



QUARTERLY INVESTOR COMMENTARY
30 SEPTEMBER 2013

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 30 SEPTEMBER 2013

Total Rate of Return in US Dollars	Class	Since Inception on 1 Jan 2009	Latest 3 Years	Latest 1 Year	2013 Year-to-date	Latest Quarter
		% Annualised		% Not Annualised		
Contrarius Global Equity	Investor	27.6	16.7	32.8	33.6	11.4
Contrarius Global Equity	Institutional	28.1	17.2	33.0	33.7	11.5
World Index		14.0	11.8	20.2	17.3	8.2

The Fund's Investor Class shares returned 11.4% for the quarter versus 8.2% 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. In terms of geographic exposure, the Fund continues to be significantly underweight European equities and significantly overweight Japanese equities.

Sector Exposure 30 September 2013	Weighting (%)		Over/(Under) Weight
	Fund	World Index ¹	
Energy	1	10	(9)
Materials	1	6	(5)
Industrials	0	11	(11)
Consumer Discretionary	39	12	27
Consumer Staples	15	10	5
Health Care	1	11	(11)
Financials	21	21	(0)
Information Technology	22	12	10
Telecommunication Services	0	4	(4)
Utilities	0	3	(3)
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 30 September 2013	Weighting (%)		Over/(Under) Weight
	Fund	World Index ¹	
North America	61	58	3
Europe	3	28	(25)
Japan	31	9	22
Other	5	6	(1)
Total Shares	99	100	
Net Current Assets	1	-	
Net Assets	100	100	

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

MANAGER
Contrarius Investment Management
Limited

SUB-INVESTMENT MANAGER
Contrarius Investment Management
(Bermuda) Limited

INVESTMENT ADVISOR
Contrarius Investment Advisory Limited

CUSTODIAN
Deutsche Bank International
Limited

For some time we have found value in selected media stocks. We have previously written about Gannett and The New York Times. Both of these stocks have contributed to the funds outperformance this year and we continue to find them very attractive. This quarter we discuss another media stock that has entered the Top 10, and which we believe is substantially undervalued: News Corp.

NEWS CORP

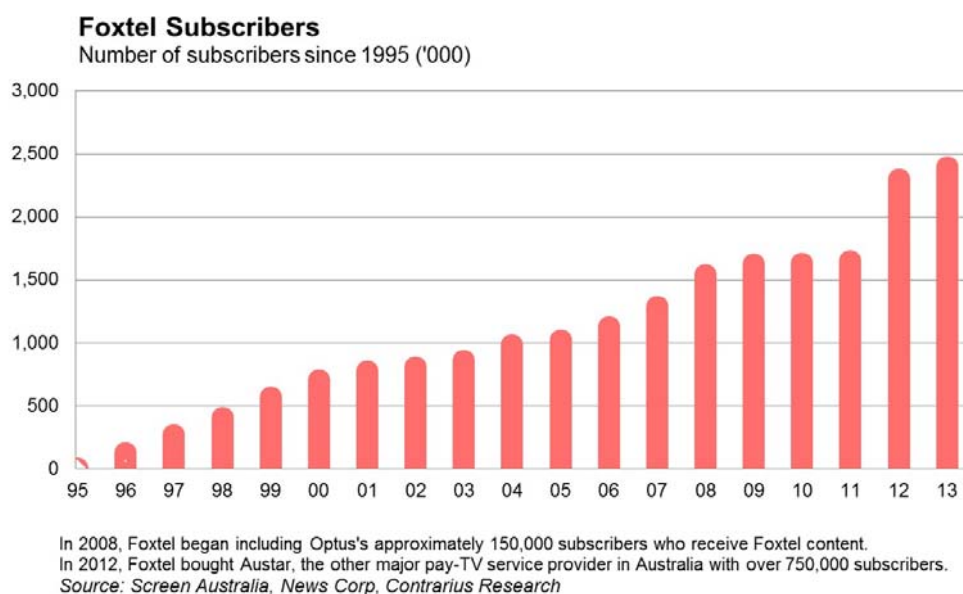
In late June of this year, the former News Corp media empire was split into two companies. A company called 'News Corp' was spun off and distributed to investors, leaving behind the much larger film and television business that changed its name to Twenty-First Century Fox. Some market participants viewed the split as a breaking up of the business into a 'good News Corp' and a 'bad News Corp', the latter being the newly spun off 'newspaper publishing arm'.

As bottom-up, contrarian investors, we have a somewhat different view of the new News Corp. Not only does it have very valuable non-newspaper assets, but we believe that its newspaper publishing business is the best newspaper business in the world and, like some other such businesses, is in the process of successfully transitioning to the digital world.

Non-news businesses

Television

The first group of non-news assets revolve around Australian television. News Corp owns 100% of Fox Sports which is Australia's leading sports television network with seven dedicated sports channels. It owns Australian rights to broadcast popular live national and international sporting events including coverage of the National Rugby League, English Premier League, and Australian cricket tests and overseas tours. In addition, News Corp owns 50% of Foxtel, Australia's largest pay-TV service provider delivering over 200 channels to 2.4 million subscribing households reaching approximately 30% of the population. We value News Corp's Australian television assets at about US\$3.5bn.



Online

News Corp owns 61.6% of REA Group Limited, a leading digital advertising business that specialises in real estate services. The group owns and operates Australia's top residential and commercial property websites, which are platforms between real estate agents and their customers. Agents subscribe so as to post property listings, and they can purchase upgrades to improve the visibility of those listings. REA Group also provides advertising space on its websites which get around 20 million visits per month. It has seen impressive growth and expanding margins, and the business's prospects look promising as it expands into Europe and Asia. REA Group is listed in Australia, and News Corp's stake currently has a market value of US\$2.9bn.

Book Publishing

HarperCollins, another of News Corp's non-news businesses, is one of the largest English-language consumer book publishers in the world. Annually it publishes hundreds of books that reach bestseller lists, and has particularly strong positions in religious and children's book publishing. Book publishers have made good strides into digital publishing and about a fifth of HarperCollins' revenues are from digital products. While the expanding market share of electronic books will lower barriers to entry, margins may benefit from lower distribution costs. The business may also benefit from lower working capital requirements. HarperCollins generated \$142m in earnings before interest, tax, depreciation and amortisation (EBITDA) in the most recent financial year, and we value the business at approximately \$1.1bn.

Summary of non-news businesses

Including net cash and other investments of \$2.6bn that followed the split with Twenty-First Century Fox, our estimate of the combined value of the non-news businesses is \$10.1bn, or \$17.46 per share, more than the current share price of News Corp.

News Corp's non-news businesses	Value to News Corp (US\$m)	Value per share (US\$)
Fox Sports (Australia)	1,215	2.10
Foxtel *	2,262	3.91
REA Group	2,887	4.99
HarperCollins	1,136	1.96
Net cash and investments	2,605	4.50
Total	10,105	17.46
News Corp's Class A share price		16.06
* Includes a Foxtel interest-bearing note owned by News Corp		
Company financials are as of 30 June 2013, market prices are as of 30 September 2013		
Sources: Bloomberg, News Corp, Contrarius Research		

News businesses

So, what exactly are investors in News Corp getting for free? For a start, they are getting the highest circulation daily newspapers in the US, the UK, and Australia.

United States		United Kingdom		Australia	
Total average circulation [daily print and digital]		Total average circulation [national daily newspaper sales]		Total average circulation [daily national and metropolitan newspapers]	
Wall Street Journal	2,378,827	The Sun	2,409,811	Herald Sun	416,020
New York Times	1,865,318	Daily Mail	1,863,151	The Daily Telegraph	310,724
USA Today	1,674,306	Daily Mirror	1,058,488	The West Australian	178,380
Los Angeles Times	653,868	Evening Standard	695,645	The Courier-Mail	173,095
New York Daily News	516,165	Daily Telegraph	555,817	The Advertiser	155,635
New York Post	500,521	Daily Star	535,957	The Age	142,050
Washington Post	474,767	Daily Express	529,648	The Sydney Morning Herald	141,699
Chicago Sun-Times	470,548	The Times	399,339	The Australian	116,655
Denver Post	416,676	i	293,946	The Australian Financial Review	66,220
Chicago Tribune	414,930	Financial Times	275,375	Mercury	37,419
Data for the six months to March 2013 Source: Alliance for Audited Media News Corp-owned papers are shaded		Data for January 2013 Source: Audit Bureau of Circulations		Data for the three months to 30 June 2013 Source: Audit Bureau of Circulations	

In the US, News Corp owns the Wall Street Journal, the New York Post and Barrons. In the UK, News Corp's newspapers account for about a third of the national newspaper sales with The Sun, The Times, and the Sunday Times (Twenty-First Century Fox has agreed to reimburse News Corp for most costs relating to the civil litigation surrounding the phone hacking scandals in the UK). In Australia, News Corp owns over 120 newspapers which account for an estimated 59% of total newspaper circulation.

In addition, News Corp investors are getting high-quality informational services (Dow Jones Newswires and Factiva), a leading US direct marketing business, as well as an assortment of other digital news assets. All told, in the year to June 2013, this group of businesses generated almost \$800m in EBITDA, which we believe to be below normal.

Conclusion

We believe that News Corp's current share price does not reflect the value of its substantial news and non-news businesses and that over time this value will be realized.

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