QUARTERLY INVESTOR COMMENTARY
31 MARCH 2010

CONTRARIUS GLOBAL EQUITY FUND

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The Fund aims to earn a higher Total Rate of Return than the average of the world's equity markets, as represented by the MSCI World Index, including income ("World Index"). It aims to achieve this without greater risk of loss, over the long term. The Fund is an actively managed fund, and as such does not in any way seek to replicate its benchmark index, but may instead differ materially from the performance benchmark in order to achieve its objective.

CONTRARIUS GLOBAL EQUITY FUND AT 31 MARCH 2010				
Total Rate of Return in US dollars	**Class**	**Since Inception on 1 Jan 2009**	**Latest 1 Year**	**2010 YTD**
			% Not Annualised	
Contrarius Global Equity	**Investor**	**108.4**	**115.3**	**7.2**
Contrarius Global Equity	**Institutional**	**109.3**	**116.0**	**7.3**
World Index		34.2	52.4	3.2

The Fund returned 7.2% for the quarter versus 3.2% for the benchmark MSCI World Index, including income. As we have highlighted previously, our investment philosophy is not benchmark cognisant and our portfolios would normally vary materially from the benchmark World Index. The Fund's returns are therefore likely to deviate from those of the benchmark. Given Contrarius's long-term, contrarian, valuation based investment philosophy there will be times when the Fund will materially underperform its benchmark in the short-term in order to achieve its objective of long-term outperformance.

Geographic	**Weighting (%)**		**Over/Under**
	Fund	**World Index [1]**	**Weight**
North America	74	54	20
Europe	7	30	(23)
Japan	12	10	2
Other	4	6	(2)
Total Shares	**97**	**100**	
Net Current Assets	3	-	
Net Assets	**100**	**100**	

1. Source: MSCI (attention is drawn to MSCI disclaimer in 'Notices')

As illustrated below, the Fund currently maintains substantial overweight positions in selected Consumer Discretionary and Information Technology stocks.

Sector	**Weighting (%)**		**Over/Under**
	Fund	**World Index [1]**	**Weight**
Energy	4	10	(7)
Materials	2	7	(5)
Industrials	5	11	(5)
Consumer Discretionary	40	10	30
Consumer Staples	6	10	(4)
Health Care	0	10	(10)
Financials	9	21	(12)
Information Technology	28	12	15
Telecommunication Services	3	4	(1)
Utilities	0	4	(4)
Total Shares	**97**	**100**	
Net Current Assets	3	-	
Total	**100**	**100**	

1. Source: MSCI (attention is drawn to MSCI disclaimer in 'Notices')

CABLE COMPANIES

Bottom-up analysis has identified many attractive shares in the Consumer Discretionary sector classification. The Fund consequently has a high weighting in this sector. In large part, the reason for this is that recessions tend to have an exaggerated impact on the "discretionary" spending on which these companies are supposed to depend and the prices of many of these shares have therefore fallen dramatically.

A reasonable portion of the Fund's Consumer Discretionary weighting is in US cable television companies. Comcast, Time Warner Cable and Mediacom made up 9% of the Fund with Comcast alone being approximately 5%. Table 1 shows how cable operators have performed through the recent recession compared to the other main Consumer Discretionary segments. During the recession, cable revenues outperformed even food sales, generally regarded as one of the least discretionary items. Indeed, the industry has grown in every year since consolidated data became available (1975 for subscriber numbers and 1996 for revenues). Far from being cyclical and reliant on the whims of consumer discretion, a cable TV subscription is evidently hard to forego and offers attractive value to consumers through good times and bad.

Table 1: Impact of recession on various sectors

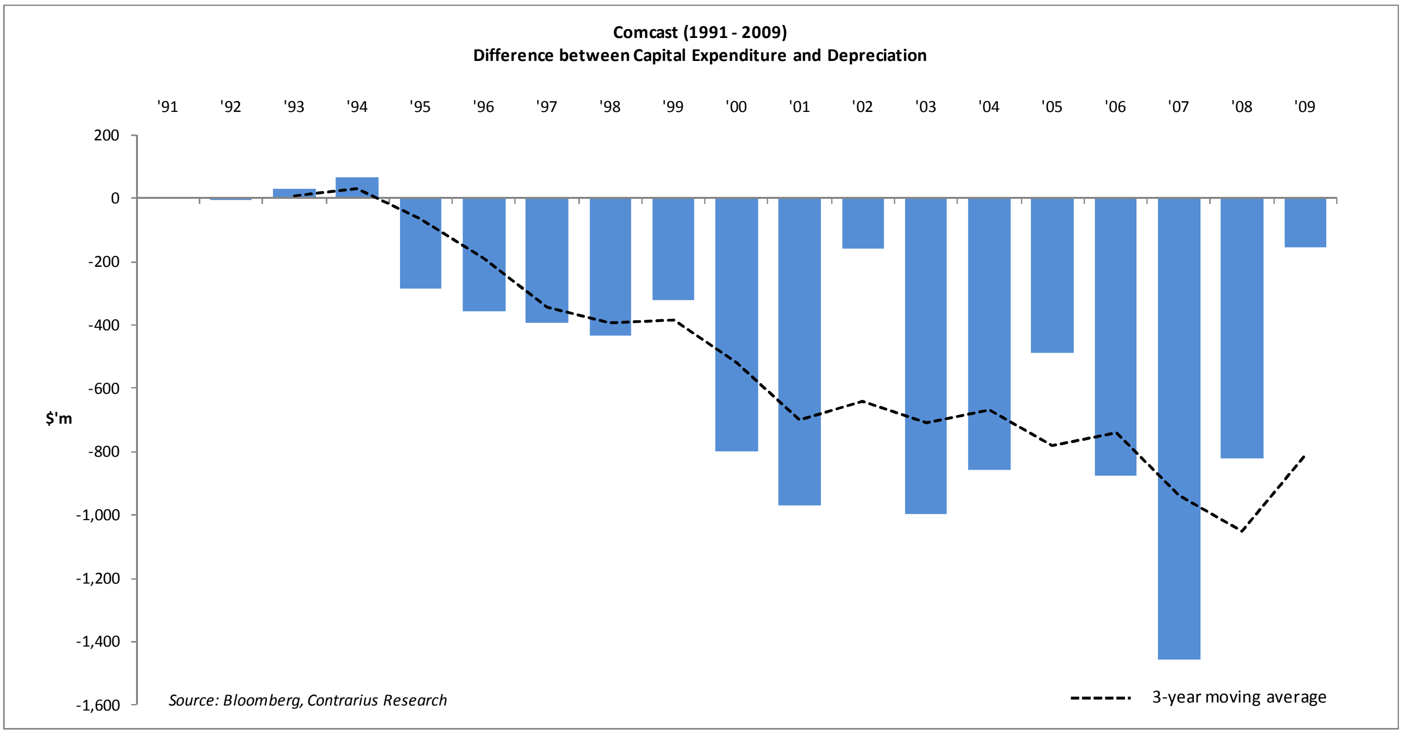
Consumer Discretionary segment	Proxy for performance	2005	2006	2007	2008	2009	Last 4 years	Peak to 2009
Autos and auto components	Sales of auto parts dealers ($'b)	886	896	907	793	697	-21%	-23%
Housing and related	Sales of furniture, furnishings and appliances	213	225	227	217	196	-8%	-14%
Leisure	Travel spending within the US	103	108	123	142	121	18%	-15%
Media	Advertising spend	271	282	280	285	248	-8%	-13%
Retailing	Retail sales (excluding food)	3,687	3,870	3,995	3,960	3,683	0%	-8%
Non-discretionary	Food sales	515	534	560	588	590	14%	
Cable operators	Industry revenue	66	72	79	85	90	37%	
	Number of video subscribers (m)	94	98	102	104	105	12%	

Sources: Datastream; Purple Motes - Robert J Coen at Magna; Plunkett Research Inc; Bureau of Economic Analysis; National Cable & Telecommunications Association; US Census Bureau; US Department of Commerce; Contrarius research

Cable service is now available to 92% of US homes. The building out of the network—an extremely expensive exercise—has therefore slowed. Operators continue to spend to expand a little and to modernise the network but the largest investment these days is in customer premises equipment (e.g. set-top boxes), accounting for about 50% of industry capital expenditure. With about 25% market share, Comcast illustrates this well.

With the exception of only three years in the last twenty, Comcast's annual capital expenditure has been higher than depreciation. On average it has been 39% higher. Historically this has made it seem that Comcast generated little cash even if accounting profits were strong, but the trend has reversed over the past two years as capital expenditure has dropped and free cash flow has improved considerably. Investment is expected to drop again in 2010 and free cash flow is expected to show good growth.

Figure 1: Comcast capital expenditure versus depreciation



Cable networks were designed to carry many video channels simultaneously. In fact, the cable that runs into a house can deliver many times what is actually used. In 1997, the operators began to take advantage of this by offering telephone and broadband services. By 2009, in addition to 105 million video subscribers, the industry had 42 million broadband subscribers and 22 million telephone subscribers. Comcast is today the third largest residential telephone operator in the United States, after AT&T and Verizon. Importantly, although the cable operators had to install new equipment at the customer and within the network, they did not need to lay new cable.

Traditional phone companies (in particular, AT&T and Verizon) have responded by offering TV through their networks. This is much harder. Network capacity (or bandwidth) can be measured in megabits per second (Mbps). A single low-definition TV channel consumes about 1.5 Mbps while a high-definition channel needs about 10 Mbps. This must be multiplied to allow multichannel offerings, such as DVR, picture-in-picture, or having different channels in different rooms. Cable networks were designed to send all the channels to the user simultaneously and the cable running into a house can deliver about 4,500 Mbps. In contrast, the copper telephone line running into a house was originally designed for voice, which uses only a fraction of the bandwidth of a single TV channel. Reengineering these has allowed the delivery of broadband data using ADSL. But although ADSL is becoming ever more capable, the copper telephone line continues to have limitations. As a result, ADSL is dominant for slower broadband but rare at high speeds (it accounts for 55% of access lines in the range of 3-6 Mbps but only 3% of 6-10 Mbps lines). The only technology that can effectively compete is fibre. Whereas a cable network need only send a set-top box to a new customer (assuming he is among the 92% of covered households), a telephone network would in addition have to lay the fibre in the ground. Verizon is indeed doing this but the investment required is huge. By the end of 2008 there were only 2.9 million fibre connections to the home compared to more than 100 million cable connections.

But the encroaching of telephone operators on the pay TV industry does illustrate a weakness of the cable networks: they are transporters of media and therefore vulnerable to competitors and technologies that are better distributors. In 2009, Comcast agreed to buy control of NBC Universal. If the deal is approved, Comcast will have an interest in a wide selection of cable channels, broadcast channels, film studios, theme parks and other digital properties, and will therefore be a significant owner of content as well as a distributor. We believe that the terms of the deal as proposed are very good for Comcast.

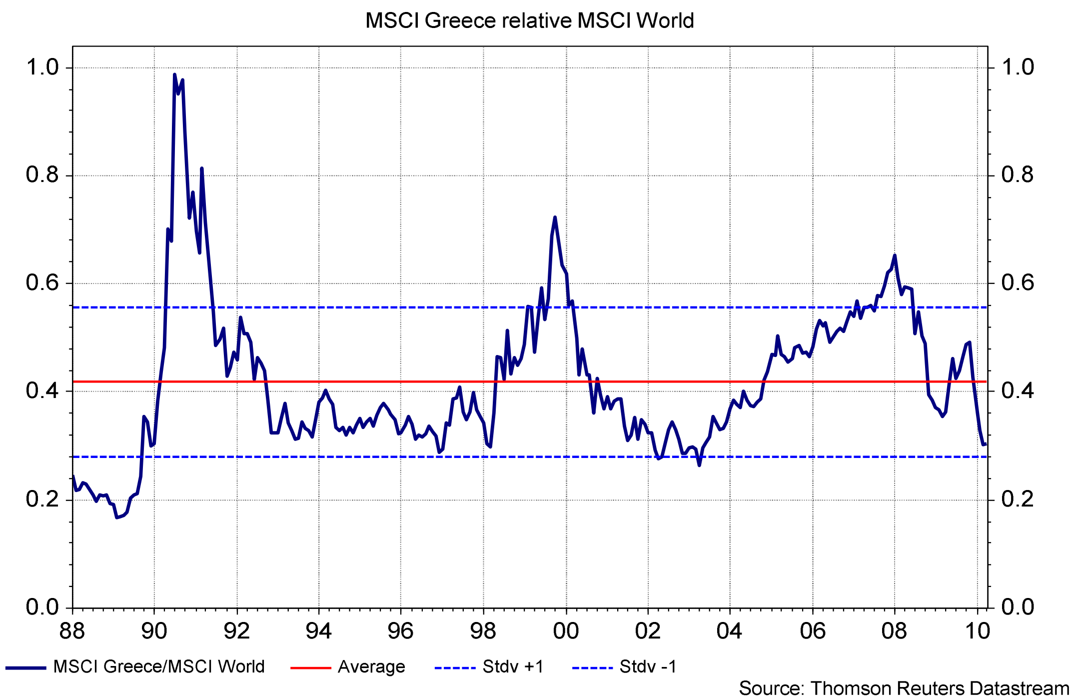
The market has generally recognised the quality of the traditional cable businesses by rewarding them with higher than average earnings and free cash flow multiples. However, now that it is arguably a higher quality business than it has ever been (it has successfully sold new services at little cost; it is just starting to reap the free cash flow from decades of investment; and it is likely to become a content owner as well as distributor), it trades at 10.5x historic free cash flow. We believe that this is not justified and while Comcast has already contributed positively to the Fund's performance, we believe that it remains very attractively priced and it is currently the Fund's second largest holding.

Greek Opportunities

As bottom-up stock-pickers we often find opportunities when the macro outlook is poor and news flow is extremely negative. There could be few countries currently experiencing a worse short-term outlook than Greece. Despite this, we have identified individual stocks in Greece that are trading well below our assessment of their underlying intrinsic value. The Fund currently has 4% in Greek shares from essentially 0% at the at the beginning of the year. One of these shares is Hellenic Exchanges which represented 2% of Fund at quarter end.

Hellenic Exchanges owns and operates the Athens Exchange (equities, derivatives and bonds), clears and settles Athens Exchange transactions, and administers the Dematerialised Securities System of Greece. The share has fallen more than 70% from its peak in 2007 as revenue has fallen with that of the Athens index. Figure 2 shows the performance of Greek equities versus that of the MSCI World Index over time.

Figure 2: MSCI Greece relative to MSCI World



As the majority of Hellenic Exchanges' revenues are driven by value traded rather than volumes it is no surprise that the company's revenues have fallen substantially. Volumes have continued to be relatively robust and we believe that any recovery in the Greek market will be reflected in Hellenic Exchanges' earnings. We believe that Hellenic Exchanges is a high quality business with good management. Its balance sheet is strong, with almost 30% of its market capitalisation in net cash. Since 2004 management have cut operating expenses and returned money to shareholders (in dividends and share buybacks) that have substantially exceeded total net income over this period.

While we may very well be early, we believe that Hellenic Exchanges offers the opportunity to buy a high margin, high ROE business with good management on a very high expected 4 year TRR (Total Rate of Return). Much like the opportunities that existed in selected non-bank financial shares during the course of last year, Hellenic Exchanges is geared to a recovery in markets (in this case Greece) but without the financial leverage of banks.

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Contact. *Correspondence in relation to Contrarius Investment Management Limited's business can be addressed to Sir Walter Raleigh House, 48-50 Esplanade, St Helier, Jersey, JE1 4HH, Channel Islands or clientservice@contrarius.com.*