November 2009 NTA Release

1. Details of Performance and Net Asset Backing at Month end

The net asset backing ("**NTA**") of Fat Prophets Australia Fund Limited ("**Fat Fund**") as at 30 November 2009 was **$1.1686 per share** on a before tax basis, calculated in accordance with ASX Listing Rule 19:12, and represents an **increase of 2.05%** over the month. By comparison, the Fat Fund's benchmark, the S&P/ASX 300 Accumulation **Index firmed 1.80%** over the month.

After adjusting for the impact of taxation on both realised and unrealised gains, the Fat Fund's after tax NTA at the end of November 2009 was **$1.1266 per share**.

2. Performance Commentary

The major influences on the Fat Fund's performance versus the benchmark during the month of November 2009 were as follows (* denotes acquired during month):

Positive Influences			**Negative Influences**		
Company	***% move***	***Position***	***Company***	***% move***	***Position***
Kingsgate	28%	Overweight	AXA Asia Pacific	37%	Underweight
Lihir Gold	18%	Overweight	Westpac	-8%	Overweight
BHP Billiton	10%	Overweight	Bravura	-13%	Overweight
Rio Tinto	12%	Overweight	Transurban	20%	Underweight
Macquarie Group	-4%	Underweight	BT Investment Mgt	-5%	Overweight

The last two months have been a period of transition for the Fund, which is now being managed in-house directly by Fat Prophets Funds Management. There were some changes to the portfolio with the most significant change being a re-weighting from banks into resources.

The very large position we have held in the big four banks since the onset of the financial crisis has added significant value to the Fat Fund. This 'overweight' position has been pared back as we take profits and re-deploy funds elsewhere. The big four banks now operate in a far less competitive environment with greater pricing power than before the financial crisis. Furthermore, as their bad and doubtful debts expenses and provisioning continue to 'normalise' over the next couple of years to reflect the more robust economic environment, the uplift to the bottom line will in our view be very substantial. This coupled with low double digits multiples on fiscal year 2011 profit estimates continue to suggest to us that plenty of value remains. We remain approximately 4% overweight the benchmark index.

With regard to the energy sector we sold the funds position in Beach Petroleum and AWE and reallocated capital towards the larger end of the sector, with Santos and Woodside being recipients. Beach Petroleum whilst very cheap consistently underperforms in a rising oil price environment and AWE at this point in time is more leveraged to exploration success rather than provide sound oil price exposure. The best value in the larger oils is Santos in our opinion. It has considerable exposure to Oil Search's just sanctioned PNG LNG project, and also the Gladstone LNG project in Queensland. Given our view that oil prices will rise in the medium to longer term, we wanted sound oil price exposure at a reasonable price and hence have taken an overweight position in Santos and an index position in Woodside Petroleum.

As is mentioned at every opportunity we continue to be bullish on the precious metals group, particularly gold. Underpinning this is our view that there are significant headwinds for the USD along with changing demand and supply fundamentals. Notably, central banks have become net buyers of gold from being net sellers over the last dozen years or so. There has also been a profound shift in the way investors view gold, which is increasingly regarded as a currency and not just as a commodity.

This is largely as a result of fiscal and monetary policy settings of central banks remaining extremely loose, particularly in the US. Over the last 12 months the US has expanded its monetary base by 128% while deficits and government debts have risen to record levels. Whilst arguably necessary to stave off a collapse of the financial system and avoid a possible collapse of the financial system in the wake of the demise of Lehman Brothers demise in 2008, the unprecedented injection of liquidity will have an inflationary impact some point in the future. During such times gold has always been an excellent hedge.

Prima facie the efforts by the central banks appear to be succeeding with several economic indicators over the last month showing signs of improvement. Consensus estimates are that global growth will continue to expand and recover into next year. However it's the side effects that concern us and we continue to believe that precious metals will remain very well supported.

Short term we are seeing gold sell off and the USD rally as short positions are being covered and squared off for year end. However, the resumption of the USD carry trade early in 2010 is very likely in our view as the world continues to mark down the underlying value of the greenback in the wake of the record money printing by the Fed.

As mentioned in the last NTA update, we increased our position in Lihir Gold (we already hold Kingsgate and Newcrest) and added a small position in two emerging gold plays, Catalpa Resources and Norton Goldfields. At the end of November, the fund had approximately 7% of the portfolio invested in pure gold names. In addition exposure to BHP and Rio Tinto was increased and we are now slightly overweight the benchmark index in these majors. We will continue to update shareholders on composition changes to the Fat Fund.

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3. **Top 15 Holdings at 30 November 2009**

Company	Symbol	% Weighting
BHP Billiton	BHP	14.0
Commonwealth Bank	CBA	8.5
Westpac Bank	WBC	7.9
National Australia Bank	NAB	6.4
ANZ Bank	ANZ	5.9
QBE Insurance	QBE	3.9
Rio Tinto	RIO	3.7
Telstra	TLS	3.3
Wesfarmers	WES	3.2
Woolworths	WOW	3.2
Lihir Gold	LGL	2.8
CSL Limited	CSL	2.6
Woodside Petroleum	WPL	2.0
Santos Ltd	STO	2.0
Premier Investments	PMV	1.9

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