

FAT PROPHETS AUSTRALIA FUND LIMITED

ABN 111 772 359

CODE OF CONDUCT POLICY

1. Objective

The Company is committed to conducting its business with the highest standards of personal and corporate integrity.

The Company's Code of Conduct Policy protects all stakeholders in the business, including investors, management, employees and shareholders.

The Company's Code of Conduct Policy ensures that all employees understand what is expected of them in relation to behaviour throughout their employment with the Company.

2. Application

This Code of Conduct Policy applies to all employees.

3. Underlying Principles

All employees are entitled to be treated with respect and to work in a safe environment. All private and commercial information must be kept confidential.

4. Standards of Behaviour

The Company is a good corporate citizen and complies with the laws of the jurisdictions where it conducts business or has an investment. On a day-to-day basis, employees must:

- (a) put the needs of investors first;
- (b) respect colleagues and treat them fairly, openly and honestly; and
- (c) select vendors/suppliers on quality, service and cost only.
- (d) contribute to a workplace free of harassment in all its forms, recognising harassment is in the "eye of the beholder".

5. Conflict of Interest

Employees should avoid situations in which personal interests could conflict with those of the Company and its clients. Conflicts of interest must be declared.

6. Outside Activities

Employees of the Company are not to serve in any capacity as director, partner, employee, consultant, agent, etc., whether paid or unpaid, in any other company or business if there is a possibility that personal interests could conflict with those of the Company, unless prior written permission has been given by the CEO.

7. Gifts and Entertainment

As a guiding rule, gifts and entertainment should not be given or received if they create a feeling of obligation. Reasonable entertainment such as dinner parties, theatre parties, lunches or sporting events is acceptable in the ordinary course of business in the right circumstances.

Employees are not to give gifts, payments, discounts or services in the course of the Company's business unless they are of nominal value and appropriate to the circumstances.

Any gift or entertainment given or received by an employee in excess of \$250 must be reported to the Chairman.

8. Political Activities

Employees may attend any political event, including fund-raisers as a private citizen only and not as an employee of the Company.

9. Confidentiality

During the course of work employees may learn confidential information, e.g. the Company's business, products, systems, customers, colleagues, or competitors. Unless permission has been granted, employees must not disclose or discuss any such information while employed with, and after leaving the Company.

All work performed during the course of an employee's employment belongs to the Company.

10. Equal Opportunity

The Company is an Equal Opportunity employer and expects all employees to respect fellow workers and to treat them fairly.

11. Legal Compliance

All employees must carry out their work according to relevant laws and the obligations of ASX Listing Rules.

12. Records and Reports

Any information recorded or reports generated by an employee must comply with financial and accounting policies and procedures.

13. Safety and Security

Employees must heed and follow the Company procedures that apply to the employee's workplace.

14. Rules for Personal Investment

(a) All personal transactions (and those of Associates) for both listed and unlisted stocks and derivatives must be authorised in writing or email in advance by the an Investment Manager of Fat Prophets Australia Fund Ltd (Tidewater Asset Management P/L currently manages the Fat Prophets Australia Fund Ltd under a sub-contract agreement, hitherto 'the Manager')

(b) Authorisations are valid only for the day they are signed. If the proposed transaction is not executed the same day, a further authorisation will be required for the day of execution.

(c) Employees must maintain a register of securities and derivatives and ensure it is updated with all personal trades within 7 days of each transaction.

Employees are required to present their Register to the Chair annually for review, and at any other time as requested by either the Board, the Responsible Officers of the Manager, outsourced Compliance professionals the auditors or regulatory bodies.

(d) All personal transactions must be notified to a Responsible Officer confirming the authorised transaction with a contract note.

(e) Staff can accept allocations of stock in floats or placements from brokers providing such allocations are from a separate retail tranche of stock and approved via the normal compliance process.

Transactions in any "grey market" arising before the issue are forbidden.

(f) Staff must at all times ensure that they in no way compete with clients or take inappropriate advantage of information or opportunities that they come by in the course of their duties.

Specifically, staff must not trade in securities in which a fund managed by the Company is active at that time. Staff must not trade in shares for their own (and associates) account where orders for a fund managed by the Company are incomplete or desired weightings have not been achieved. Staff may not trade in shares if the fund managed by the Company is known to be interested in taking positions. The Chair and Responsible Officer of (the Manager) will not authorise the intended trade in such circumstances.

- (g) Staff must pay for all securities purchased at the normal settlement term. Broker credit is not to be used.

Staff are permitted to have normal arms length margin loan facilities in place, and if so, shares can be purchased with debt using such facilities.

- (h) All contract notes must be provided to the Chair or Responsible Officers (of the Manager) upon request within 24 hours.
- (i) Staff are prohibited from trading in the securities of Fat Prophets Australia Fund Limited, unless they meet the trading restrictions of the personal trading policy of Fat Prophets Australia Fund Limited.

15. Code Breaches

An employee who breaches the Code faces disciplinary action, which may lead to dismissal and/or legal action and/or information being passed to relevant authorities.

Any employee who suspects a breach, must, in the first instance, report the matter to the Chair.

No action will be taken against any employee reporting, in good faith, a breach of this Code.

16. Accountabilities

It is the accountability of the employee to:

- (a) as a minimum, abide by the behaviour as governed by this Policy;
- (b) report any violation of this policy to the Chair;
- (c) report any giving or receiving of gifts and entertainment in the gift register.
- (d) update their Register of Securities and derivatives within 7 days of any trade (for their own trades and those of their associates).

It is the accountability of the Chair to:

- (a) ensure that all employees understand and conduct themselves in line with this policy.
- (b) report to the Board any breaches of this policy.

It is the accountability of the Company to act on any breaches of this policy.

- (a) act on any breaches of this policy.