QUARTERLY INVESTOR COMMENTARY
31 DECEMBER 2011

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 the reinvestment of dividends net of withholding tax ("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 2011

Total Rate of Return in US Dollars	Class	Since Inception on 1 Jan 2009	Latest 3 Years	Latest 1 Year	Latest Quarter
			% Annualised		*% Not Annualised*
Contrarius Global Equity	**Investor**	**28.1**	**28.1**	**(6.3)**	**10.4**
Contrarius Global Equity	**Institutional**	**28.6**	**28.6**	**(5.8)**	**10.5**
World Index		11.1	11.1	(5.5)	7.6

The Fund's Investor Class shares returned 10.4% for the quarter versus 7.6% for the benchmark MSCI World Index, including reinvested net income. For the year the Fund's Investor Class shares returned (6.3%) versus the benchmark return of (5.5%). 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 significantly overweight Technology (particularly US Technology) and Consumer Discretionary stocks. Our bottom-up analysis of individual stocks has continued to find opportunities in the Technology sector and its overall weighting now represents 47% of the Fund. In terms of geographic exposure, the Fund has continued to increase its exposure to US equities and ended the quarter significantly overweight US equities. The Fund continues to be extremely underweight European equities.

Sector Exposure 31 Dec 2011	Weighting (%) Fund	Weighting (%) World Index [1]	Over/(Under) Weight
Energy	0	12	(12)
Materials	6	7	(1)
Industrials	0	11	(11)
Consumer Discretionary	28	10	18
Consumer Staples	14	11	3
Health Care	0	11	(10)
Financials	3	18	(14)
Information Technology	47	12	35
Telecommunication Services	0	4	(4)
Utilities	0	4	(4)
Total Shares	**99**	**100**	
Net Current Assets	1	-	
Net Assets	**100**	**100**	

[1] *Source: MSCI (attention is drawn to MSCI disclaimer in 'Notices')*

Geographic Exposure 31 Dec 2011	Weighting (%) Fund	Weighting (%) World Index [1]	Over/(Under) Weight
North America	75	58	17
Europe	4	27	(23)
Japan	14	9	4
Other	6	6	0
Total Shares	**99**	**100**	
Net Current Assets	1	-	
Net Assets	**100**	**100**	

[1] *Source: MSCI (attention is drawn to MSCI disclaimer in 'Notices')*

As highlighted in the previous two quarterly reports, we are finding tremendous value in US Technology stocks. Apple remains the Fund's largest holding and US Technology stocks constitute six of the top ten holdings in the Fund. The 47% weighting in Technology (versus the 12% that Technology represents of the benchmark World Index) is clearly significant and reflects the extent of long-term fundamental value that we are finding in individual shares. Most of the Fund's technology shares have large net cash holdings and are trading on very attractive multiples of free cash flow despite having good long-term growth prospects.

With the Fund being very overweight US Technology stocks, it may seem strange that the Top 10 also includes two newspaper related stocks (Gannett and The New York Times Co). Why the interest in what are almost universally regarded as structurally flawed "old-media" businesses? The secular shift to digital from print is well known and some of the Fund's holdings, such as Apple and Google, are prime beneficiaries of this. The outlook for some of these "old-media" companies may, however, not be as obvious as it first appears. Some have valuable assets outside of their core newspaper businesses, whether in television or other digital investments. Others are finding new ways to monetise the traditional content. As you would expect from a long-term, contrarian, bottom-up, investor, our investment cases for individual companies within the same sector may be very different. Therefore, while we have previously highlighted our investment case for Gannett, which the Fund has held for some time, it is perhaps worth discussing the Fund's investment in The New York Times Co ("NYT").

THE NEW YORK TIMES

NYT owns The New York Times ("The Times"), The International Herald Tribune, The Boston Globe and the About Group (amongst other assets). Unlike many other newspaper companies, NYT has a truly global brand. It produces proprietary content from a newsroom of almost 1,400 people. In a world where there is almost limitless online content available for free, NYT aims to create quality content and deliver a quality user experience, regardless of the distribution platform. The obvious question is whether or not people will pay (either directly or via advertising revenues) for quality content in the digital world and whether this content will generate adequate returns for shareholders.

Newspapers have in recent years suffered declining print advertising and print circulation revenues. The increases in digital advertising revenues from their online newspaper sites have not offset this and overall revenues have fallen. Several developments may however mean that the future for NYT may be different to the past and to that of the average newspaper company.

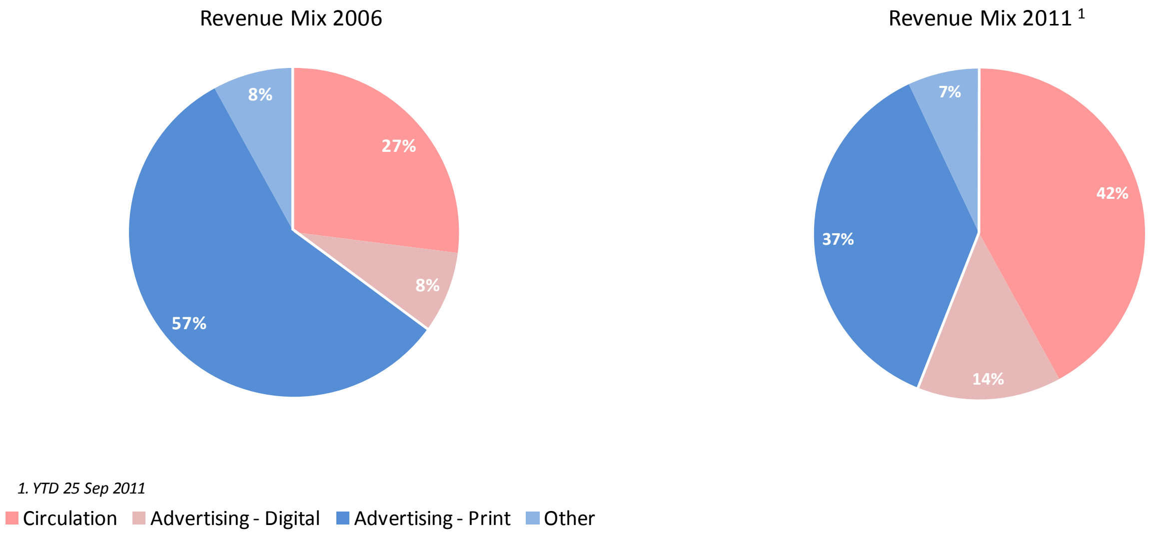
Value of Content in a Digital World

While everyone may claim that their content is valuable, it is probably only when people are asked to pay for it (directly or indirectly) that one really finds out. NYT introduced a pay model for The Times during early 2011, in terms of which users can access a set number of articles per month before being asked to pay for unlimited access. The pay model is designed so that readers referred from third-party sites, such as social networks and search engines, will still be able to access a limited amount of content without subscribing. This approach was intended to preserve its significant audience and its advertising revenues by allowing it to retain light users, while aiming to convert heavier users to a paid digital subscription.

The early indications are that this model is succeeding. Despite introducing its pay model, NYTimes.com has maintained its ranking as a top five News & Information site in the US and remains the most highly trafficked newspaper site in the world (monthly average of more than 47 million unique visitors globally). In addition to generating direct digital subscription revenue from heavier users, it has also highlighted the value of receiving free digital access bundled into home delivery of print newspapers. Following the introduction of the pay model, Sunday home delivery of The Times has started growing, the first increase in home-delivery circulation in five years (despite a weak economic environment). The value of digital access is perhaps illustrated by the approximately 800,000 home delivery subscribers that have linked their accounts to all digital access.

The global shift to digital platforms (including digital readers, smartphones and tablets) has enabled NYT to expand dramatically the reach of their valuable content to individuals who were otherwise unable to reach it, including many outside the US who do not have the option of home delivery. As the installed base of portable digital devices grows, we believe that NYT stands to benefit from increased growth in digital subscription revenues and, it seems, increased circulation volumes (which can be a cost effective way to access the digital content). Figure 1 below shows the current revenue mix of NYT versus that in 2006. Circulation (including print circulation and digital subscriptions) and digital advertising revenues now account for 56% of total revenues (from 35% in 2006).

Figure 1: New York Times Revenue Mix



Source: Contrarius Research, The New York Times Co

We expect circulation and digital advertising revenues to grow in absolute terms and relative to total revenues. In the case of NYT, we believe that the point when overall revenue growth turns positive may be closer than many believe.

While future revenues may be better than many believe, what about costs? NYT continues to reduce costs as the shift in platforms occurs. It has substantially reduced operating costs since 2006 (including the reduction in full-time employees from 10,700 to approximately 7,200) while leaving the content generating part of the business (newsroom employees and journalists) largely unchanged. We believe that it can continue to contain costs as the transformation continues.

Net debt at the end of September 2011 was approximately $509m (including approximately $217m relating to the current cost of repurchasing its head office premises in New York in 2019). Since 2006, net debt has been reduced by $865m. It has repaid early the very expensive funding received from companies affiliated to Carlos Slim during the depths of the credit crisis in the US. This is expected to save approximately $39m a year in interest through 2015. The already seemingly manageable debt level is expected to be further improved by the recently announced sale of its Regional Media Group (consisting of 16 regional newspapers) for $143m and it still has stakes in other non-core assets that it can dispose of (including its remaining holding in Fenway Sports Group). After a decade of poor returns from equities and with extremely low interest rates, NYT, like many companies, also has a pension fund deficit. This deficit may narrow considerably if interest rates return to more normal levels or if equity returns are higher than expected, but even at current funding levels we believe that their obligations are manageable.

It may seem somewhat contrarian, but we believe that NYT is a very valuable company in the digital world. We expect it to continue to transform to a higher margin, higher return on equity business that generates strong and increasing free cash flow over time. More so than ever, in the digital world where there is a proliferation of content from dubious sources, trusted (quality) content is likely to be king. We believe that, at the current price, an investment in NYT has an extremely attractive expected long-term return.

CONCLUSION

As is often the case, there are many risks present in global financial markets today which, depending on how they develop, may impact asset prices and resultant returns to investors. Whilst mindful of these risks, our focus continues to be on bottom-up fundamental analysis to find companies that we believe offer the prospect of attractive long-term returns.

OTHER

As previously reported to shareholders via the Channel Islands Stock Exchange, with effect from 1 December 2011, the Manager has appointed a fellow Contrarius Group company, Contrarius Investment Management (Bermuda) Limited as a sub-investment manager to assist it with all aspects of its investment management duties to the Fund.

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