



QUARTERLY INVESTOR COMMENTARY
30 SEPTEMBER 2016

CONTRARIUS GLOBAL EQUITY FUND

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 2016

Total Rate of Return in US Dollars	Class	Since Inception on 1 Jan 2009	Latest 5 Years <i>% Annualised</i>	Latest 3 Years	Latest 1 Year	2016 Year-to-date <i>% Not Annualised</i>	Latest Quarter
Contrarius Global Equity	Investor	20.3	17.0	9.5	51.1	46.5	14.9
Contrarius Global Equity	Institutional	20.7	17.5	9.9	51.5	46.7	14.8
World Index		10.8	11.6	5.8	11.4	5.6	4.9

Past performance is not a reliable indicator of future results.

The Fund's Investor Class shares returned 14.9% for the quarter versus 4.9% 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 overweight Materials, Energy and Technology stocks. In terms of geographic exposure, the Fund continues to be significantly overweight shares outside the major developed markets.

Sector Exposure 30 September 2016	Fund	Weighting (%) World Index ¹	Over/(Under) Weight
Energy	21	7	14
Materials	23	5	18
Industrials	1	11	(10)
Consumer Discretionary	20	13	8
Consumer Staples	1	11	(10)
Health Care	2	13	(11)
Financials	5	16	(11)
Real Estate	0	3	(3)
Information Technology	25	15	10
Telecommunication Services	0	3	(3)
Utilities	0	3	(3)
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 30 September 2016	Fund	Weighting (%) World Index ¹	Over/(Under) Weight
North America	50	63	(12)
Europe	17	24	(7)
Japan	2	9	(7)
Asia ex-Japan	11	2	10
Other	17	3	14
Total Shares	98	100	
Net Current Assets	2	-	
Net Assets	100	100	

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

INVESTMENT MANAGER
Contrarius Investment Management
Limited

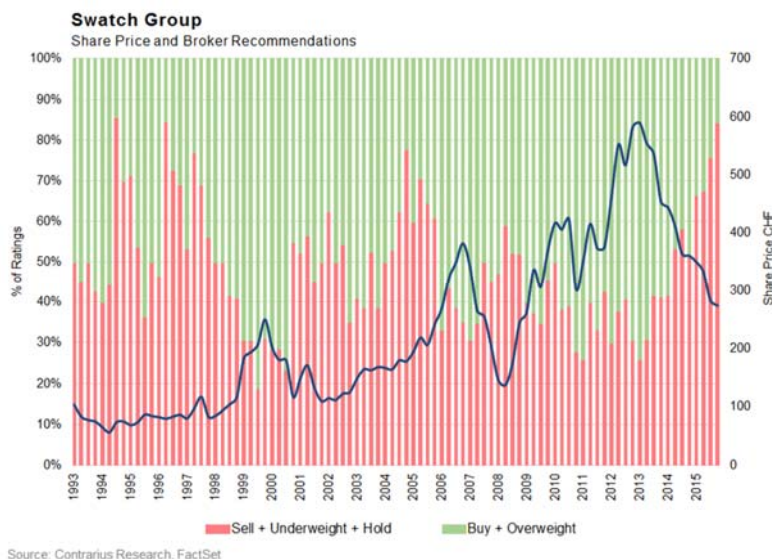
SUB-INVESTMENT MANAGER
Contrarius Investment Management
(Bermuda) Limited

INVESTMENT ADVISOR
Contrarius Investment Advisory Limited

DEPOSITARY
BNP Paribas Security Services Dublin
Branch

SWATCH GROUP

It is unusual for the well-managed, financially sound, leader of a long-term growth industry to sell for less than ten times normal profits. So we were excited to find Swatch Group, whose share price has fallen by more than half since early 2014. This rarely happens when everything is going right—that would be too good to be true. Indeed, with Swatch the market appears to be concerned about not only the current operating environment, but also its competitive position. Swatch revenues fell in 2015, mainly because China (including Hong Kong) was down 11%. Hong Kong is a key retail hub for Swiss watches and so far this year industry sales there have plunged 28%. The impact on Swatch's profits is made worse by management's reluctance to cut costs. Moreover, smart watches are usurping wrist space, potentially a long-term competitive threat. Sentiment is about as bad as it's ever been.



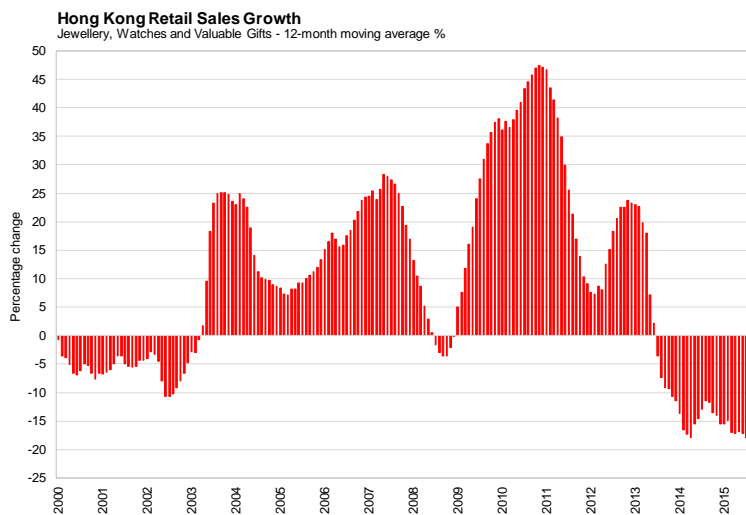
We agree that there are challenges. But from our bottom-up analysis we believe that these are eclipsed by powerful forces working in its favour.

Most people probably associate 'Swatch' with the quirky plastic watches that became popular in the '80s and '90s. But these are only a small part of the business. The Swatch Group is by far the biggest producer of Swiss watches and their components. It owns brands across the price spectrum, from basic (Swatch, Flik Flak), through mid- and high-range (Calvin Klein watches and jewellery, Hamilton, Mido, Certina, Balmain, Tissot, Union Glashütte, Rado, Longines) to luxury (Omega, Leon Hatot, Jaquet Droz, Glashütte Original, Blancpain, Harry Winston, Breguet). It accounts for about 35% of Swiss watch exports by value. Moreover, it is the primary manufacturer of components. In recent years it supplied 70% of 'movements' (the core mechanics) and 90% of 'regulators' (the balance spring that controls timing), but it is likely to be less today since Swatch intends to reduce its supply to competitors. Although the Swatch brand has done well to remain popular for thirty years, this end of the market is perhaps vulnerable to competition and flighty fashions. But the opposite is true of the high-end brands: a heritage of more than a century (in some cases more than two) is a big barrier to entry. It is hard to start a new watch brand that will have the cachet of Blancpain.

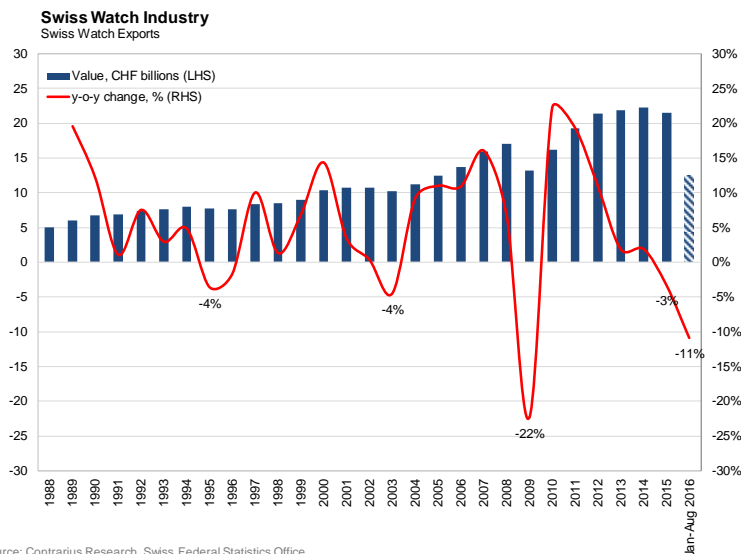
With that in mind, the smart watch fear seems to be a false dichotomy. They compete at the margin only and the choice between a smart watch and a luxury watch is probably not an exclusive one for most buyers. An Apple watch may also be a fashion item, but it is in an entirely different category—few would say that Mini Cooper competes with Ferrari or Maybach. Electronic watches are too uniform to be personality statements. They have short product cycles, whereas precision mechanical watches are heirlooms. A luxury watch is more jewellery than timepiece.

Even so, to the extent that there is crossover Swatch has some strengths. It supplies precision and low-power electronics to third parties, including being the provider of official timekeeping to the 2016 Olympics. For more than a decade skiers have been able to use their Swatch watches as ski passes. We don't expect the group to compete with Apple in the market for general purpose smart watches, but it will probably start including more and more electronic conveniences into certain ranges.

Luxury goods is a cyclical business. In the short- to medium-term it can be sensitive to economic uncertainty, exchange rates, travel patterns, and political volatility. These probably all contribute to the difficult environment facing the industry today. Hong Kong sales, which may well have been high, have crashed in part because of pessimistic expectations of China's economy and a clampdown on extravagant gift-giving. But we believe that these effects are temporary. Whatever China's near-term troubles, it remains a rapidly developing, urbanising society. In ten years' time, will China be richer or poorer? Will there be more or fewer wealthy people? We think 'richer' and 'more'. And the same is true of India. Indeed, we expect this to be true of the world as a whole, and for luxury goods to have a bright future.

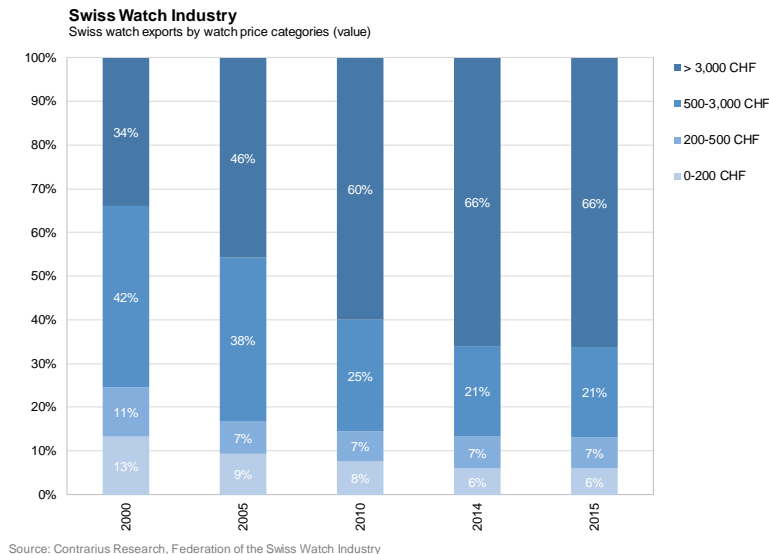


Source: Contrarius Research, Hong Kong Census and Statistics Department



Source: Contrarius Research, Swiss Federal Statistics Office

Some investors may point out that the Swiss watch industry has imploded before; that, in fact, the Swatch Group only exists because in the early 1980s bankers cobbled together two bankrupt watchmakers. That is true, but the industry is very different today. After three decades of consolidation, four watchmakers (Swatch, Richemont, LVMH, and Rolex) account for about 85% of exports. Management have professionalised and the companies – which used to be many small, independent, family businesses – now have sophisticated distribution infrastructure and international marketing programs. The 1980s collapse was triggered by the invention of cheap, accurate digital watches. Prior to this, a Swiss watch was primarily a timepiece and, of course, a handmade mechanical watch cannot compete (on either price or accuracy) with a quartz crystal watch made in huge, lean, automated factories. Although it probably didn't feel this way at the time, the collapse in the '80s may have been a blessing. It forced the industry to 'premiumize'. In 2015, two-thirds of Swiss watch exports (by value) were in pieces costing at least 3,000 Swiss francs (about \$3,100). Luxury may suffer cyclical volatility, but a high-end brand with a century-plus legacy is likely to endure.



In the meantime, though, profits have fallen. But management is taking a long-term view. The managing Hayek family, which owns shares worth more than three billion Swiss francs (about 23% of the economic interest), has so far resisted cutting back investment, marketing, or staff, saying that they would rather suffer in the short term to protect Swatch's unique assets. Still, even in these bad times it has healthy profit margins (although about half of what we believe to be normal). The company has about \$1.1bn in net cash and we estimate another \$2bn of excess inventory that should eventually become cash, and so it is likely to remain financially stable.

Swatch is in no small part responsible for 'Swiss-made' becoming one of the world's most valuable brands. Its commanding position in the supply of components sets it apart from the other watchmakers. Much of the industry has focused mainly on design and branding, leaving to others the finicky (but valuable) business of making precision mechanisms. This let Swatch build a near monopoly, powering not only its own watches, but also the majority that are made in Switzerland. The industry may regret this: in 2017, the criteria for labelling a watch 'Swiss' will be tightened, likely increasing demand for Swatch's components.

It is difficult to predict exactly what the Chinese economy (or the world's) will do, or how global politics may shape spending patterns. But we don't need to know these answers to find Swatch attractive. We expect its enduring competitive position and strong balance sheet to see out the current cyclical strains, and for it to continue providing exclusive products to a growing affluent class. It seems odd to us that we can buy Swatch for less than 10x normal profits when the S&P 500 sells for 20x profits (and the S&P 500 Tobacco index, whose constituents seem to be in long-term decline, is on 21x profits). Being able to buy such a good business at such a low price is truly...(ahem) a luxury.

This Quarterly Investor Commentary does not constitute a recommendation to buy, sell or hold shares or other securities in the companies mentioned in it ("relevant securities"), nor does it constitute financial advice. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research. Entities and employees of the Contrarius Group are not subject to restrictions on dealing in relevant securities ahead of the dissemination of this Quarterly Investor Commentary.

Legal Entities. Contrarius ICAV (the "ICAV") is an umbrella type open-ended self-managed Irish Collective Asset-management Vehicle with variable capital and segregated liability between sub-funds. The ICAV was originally incorporated in Jersey on 9 December 2008 (with registered number 102270) and was registered as an Irish Collective Asset-management Vehicle in Ireland by way of redomiciliation (continuation) under the Irish Collective Asset-management Act 2015 on 30 June 2016. The ICAV was authorised as a UCITS by the Central Bank pursuant to the UCITS Regulations on 30 June 2016. The initial sub-funds of the ICAV are Contrarius Global Equity Fund and Contrarius Global Absolute Fund. | Contrarius Investment Management Limited, a company incorporated in Jersey with registered number 100697, regulated by the Jersey Financial Services Commission, registration number FSB 1906. | Contrarius Investment Management (Bermuda) Limited, a company incorporated in Bermuda with registration number 45466, licensed to conduct investment business by the Bermuda Monetary Authority. | Contrarius Investment Advisory Limited, a company incorporated in England with company number 6581705, regulated by the Financial Conduct Authority, registration number 488706.

Permission to Access. There are legal requirements in various countries which may restrict the information which Contrarius can lawfully provide. Accordingly, the information contained in this Commentary may be provided for residents of certain countries only. Persons who receive the Commentary or who have access to it should inform themselves about and observe any restrictions imposed in the jurisdiction in which this Commentary is accessed. Neither Contrarius ICAV (the "Fund") nor its Shares have been registered under any United States securities legislation and, except in a transaction which does not violate such legislation or require the registration of the Fund, the Fund Shares are not being offered, directly or indirectly, in the United States of America or in any of its territories or possessions or areas subject to its jurisdiction or to citizens or persons thereof. Additionally, the Fund is not a recognised or authorised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "FS Act"). Accordingly, this communication is directed only at persons in the United Kingdom permitted under the FS Act (or the orders made thereunder) to receive it.

Non-Solicitation. This Commentary does not constitute an offer to sell, or a solicitation to buy shares of Contrarius Funds. Subscriptions are only valid if made on the basis of the current Prospectus of a Contrarius Fund. The Prospectus in turn does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. No person may treat the information in the Prospectus as constituting an invitation to them unless, in the relevant jurisdiction, such an invitation could be lawfully made to them without compliance with any registration or any other legal requirements. By proceeding to access the Prospectus, Key Investor Information Document, Account Opening Form and Subscription Form for the Fund, users are representing and warranting that the law of the relevant jurisdiction allows them to access such information. Prospective investors are referred in particular to the full risk warnings that are set out in the Prospectus and the notice which states that the Fund Shares are not being offered, directly or indirectly, in the United States of America or in any of its territories or possessions or areas subject to its jurisdiction or to citizens or persons thereof.

Use of Information. This communication provides general information for the benefit of the present Investors in Contrarius Global Equity Fund. It may not be complete and up to date for your purposes. It is not intended as financial advice or as an offer, solicitation or recommendation of securities or other financial products. Only investors with appropriate knowledge and experience to evaluate the applicable merits and risks should consider an investment in the instruments discussed herein. If in doubt, you should obtain independent financial advice that addresses your particular investment objectives, financial situation and needs before making investment decisions. The information and materials contained in this communication including all terms, conditions, and descriptions are subject to change.

Risk Warnings. Past performance is not indicative of future performance. The value of investments may go down as well as up and investors may not get back the amount invested. The Fund's share prices fluctuate and are not guaranteed. When making an investment in the Fund, an investor's capital is at risk. This warning is made in addition to the investment warnings and important notices set out in the Prospectus. The Fund is authorised in Ireland as a UCITS fund (please refer to the Prospectus). Notwithstanding the foregoing, the Fund is not obliged to issue Fund Shares to any person and reserves the right, in its absolute discretion, to refuse any application for Fund Shares.

Confidentiality. The recipient of the information contained in this communication undertakes not to disclose, without the prior consent of the Fund or the Investment Manager (acting on behalf of the Fund), to any person or third party any confidential information, document and/or matter relating to or concerning the Fund, its investments, any Investors, the Investment Manager & Distributor, the Administrator, the Depositary, the Investment Advisor and/or their respective activities and business, unless disclosure is required by any law or regulation or by any competent authority or body or such confidential information is in the public domain (other than by our actions).

Sources. MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

No Warranty. The information in this communication has been derived from sources believed to be accurate and reliable. Other than for information on Contrarius or its Funds, neither Contrarius, nor any other member of the Contrarius Group has independently verified any information in this communication. Furthermore, neither Contrarius nor any other member of the Contrarius Group gives any representation or warranty of reliability, completeness or accuracy of information. Information provided shall not constitute or form the basis of any contract. Contrarius expressly disclaims liability for any errors or omissions that may be contained in the Information.

General Provisions. The information provided is provided to the recipient in response to a specific and unsolicited request and is for the information purposes of the recipient only. Such information is not intended for, may not, without the express consent of Contrarius, be distributed to, and may not be relied upon by, any other person, including without limitation, any advisory or other client of the recipient. The information provided in this Commentary does not constitute and may not be construed as the provision of investment advice. Any investment or investment activity to which this communication relates is available only to such persons. Persons who are not permitted to receive this communication should not rely on it. It should be remembered that the price of Fund Shares and the income from them can go down as well as up and that investors may not receive, on redemption of their Fund Shares, the amount that they invested. Since 30 June 2016, the Contrarius Global Equity Fund has been priced daily. From inception up to 30 June 2016, this Sub-Fund was priced weekly. Performance prior to 30 June 2016 was while the Sub-Fund was a Jersey domiciled fund. Any views expressed reflect the current views of Contrarius and do not necessarily represent the view of any other members of the Contrarius Group. The views expressed may change without notice or liability.