QUARTERLY INVESTOR COMMENTARY
31 DECEMBER 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 DECEMBER 2010

Total Rate of Return	Class	Since Inception on 1 Jan 2009	Latest 2 Years	Latest 1 Year	Latest Quarter
		% Annualised			*% Not Annualised*
Contrarius Global Equity	**Investor**	**49.8**	**49.8**	**15.4**	**12.0**
Contrarius Global Equity	**Institutional**	**50.4**	**50.4**	**15.9**	**12.1**
World Index		20.5	20.5	11.8	9.0

The Fund returned 12.0% for the quarter versus 9.0% for the benchmark MSCI World Index, including income. For the year the Fund returned 15.4% versus the benchmark return of 11.8%. 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. Investors are reminded that given the 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.

The Fund remains overweight in Consumer Discretionary, Consumer Staples and Information Technology stocks, as it has done for much of the past year. As a result of our bottom-up analysis of individual stocks we continue to find attractive opportunities in these sectors. While the Fund's sector exposure has not changed meaningfully, the same cannot be said for its geographic exposure (itself a result of bottom-up stock picking). While the Fund remains overweight North American equities and very underweight European equities, it significantly increased its exposure to Japan during the past quarter. At the end of the third quarter the Fund was underweight Japanese equities, it has however ended the year 17% overweight Japan. Japan has been a disappointing investment destination for some time. We believe, however, that during the last quarter selected Japanese equities presented remarkably compelling long-term value. In many cases the prices of these shares continued to fall to new lows despite earnings improving (from extremely depressed levels). One such area of value in Japan is discussed in greater detail in this report.

Sector 31 Dec 2010	Weighting (%) Fund	World Index [1]	Over/(Under) Weight
Energy	4	11	(7)
Materials	3	8	(5)
Industrials	3	11	(8)
Consumer Discretionary	38	10	28
Consumer Staples	22	10	13
Health Care	8	9	(1)
Financials	4	20	(16)
Information Technology	14	12	3
Telecommunication Services	0	4	(4)
Utilities	0	4	(4)
Total Shares	**98**	**100**	
Net Current Assets	2	-	
Total	**100**	**100**	

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

Geographic 31 Dec 2010	Weighting (%) Fund	World Index [1]	Over/(Under) Weight
North America	62	54	8
Europe	6	29	(23)
Japan	27	10	17
Other	3	7	(4)
Total Shares	**98**	**100**	
Net Current Assets	2	-	
Net Assets	**100**	**100**	

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

JAPANESE COCA-COLA BOTTLERS

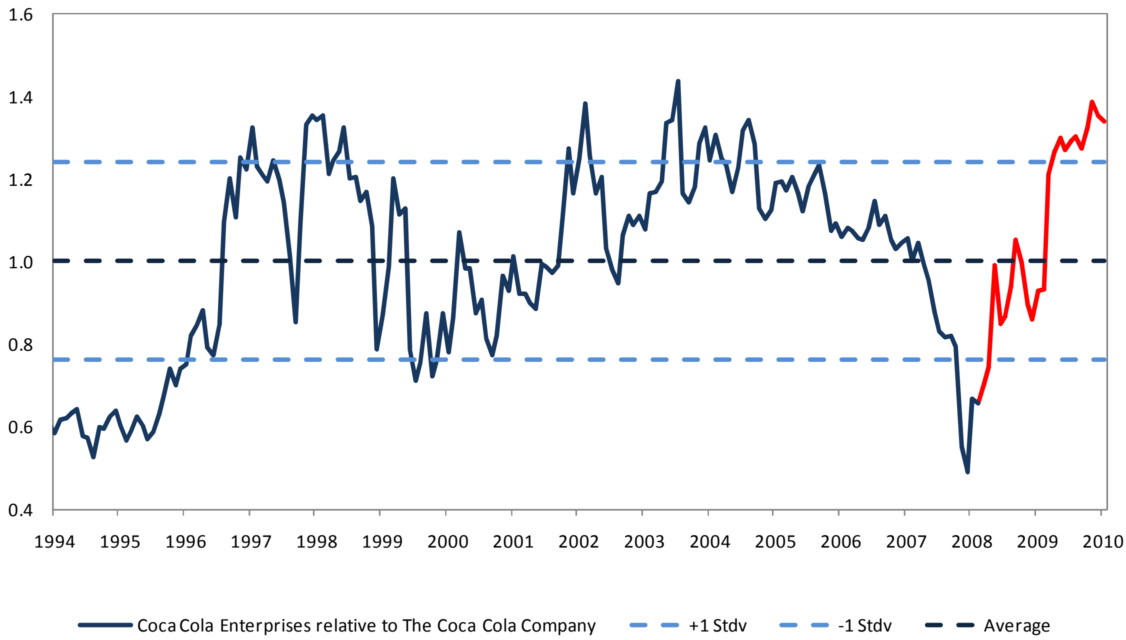
Our fundamental bottom-up research enables us to identify and take advantage of what we believe to be valuation differences between similar companies worldwide.

One example would be the investments that have been made in the shares of soft drink bottling companies (and specifically, Coca-Cola bottling companies). In early 2009 the equity investments of Contrarius Funds included meaningful holdings in Coca-Cola Enterprises (CCE) and Coca-Cola Hellenic (CCH), in addition to a holding in The Pepsi Bottling Group (PBG).

The Coca-Cola System

As set out in the March 2009 Contrarius Quarterly Investor Report, we believe that The Coca Cola Co (Coke) is a high quality company. It earns the bulk of its revenues and profits from selling the concentrate, used in making soft drinks, to the bottlers. Coke's margins and ROE are very high and its earnings less cyclical than those of the bottlers as it sells the concentrate without necessarily needing to own all the underlying physical bottling assets. Coke's long-term revenue growth is however driven by the same factors that drive the revenues of the bottlers (namely, volumes). In March 2009, one could buy CCE and CCH on lower ratings and on a lower level of earnings than Coke itself. The longer-term chart of CCE versus Coke illustrates the relative attractiveness of the bottlers at that time (Figure 1).

Figure 1: Coca-Cola Enterprises relative to The Coca-Cola Company [1]



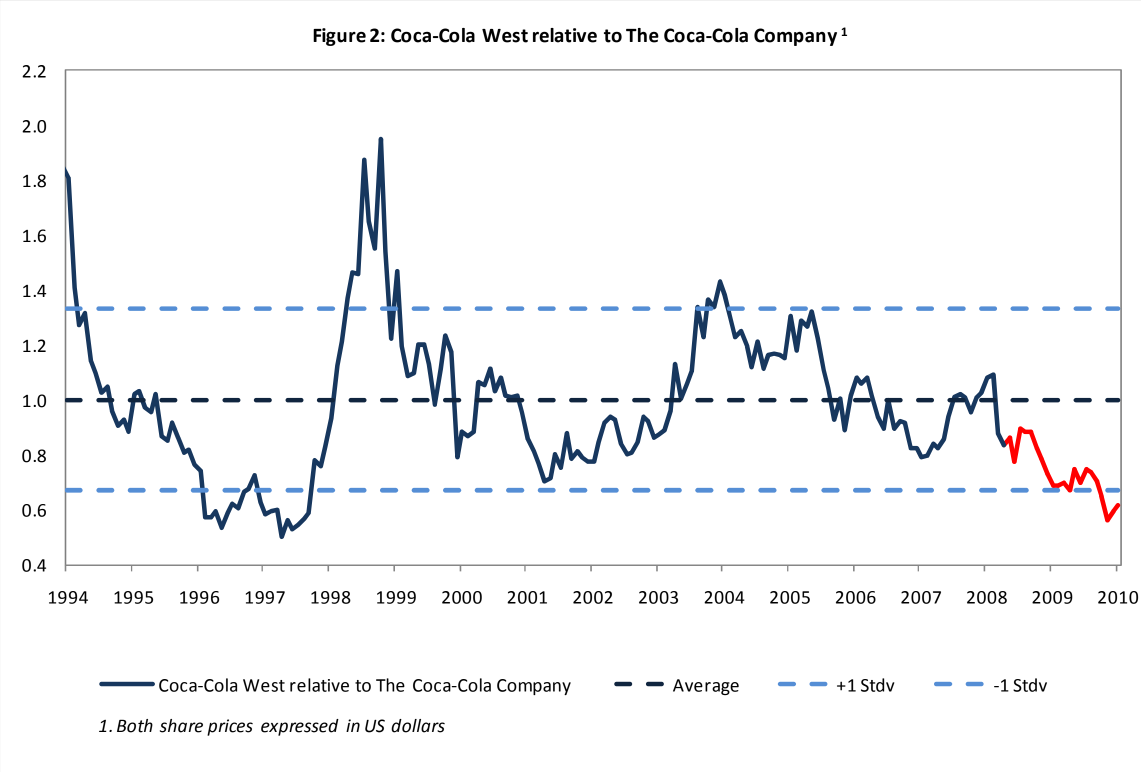
1. Coca Cola Enterprises is adjusted for $10 special dividend paid in October 2010

Source: Bloomberg and Contrarius Research

Since 31 March 2009, Coke's share price has increased 50%. While this is an impressive return, it has underperformed the World Index by 9%. The bottlers (CCE, CCH and PBG) have, however, substantially outperformed both Coke and the World Index over this period. While the bottlers are not as high quality businesses as Coke itself, we believe that they are better than average businesses. This is perhaps reinforced by the decision of both Coke and Pepsi to acquire directly the bulk of their North American bottling assets during 2009/10.

While we continue to believe that these are better than average businesses, it is probably no surprise that at current prices we no longer hold positions in any of the Western bottlers. In fact, our bottom-up fundamental investment philosophy means that we tend both to buy early and to sell early. As a result, while CCE and CCH contributed to Contrarius' performance in 2009, we sold both of them below their current price levels and invested the proceeds in shares that we believed offered better potential long-term returns. So why have we revisited the Coca-Cola bottlers in this report?

At the time that we found value in the Western bottlers, we also considered those in other countries, including Japan. While we believed that there was long-term value in many of the Japanese bottlers even then, they were not as attractively priced as other shares (including those of the Western bottlers). Figure 2 shows the largest Japanese Coca-Cola bottler (Coca Cola West (CCW)) versus Coke (both in dollars) over the same period as that for Figure 1.

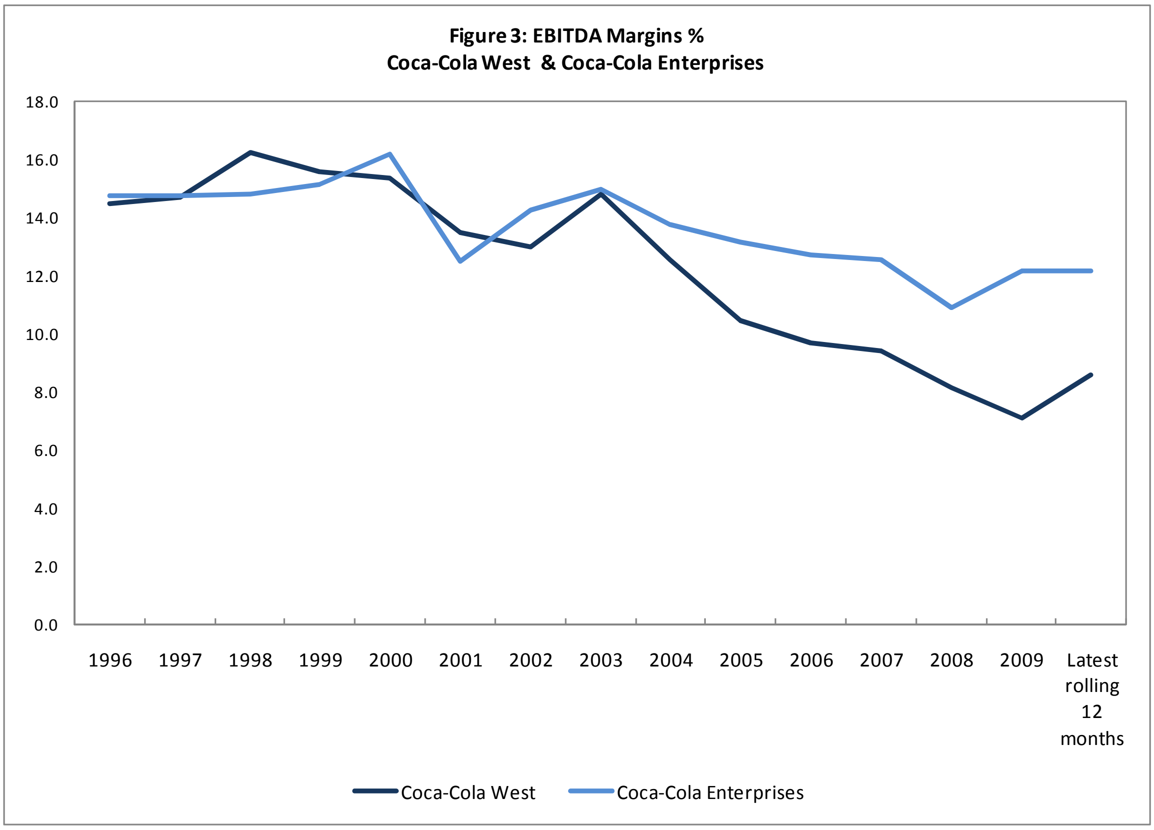


Source: Bloomberg and Contrarius Research

While the Western bottlers have substantially outperformed Coke since 31 March 2009, the Japanese bottlers have substantially underperformed. In our view they have gone from slightly attractive to extremely attractive, from a long-term perspective.

Coca-Cola Bottlers in Japan

Despite the similarities in the business model, there have been significant differences in the operational performances of Japanese bottlers versus their developed market peers in recent years. Margins (represented by the EBITDA margin) for Japanese bottlers have underperformed those of other developed market bottlers (Figure 3).



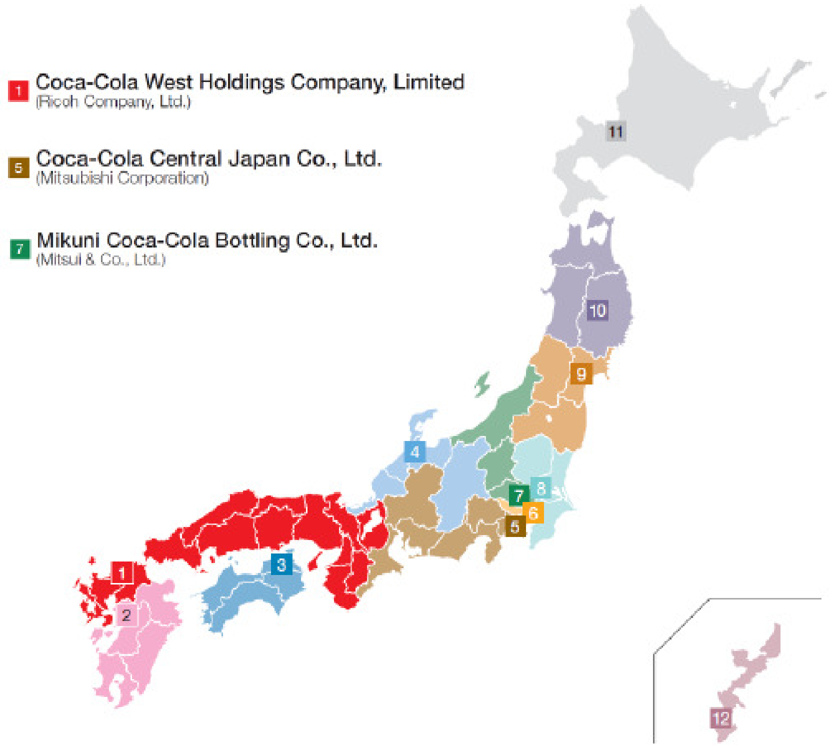
Source: Bloomberg and Contrarius Research

While each market has its own characteristics that influence overall profitability, the Japanese Coca-Cola distribution system is relatively similar to the rest of the developed world. There are nevertheless some differences:

1. Vending machines are a substantially larger part of the distribution channel.
2. The Japanese bottlers derive a larger portion of their revenues from non-Coca-Cola branded products (principally Georgia chilled coffee-flavoured beverages).
3. The market is very mature.
4. Japan has experienced price deflation.

Points 1 and 2 probably put Japanese bottlers at a slight margin advantage. Points 3 and 4 may put Japanese bottlers at a slight margin disadvantage to other developed market bottlers. It is interesting that from 1996 to 2003 margins of CCW and CCE were very similar. It appears that CCW's cost-cutting efforts have lagged those of CCE in recent years. While margins are improving from depressed levels, we believe that there is further scope for improvement.

Figure 4: Coca-Cola Bottlers in Japan



Source: Coca-Cola West, Contrarius Research

Figure 4 illustrates the various bottling companies in Japan. The Japanese bottling system is not as consolidated as that of the US. Currently there are still 12 bottling companies in Japan and this is after a period of consolidation. It is likely that over time this consolidation will continue. This would enable further cost-cutting and efficiencies. We believe this ongoing consolidation, when combined with stabilising sales should result in improving earnings and cash generation over the long term.

At the end of December the Fund had a combined exposure of approximately 5.3% to three of the Japanese Coca-Cola bottlers, namely Mikuni Coca-Cola Bottling (1.9%), Coca-Cola West Holdings (1.7%) and Coca-Cola Central Japan (1.6%). They all have net cash (including investments) and generate strong cash flow, and we believe that they have high expected long-term Total Rates of Return.

CONCLUSION

While the long-term impact of government intervention in global financial markets remains uncertain, we continue to find companies that we believe offer the prospect of attractive long-term returns.

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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.*