QUARTERLY INVESTOR COMMENTARY
31 MARCH 2012

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 MARCH 2012

Total Rate of Return in US Dollars	Class	Since Inception on 1 Jan 2009	Latest 3 Years	Latest 1 Year	Latest Year-to-date
			% Annualised		*% Not Annualised*
Contrarius Global Equity	**Investor**	**30.4**	**34.8**	**4.6**	**12.7**
Contrarius Global Equity	**Institutional**	**31.0**	**35.4**	**5.1**	**12.9**
World Index		14.0	20.2	0.6	11.6

The Fund's Investor Class shares returned 12.7% for the quarter versus 11.6% for the benchmark MSCI World Index, including reinvested net 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. 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 49% 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 Mar 2012	Weighting (%) Fund	World Index [1]	Over/(Under) Weight
Energy	0	11	(11)
Materials	3	7	(4)
Industrials	1	11	(10)
Consumer Discretionary	29	11	18
Consumer Staples	10	11	(0)
Health Care	0	10	(10)
Financials	5	19	(13)
Information Technology	49	13	36
Telecommunication Services	1	4	(3)
Utilities	0	4	(4)
Total Shares	**98**	**100**	
Net Current Assets	2	-	
Net Assets	**100**	**100**	

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

Geographic Exposure 31 Mar 2012	Weighting (%) Fund	World Index [1]	Over/(Under) Weight
North America	78	58	20
Europe	6	27	(21)
Japan	10	9	1
Other	4	6	(2)
Total Shares	**98**	**100**	
Net Current Assets	2	-	
Net Assets	**100**	**100**	

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

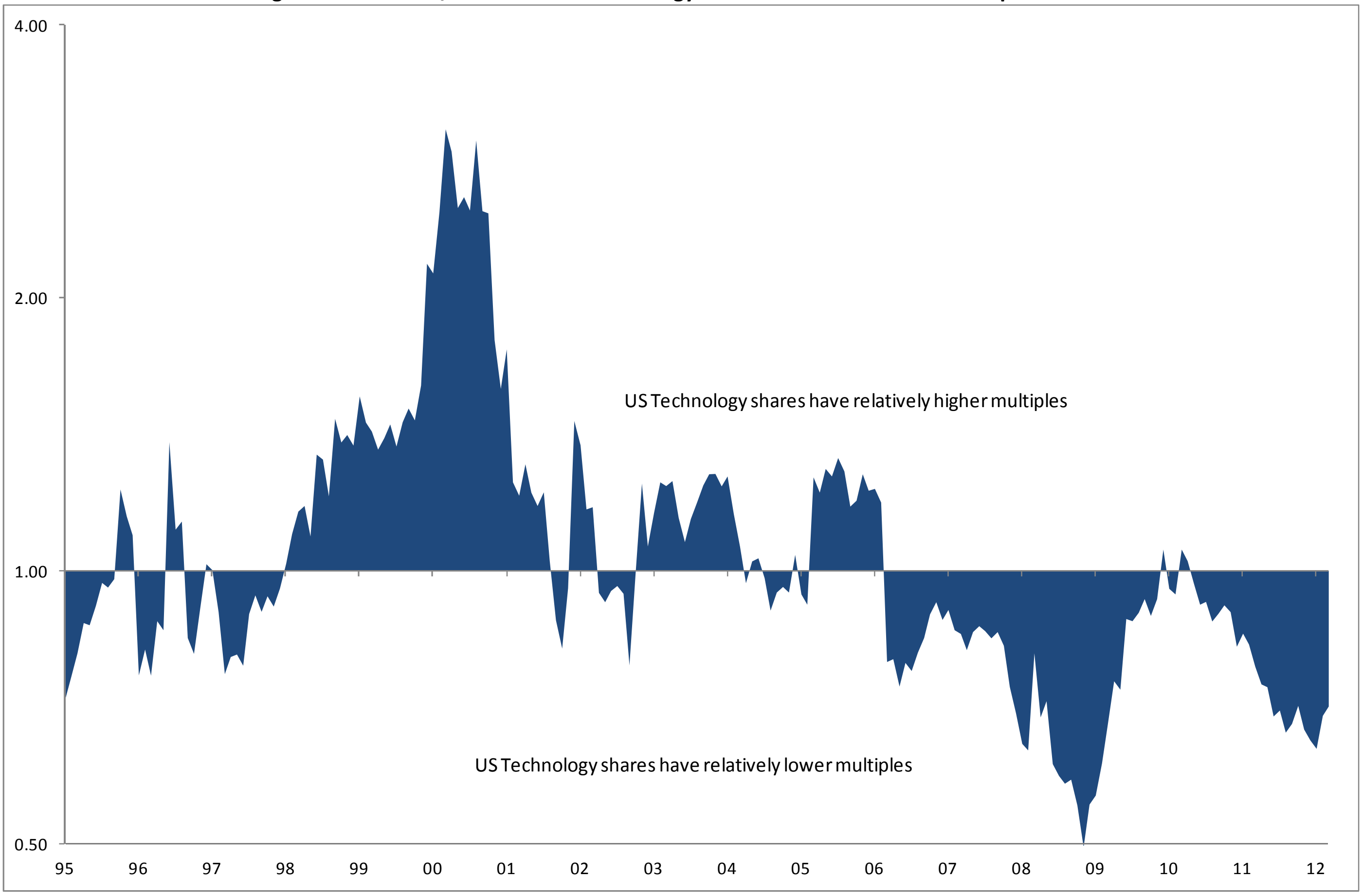
MANAGER	SUB-INVESTMENT MANAGER	INVESTMENT ADVISOR	CUSTODIAN
Contrarius Investment Management Limited	Contrarius Investment Management (Bermuda) Limited	Contrarius Investment Advisory Limited	Deutsche Bank International Limited

TECHNOLOGY VERSUS CONSUMER STAPLES

As mentioned above, Technology shares represented 49% of the Fund at the end of the quarter. This compares to 13% for the benchmark MSCI World Index. Our quarterly reports have previously discussed the Fund's relatively large exposure to Technology shares and it is perhaps worth repeating that this is not because of any particular view on the sector in general. Rather, it is the result of contrarian, bottom-up stock-picking that has uncovered a wealth of opportunity among Technology shares, particularly in the United States. Indeed, not every share in the sector is considered attractive and some (for example, social networking businesses) appear to have extraordinarily optimistic valuations.

To get a sense of why we are finding the extent of value in Technology suggested by the Fund's exposure, it is interesting to compare the historic valuations of US Technology shares to those in other sectors. One of the more striking comparisons is versus Consumer Staples shares. Figure 1 shows the relative valuation, as measured by price to free cash flow ratio (P/FCF), of the MSCI US Information Technology Index ("the US Technology Index") relative to that of the MSCI World Consumer Staples Index ("the Consumer Staples Index") going back to early 1995. Like most charts of historic Technology performance, it is dominated by the enormous peak in 1999-2000 as the Technology, Media and Telecom bubble inflated and then collapsed. But five years prior to that, US Technology shares were actually undervalued when compared to Consumer Staples shares. Today they appear not only to have come off the extreme highs but to be only a little above record relative lows.

Figure 1: Relative P/FCF of the US Technology Index versus the Consumer Staples Index



Source: Contrarius Research, MSCI, Bloomberg

In fact, Figure 1 does not tell the whole story. Low interest rates today result in unusually low interest on both cash and debt for many companies. This is expected to normalise as interest rates return to more typical (higher) levels. As a result, we believe that the profits and free cash flow of companies with large amounts of net cash are currently understated, while those of companies with large amounts of net debt are in many cases currently overstated.

Figure 2 and Figure 3 show the top ten shares in the Consumer Staples Index and the US Technology Index, respectively, at the end of the quarter. Both figures show the price to free cash flow measure used above but also enterprise value to free cash flow (EV/FCF). Enterprise value is obtained by adjusting the market capitalisation for net cash or net debt held by the company, so that a lower enterprise value indicates net cash while a higher enterprise value indicates net debt. In the current environment of extremely low interest rates, we believe that EV/FCF more accurately represents the differences in value.

Looking at Figure 2, it is apparent that nine out of the top ten Consumer Staples companies have net debt, which is largely obscured in the P/FCF measure. On the other hand, all ten of the US Technology companies presented in Figure 3 have net cash. Remarkably, the top ten companies in the Consumer Staples Index have, in aggregate, $163 billion of net debt while those in the US Technology Index have $287 billion of net cash. Today, investors are willing to pay an EV/FCF multiple of 25.6x for these Consumer Staples companies versus 12.1x for these Technology companies.

Figure 2 MSCI World Consumer Staples Index - Top 10	EV/FCF [1]	P/FCF [1]
Nestle	36.4	36.8
Procter & Gamble	22.4	19.4
Philip Morris International	17.5	15.8
The Coca-Cola Co	26.5	25.6
Wal-Mart Stores	23.8	19.4
PepsiCo	22.3	18.6
British American Tobacco	18.8	17.4
Kraft Foods	33.5	24.4
Altria Group	22.6	20.9
Diageo	31.3	27.3
Weighted Average	**25.6**	**23.2**

[1] *Trailing 12 month free cash flow. Free cash flow includes net interest*

Source: Contrarius Research, MSCI, Bloomberg (31 March 2012)

Figure 3 MSCI US Information Technology Index - Top 10	EV/FCF [1]	P/FCF [1]
Apple	11.3	13.7
International Business Machines	14.8	15.4
Microsoft	8.3	10.1
Google	15.0	18.7
Intel	12.9	13.8
Oracle	10.0	11.2
QUALCOMM	16.3	19.9
Cisco Systems	7.6	11.2
Visa	19.9	20.8
EMC	11.1	12.6
Weighted Average	**12.1**	**14.2**

[1] *Trailing 12 month free cash flow. Free cash flow includes net interest*

Source: Contrarius Research, MSCI, Bloomberg (31 March 2012)

It is not clear to us why Consumer Staples shares have such high valuations. Perhaps investors, when fearful, take comfort in companies that have reputations for stability and whose products are so familiar. Or perhaps, with interest rates so low, investors see this ostensible stability as a substitute for bonds. Yet they are no panacea. Six of the ten Consumer Staples companies in Figure 2 make much of their profits from selling alcohol, carbonated soft drinks, or tobacco, which are showing signs of long-term decline in the US (all per capita): alcohol consumption fell 16% from 1981 to 2010; consumption of carbonated beverages fell 21% from 2004 to 2011; and by 2007 tobacco consumption was a remarkable 57% below its 1980 peak.

These declines have, in some cases, been offset by substitution of other products (for example, bottled water) and by growth in less mature markets. So it would be informative to compare long-term revenue growth. Unfortunately, this is complicated by acquisitions and divestitures, which in the majority of cases make this analysis meaningless. Only three of the top ten Consumer Staples shares are similar to the companies they were 17 years ago: Nestle, The Coca-Cola Company and Wal-Mart. Their aggregate revenue growth since then has been 9% per annum (mostly due to Wal-Mart's vast revenue, which grew at 10% per annum). It is hard to know which Technology shares in the Fund's top ten to compare this to, however. Google (4.5% of Fund) did not exist at the time. NVIDIA (4.5% of Fund) was only a couple of years old and had negligible revenue. The three largest Technology shares in the Fund for which this comparison is meaningful are Apple, Microsoft and EMC. Their aggregate revenue grew 16% per annum over this time (interestingly, the growth rates for all three were very similar). The remaining Technology holdings in the Fund's top ten at quarter-end were Cisco, Symantec and Dell, whose revenues grew at 23%, 19% and 18%, respectively.

A reader may think that we are finding no value in Consumer Staples. In fact, the Fund has a weighting of 10% in Consumer Staples shares (roughly similar to the weighting of this sector in the MSCI World Index). But whereas 27% of the Fund is invested in the top 10 shares of the US Technology Index, and 35% in the top 20, it has no investment in the top 20 shares of the Consumer Staples Index. Indeed, Figure 4 shows a similar analysis of the Fund's top three Consumer Staples holdings. It looks markedly different from Figure 2.

Figure 4 The Fund's Three Largest Positions in Consumer Staples Shares	EV/FCF [1]	P/FCF [1]
Safeway	10.7	5.8
Coca-Cola Central Japan	3.7	6.9
Mikuni Coca-Cola Bottling Co	6.4	10.1
Weighted Average	**7.7**	**7.7**

[1] *Free Cash Flow includes net interest*

Source: Contrarius Research, MSCI, Bloomberg (31 March 2012)

This is a good illustration of our contrarian, bottom-up approach to investing, with which we are finding attractive opportunities in a sector that we believe overall offers little value.

CONCLUSION

It seems strange that investors are willing to pay substantially higher multiples for businesses that we believe are likely to grow their earnings and free cash flow at lower rates than Technology businesses. This appears to us to be an anomaly and we remain enthusiastic about the Fund's investments in Technology shares.

As is often the case, many risks present in global financial markets remain unresolved, 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.

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