**") currently manages the Fat Fund under a sub-contract arrangement with Fat Prophets Funds Management Australia Pty. Limited ("**FPFMA**"), which is due to expire on 22 April 2010. TAM and FPFMA have agreed to terminate the current arrangement on 31 October 2009.

Under TAM's management since January 2006, the Fat Fund has outperformed its benchmarks in a meaningful way, including a return of 19.0% (unaudited, gross of fees, expenses and tax) in the year to 30 September 2009 against the 8.5% return of the S&P/ASX 300 Accumulation index. In tandem with the Directors of Fat Fund, TAM has orchestrated a strong capital management and share buy-back process, which is expected to continue.

Steve O'Hanna, who has been jointly managing the Fat Fund with Andrew Brown, will transition to FPFMA and continue his role in conjunction with Angus Geddes, the founder of "Fat Prophets" and FPFMA, who will assume a direct portfolio management role for the Fat Fund. In taking on his new responsibility Mr Geddes will be able to draw on his close association with the management of the Fat Fund since launch.

Change to Board structure

Robert Bolton, the current Chairman of Fat Fund has indicated that due to other business commitments, which involve more extensive travel, he wishes to step down from the role, which he has held from the public listing of the Fat Fund in April 2005. The Fat Fund board is very grateful to Robert for his efforts on behalf of the Company during his tenure, which will conclude on 31 October 2009.

Tidewater Investments Limited ("**Tidewater**") is the second largest shareholder of Fat Fund, holding some 6% of the issued capital. Whilst Tidewater is desirous of relinquishing its direct management of the portfolio, and instigated discussions leading to the early termination of the sub-contract arrangements, it wishes to remain involved in the oversight and further development of the Fat Fund.

As a consequence, Andrew Brown, the Managing Director of Tidewater, has accepted an invitation to become the new Chairman of Fat Fund, effective 31 October 2009.

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