QUARTERLY INVESTOR COMMENTARY
31 MARCH 2020

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 ("MSCI World Index", "Benchmark"). 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 2020

Total Rate of Return in US Dollars	Class [1]	Since Inception on 1 Jan 2009	Latest 10 Years	Latest 5 Years	Latest 3 Years	Latest 1 Year	Latest Quarter
		% Annualised				*% Not Annualised*	
Contrarius Global Equity	**Investor**	**4.8**	**(2.0)**	**(13.3)**	**(27.7)**	**(64.2)**	**(59.4)**
MSCI World Index		8.6	6.6	3.2	1.9	(10.4)	(21.1)
Average Global Equity Fund		6.5	4.1	1.2	(0.2)	(12.1)	(21.0)

Past performance is not a reliable indicator of future results. The Fund's share prices fluctuate and are not guaranteed. Returns may decrease and increase as a result of currency fluctuations. When making an investment in the Fund, an investor's capital is at risk.

[1] *Performance of other fee classes are available on our website.*

The Fund's Investor Class shares returned (59.4)% for the quarter versus (21.1)% 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 last twenty-one months is such a time where many of the Fund's holdings have fallen substantially in price and relative to the benchmark (both before and during the recent broad market sell-off), despite our belief that the portfolio offers excellent value to the long-term investor. In each of our Quarterly Investor Commentaries we typically present the investment case of one or perhaps two of the Top 10 holdings. In this quarter we review in detail the valuations of the Top 10 holdings (comprising 46% of Fund) at quarter-end and our assessment of their ability to weather the impact of the coronavirus turmoil.

The Fund is overweight Consumer Discretionary, Materials, Energy, and Communication Services stocks. In terms of geographic exposure, the Fund continues to be overweight shares in North America.

Sector Exposure 31 March 2020	Weighting (%) Fund	MSCI World Index [1]	Over/(Under) Weight
Communication Services	15	9	6
Consumer Discretionary	31	10	21
Consumer Staples	6	9	(3)
Energy	15	3	12
Financials	5	13	(8)
Health Care	0	15	(15)
Industrials	0	10	(10)
Information Technology	3	19	(16)
Materials	21	4	17
Real Estate	0	3	(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 March 2020	Weighting (%) Fund	 MSCI World Index [1]	Over/(Under) Weight
North America	85	67	17
Europe	11	20	(9)
Japan	0	9	(9)
Asia ex-Japan	2	2	0
Other	1	2	(1)
Total Shares	**98**	**100**	
Net Current Assets	2	-	
Net Assets	**100**	**100**	

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

The Fund has materially underperformed its benchmark and declined meaningfully in absolute terms over the last quarter. Events globally are changing rapidly and much of what we may write about regarding the impact of the coronavirus could be out of date by the time you read this. The duration and extent of the impact of the pandemic on the world economy is obviously uncertain and so is the duration and depth of the shock to oil markets. But there are some encouraging signs on both fronts. Social distancing rules are starting to show positive results in several countries. And the impact of the oil price war has brought together an unlikely coalition that may fundamentally alter the oil market in future. Global central banks and governments have also implemented extraordinary monetary and fiscal stimulus measures. Despite the remaining uncertainty, we find immense long-term value in the underlying portfolio following the largest drawdown for value shares we have ever seen.

The trade war between the US and China had impacted people's views on global growth and driven the disparity within the market to significant levels during 2019 with the overall market increasingly driven by a handful of mega cap/ "quality"/growth stocks (e.g. Microsoft, Apple, Alphabet, Amazon). A partial resolution to the trade war late last year resulted in the early signs of a recovery in value stocks, including the US consumer discretionary companies, materials companies and the offshore oil drillers (who had continued to see an underlying improvement in the industry in terms of growing rig utilisation and day rates.)

The global spread of the coronavirus has however caused an abrupt halt in global economic activity as governments around the world impose stricter guidance and restrictions on peoples' movements. This has caused stock markets to crash and has impacted other asset classes (including, at times, even typical safe havens like gold). There is a general rush for liquidity and cash. Markets are gripped in a period of extreme fear as everything is seen as uncertain. At the same time the actions by Saudi Arabia in March precipitated an oil price war just as the coronavirus caused a demand shock. Even without this though, the short-term impact on oil prices would have been significant as countries increasingly shut themselves off from the rest of the world for a period of time. All of these factors have had a significant impact on the share prices of the portfolio holdings.

While this is obviously extremely painful, we continue to believe that the long-term value of the portfolio is significantly higher than current levels, or indeed the levels at the beginning of the year. There will always be individual companies that will not achieve the levels we previously expected, or indeed the original purchase price, but on balance we believe that in the midst of the current panic there is significant opportunity. There is always the risk that the virus lasts substantially longer than expected which would obviously significantly impact most companies, including the shares in the portfolio. The market is currently especially penalising companies with debt, assuming that they can not withstand the current shock. While our portfolio includes companies with debt in their capital structure, it is perhaps worth noting that the Fund is currently underweight banks which tend to be highly leveraged.

As bottom-up stock-pickers, we believe that the best way of illustrating the potential upside in the portfolio is to set out our view on the individual company valuations and each company's ability to weather the current turmoil. We will therefore discuss the Fund's Top 10 holdings in detail. We have also included a chart for each of the Top 10 holdings showing their cash, credit facilities and interest-bearing debt maturity profiles. The Top 10 makes up 46% of the Fund and is considered reasonably representative of the overall portfolio. We address them in size order from largest to smallest. While this makes for a long commentary, we hope it demonstrates the tremendous long-term value we see in the portfolio.

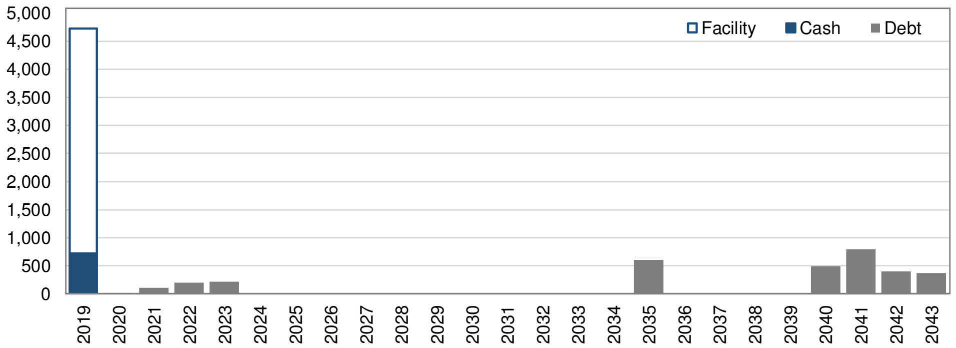
THE TOP 10

Teck Resources

Teck is a company that has been in our Top 10 before. It is family controlled and we believe that the management are very good and shareholder friendly. It is also exposed to commodities we like in the long-term (mainly steel-making coal, copper and zinc). Most of these assets are in North America. It had a market capitalisation of $4.1bn on 31 March. It has substantially less debt than during the last commodity down cycle in 2015 having reduced it through free cash flow generation and the sale of non-core assets. Its remaining debt is mainly very long-dated. It trades on about 3.5x historic earnings and about 2x the earnings it generated in 2017. While earnings are expected to be down in the current year, given current spot commodity prices, the impact is somewhat shielded by the location of Teck's steel-making coal assets. These are in Canada and thus benefit significantly from the weak Canadian dollar. In the short-term, the profits of this division also benefit from the current lower oil prices. We believe that it does not make sense for a high quality, family-controlled business with long life assets, that are well positioned on the global cost curve, to be trading on less than 3x what we would consider to be a normal level of earnings and free cash flow.

Teck Resources' Debt Maturity Profile

Teck Resources' interest-bearing debt maturity profile, current cash and credit facilities (US$m)



Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).
The credit facility matures in November 2024. Cash is held in CA$ and converted to US$ at 1.42 (31/03/2020). Teck has also secured US$2.5bn in project financing (undrawn) and a US$1.3bn loan facility with their partner (US$702m drawn, due 2038) to fund their QB2 project. This is not included in the chart above.

Sources: Bloomberg, Contrarius Research

Bed Bath & Beyond

As discussed in previous commentaries, many of the traditional US retailers have been evolving their business models to become true omni-channel retailers with smaller physical store footprints and larger digital businesses. While the length and extent of the pandemic-induced store shutdowns for each retailer is uncertain, we believe the retailers in the portfolio are relatively well placed to deal with these uncertain times.

Bed Bath & Beyond had a market capitalisation of $535m at 31 March following a 76% sell-off in Q1. It generated $242m of free cash flow (FCF) in the last 12 months. We regard this FCF as below normal.

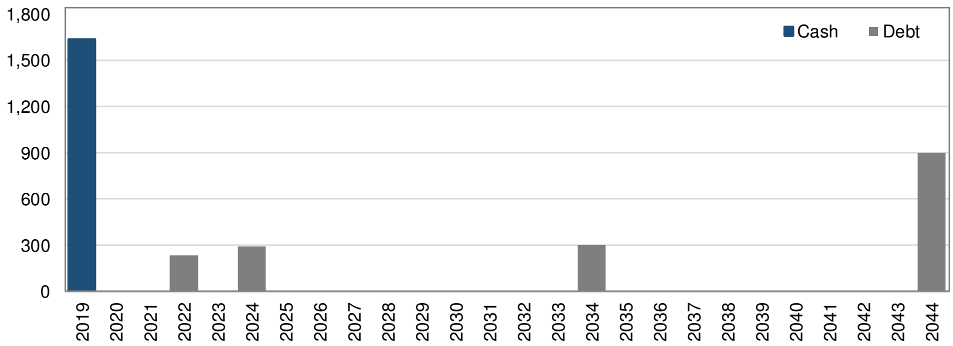
Bed Bath & Beyond has a strong balance sheet with significant liquidity. Adjusted for a well-timed recent disposal and a sale and leaseback transaction, it has gross cash of about $1.4bn. It has also drawn down $236m of its revolving credit facility which gives the company over $1.6bn of liquidity to weather the storm. It has gross interest-bearing debt of $1.6bn but, as set out in the chart below, this is mainly very long dated ($300m is due in August 2024 and the rest in 2034 and 2044). While the company has postponed its planned $600m return of capital to shareholders, given the current uncertain environment, it nevertheless illustrates the strength of the balance sheet prior to the pandemic shock and its ability to deal with this shock.

Bed Bath & Beyond hired the well-respected head merchant from Target as its CEO last year and he has been selling non-core assets, revamping its store base, growing its own brands (like he successfully did at Target), and developing the online business. We believe the current environment may expedite these initiatives. As an example, Bed Bath & Beyond is currently bolstering its e-commerce and distribution capabilities to serve more customers in their homes by, for example, using temporarily closed stores to increase their local fulfilment capabilities. The company may well emerge from the crisis in a better competitive position.

Bed Bath & Beyond has temporarily closed most of its physical stores (other than its BuyBuy Baby and Harmon banners which sell essential baby, health and personal care products) until at least 2 May. Operating leases are estimated to be $470m per year ($39m per month), adjusted for their recently announced sale and leaseback transaction.

Bed Bath & Beyond's Debt Maturity Profile

Bed Bath & Beyond's interest-bearing debt maturity profile and current cash balances (US$m)



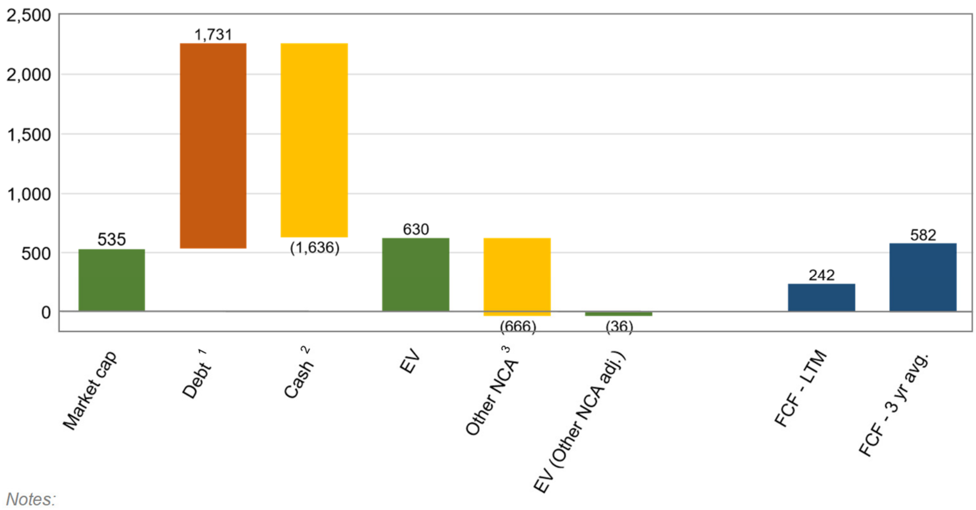
Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).
The chart has accounted for the company drawing down $236m of a credit facility due in November 2022. Cash has been adjusted for non-core asset disposals.

Sources: Bloomberg, Contrarius Research

We have included the charts below for retailers that illustrate the adjusted enterprise value and also includes the free cash flow that it has generated in the last twelve months (and last 3-year average). Further detail of their net current assets is also included.

Bed Bath & Beyond's Adjusted Enterprise Value

(US$m)



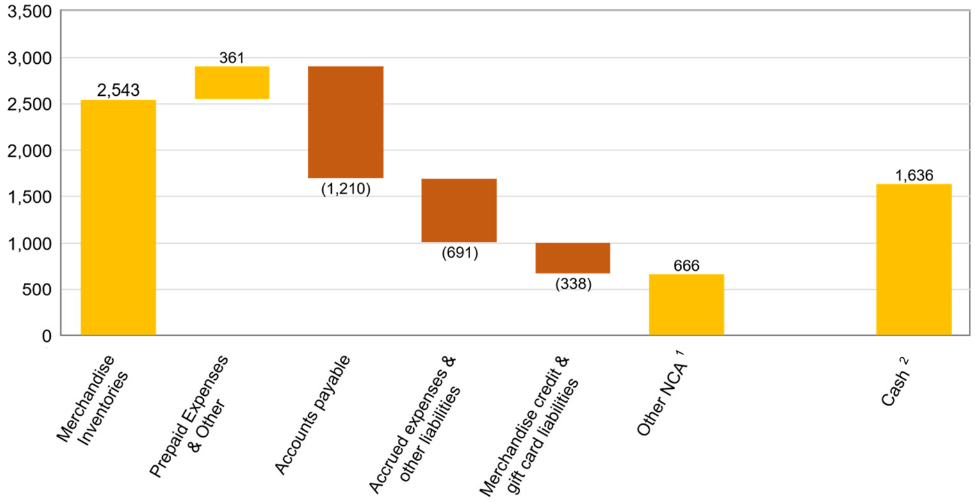
Notes:
1. *Debt represents interest-bearing debt.*
2. *Cash adjusted for recent transactions and includes recently drawn down credit facility. The transaction related to PersonalizationMall.com has not yet closed.*
3. *Other Net Current Assets (excluding operating lease obligations)*

Sources: Bloomberg, Contrarius Research

All the retailers in the Top 10 have positive "other net current assets" in addition to their cash holdings. This includes inventory and receivables that offset accounts payable and other non-interest-bearing current liabilities (but excludes their operating lease obligations). This is set out in the chart below. Most of the retailers have temporarily closed some or all of their stores. If store shutdowns extend beyond a few weeks it could restrict their ability to fund payables through inventory sales, as they normally would. Under a more prolonged shutdown of physical stores, the retailers would need to either fund payables from the proceeds of ongoing sales of inventory through their online channels (or stores that remain open), or from their cash and credit facilities, or defer some of their accounts payable, or potentially borrow against their inventory or property assets, or a combination of all of the above. In some cases, a material part of payables may not necessarily require cash settlement (e.g. gift cards and customer rewards provisions, and allowance for future sales returns provisions). Some retailers also own a significant percentage of their stores (e.g. Macy's), which gives them the additional benefit of low lease obligations.

Bed Bath & Beyond's Other Net Current Assets - Detail

(US$m)



Notes:

1. *Other Net Current Assets (excluding operating lease obligations).*
2. *Cash adjusted for recent transactions and includes recently drawn down credit facility. The transaction related to PersonalizationMall.com has not yet closed.*

Sources: Bloomberg, Contrarius Research

Macy's

Macy's has a market capitalisation of $1.5bn at 31 March following a 71% sell-off in Q1. It generated $706m in free cash flow (FCF) in the last 12 months.

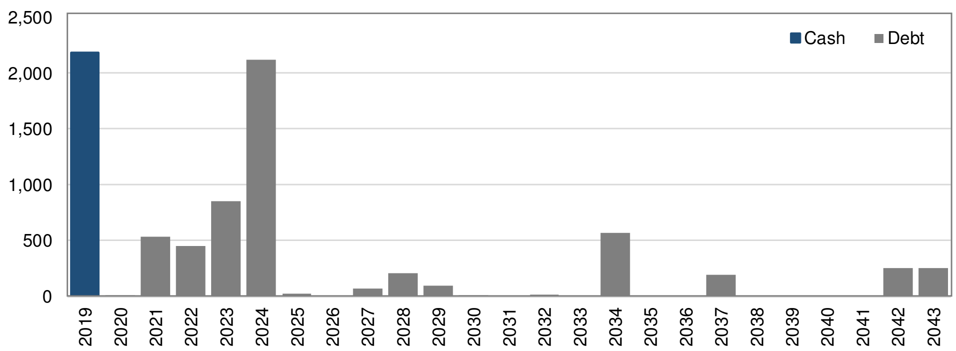
Macy's has temporarily closed all stores and has furloughed most of its 125,000 employees, but its online business remains open. The Macy's banner's digital business made up about 25% of its revenues in the last year. Macy's previously announced store rationalisation (closing a number of identified unprofitable stores) will likely proceed through the crisis. The timing of the shut-down for Macy's (and other retailers) is to some extent less damaging as it could have been as inventory (and therefore payables) levels are currently relatively low (as opposed to shutting stores in November, before the Thanksgiving and Christmas period, when stock levels are typically 40% higher). As is the case for Bed Bath & Beyond, the current crisis may accelerate Macy's strategic initiatives and improve Macy's long-term competitive position.

Macy's has net interest-bearing debt of $3.5bn made up of $2.2bn of cash and gross debt of $5.7bn (after drawing down $1.5bn from its credit facility). Its property portfolio is vast and we estimate that the prime properties alone (making up a fraction of its overall property square footage) are worth about $7.8bn (substantially more than its current enterprise value). Because it owns a significant percentage of its stores, lease payments are only about $331m per year (or $28m per month).

We believe that Macy's is relatively well placed to withstand the disruption and is remarkably attractive based on its normal level of earnings.

Macy's Debt Maturity Profile

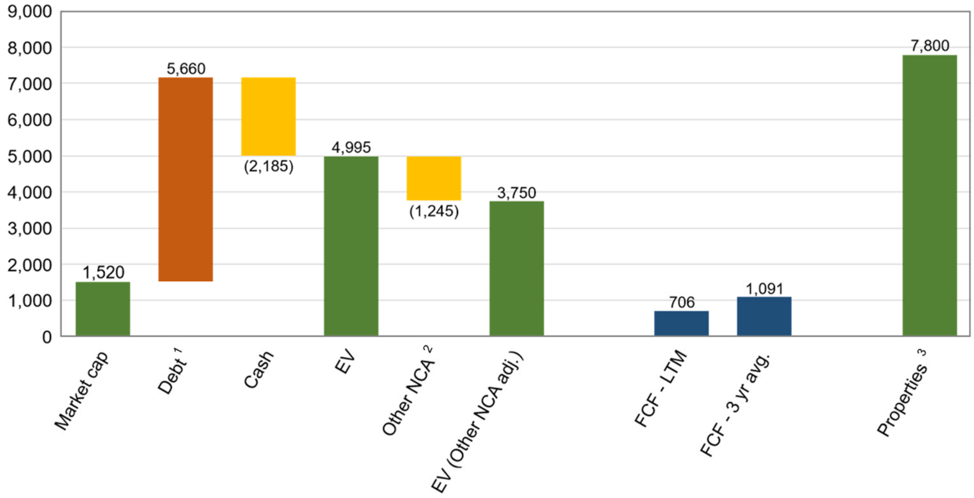
Macy's interest-bearing debt maturity profile and current cash balances (US$m)



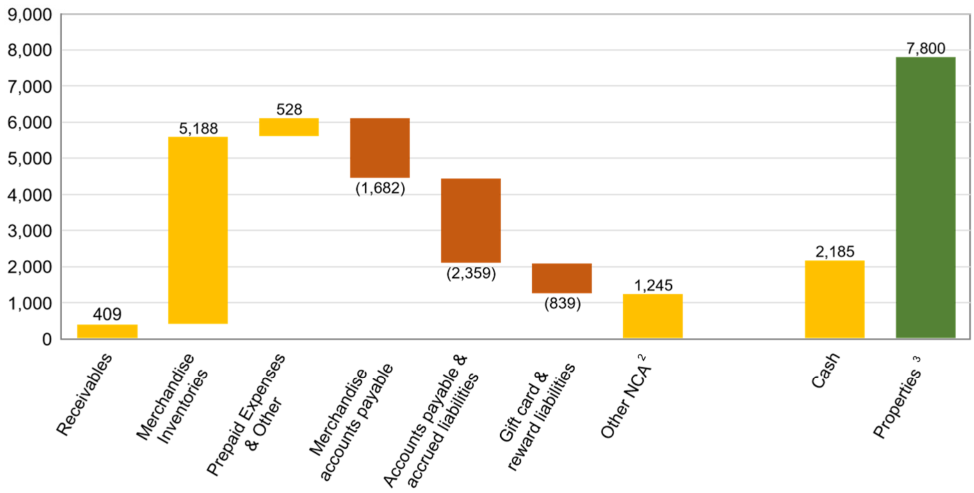
Note: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).

Sources: Bloomberg, Contrarius Research

Macy's Adjusted Enterprise Value
(US$m)



Macy's Other Net Current Assets - Detail
(US$m)



Notes:
1. Debt represents interest-bearing debt
2. Other Net Current Assets (excluding operating lease obligations)
3. Property value relates to estimated value of selected prime properties including Herald Square: 2.2 million square feet (fully owned) and 4.3 million square feet of other property (owned and ground leased).
Property value does not include an estimate for a further:
- 64 million square feet of fully owned space;
- 16 million square feet of owned logistics sites to serve both stores and online sales;
- 19 million square feet of ground leases.

Sources: Bloomberg, Contrarius Research

Transocean

There have been significant developments in the oil market over the last month. Saudi Arabia had been trying to coordinate a supply reduction to support prices under a 3-year agreement with Russia. Until a few months ago that was business-as-usual. But on 4 March, IHS Markit released a closely-followed report forecasting that Q1 oil demand would fall 3.8m barrels per day (mbpd) from a year earlier (a 4.5 mbpd cut from their prior forecast) primarily because of the pandemic. Russia balked at the Saudi proposals to cut supply, possibly because it has a fairly diversified economy and the national budget breaks even at oil prices in the low $40s (per barrel) and it didn't want to give up market share to US shale oil producers (oil was trading at around $50/barrel in February). On 6 March, Saudi Arabia declared that it would flood the market with a further 2.6m mbpd. Russia responded by announcing a 0.5 mpbd increase of its own.

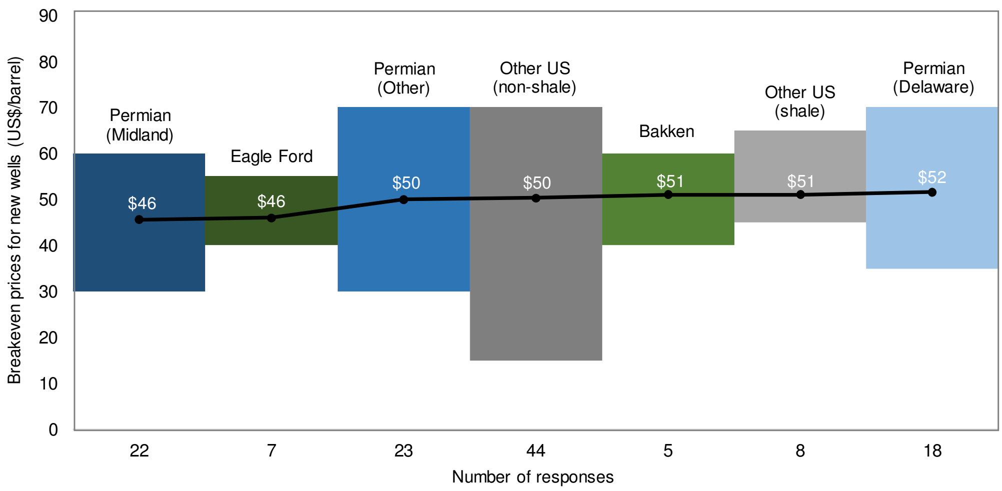
We cannot recall a time that there has been meaningful simultaneous demand destruction (because of the pandemic) and a supply tsunami. That day, the oil price dropped 24%, its second biggest on record. The three most severe weekly price falls since 1983 were all in March 2020. The WTI closed the quarter at $20.48.

There are a number of reasons that we believe this is unsustainable (admittedly, we thought it was unsustainable at twice the price, and still do):

- Saudi Arabia is now selling 12.3 mbpd. This is higher than its maximum pumping capacity, as far as is publicly known, and there have been reports that it is liquidating inventories. Russia also appears to be producing near its maximum capacity.
- Russia has the lowest national budget breakeven of all the major producers. Most are much higher (Saudi Arabia's is around $80/barrel although they have financial reserves to draw from for a few years). We expect those producing countries that are already in weak financial positions to be under extreme pressure. These numbers may turn out to be somewhat variable because governments could significantly reduce expenditure by cutting subsidies and other big items. That would help, but would also likely be rather destabilising.
- Traditional oil producers invest a lot initially to plumb a huge reservoir, but then the marginal cost of extraction is low (Saudi Arabia's is less than $10/barrel) and the wells last many years, sometimes decades. But shale wells deplete at a rapid rate, so they continuously need fresh capital. Shale oil is higher on the cost curve, but even if its all-inclusive costs were similar, the ongoing cost of maintaining production is a number of times higher. It is hard to see how shale oil producers can endure these prices for long without hefty cash infusions. In a recent Dallas Fed business survey none of the shale respondents indicated that they could profitably drill a new well below $30 (only some non-shale respondents indicated that they could).
- Traditional suppliers are also at risk. It appears that about 75% of global production is unprofitable at current prices.
- Another survey by the Dallas Fed in December found that 59% of oil and gas producers in its region would need the West Texas Intermediate (WTI) benchmark to be above $50 a barrel to breakeven on a cash flow basis.

Survey Responses Place Breakeven for New Wells Below an Average of $50 Per Barrel

(US$ per barrel)



Notes: The chart above provides the responses to a Dallas Fed survey of 92 exploration and production executives during the period, 11-19 March 2020. The question posed was: "In the top areas in which your firm is active, what WTI oil price does your firm need to profitably drill a new well? The lines show the mean response, and bars show the range of responses.

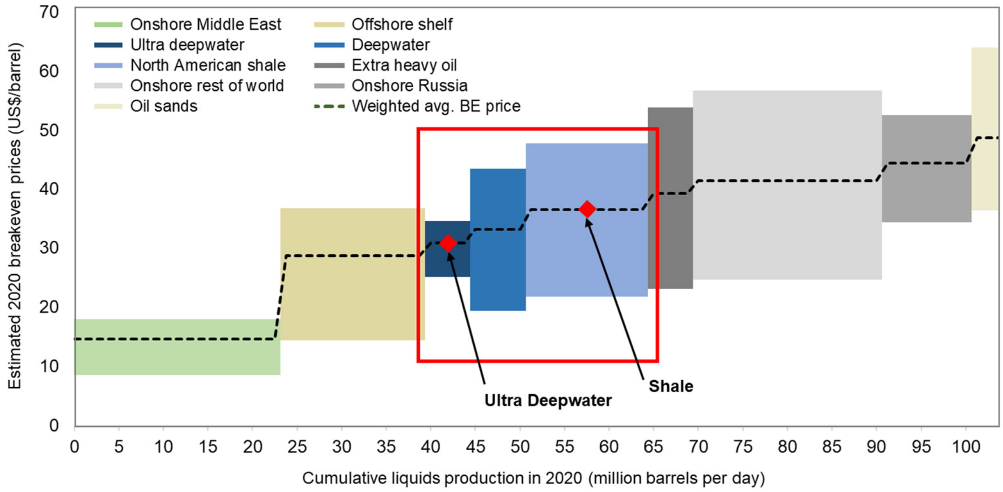
Source: Federal Reserve Bank of Dallas

Quite how this plays out in the short term is hard to predict. Producers tend to have some hedging in place, so it may be a few months before they feel the full effects of this dislocation. Big wells can't easily be switched on and off, so there is a temptation to keep producing for as long as they can. Saudi Arabia also has a low marginal cost of production and, at the new production rate, 60 years of reserves. If oil prices fall 50% from the 5 March level but it produces 27% more, then its revenue falls 37%. Russia's increase amounts to only 5%, and other major producers cannot produce much more, so their revenues would roughly halve.

We do not believe that, at these prices, oil production will be replaced. A chart from a recent Transocean presentation shows a cost curve for oil. Ultra-deepwater costs have been coming down for years and they now breakeven, on average, at $34/barrel, which is quite a lot lower than shale. Shale projects are therefore likely to suffer disproportionately from the inevitable cut-backs in capex by exploration & production companies.

Deepwater and Ultra Deepwater Compare Favorably to Shale Breakeven Costs

Estimated breakeven prices by oil market segment.



Sources: Transocean (Arctic Securities), Contrarius Research

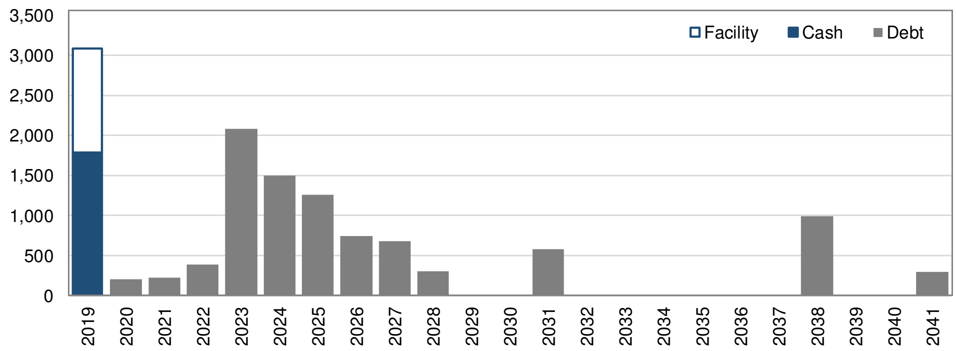
The downturn in the offshore oil rig market is now five years old and the number of rigs leaving the market (scrapped or cold stacked), which was already considerable, is likely to jump. This should be good for both day rates and utilisation in the medium and long term, and we expect companies that survive this downturn to generate substantial free cash flow during what could well be a long up-cycle.

We expect oil demand to recover when economies restart after the pandemic has passed. As noted, we also expect supply to tighten. Each of these should put upward pressure on the oil price.

Offshore oil drillers made up 11.3% of the Fund at the quarter-end, with Transocean representing 5.5%. While all of the offshore drillers have a fair amount of net debt, Transocean has approximately $10bn in contracted revenue backlog and has cash on hand of approximately $1.8bn (and a $1.3bn credit facility) to pay for the last two drill ships that are coming out of the shipyards in the next two years and to meet debt repayments over this period. Given its substantial backlog, we believe that Transocean is relatively well placed to weather the downturn. In more normal times Transocean has the ability to generate substantially more than its current market capitalisation in annual earnings and free cash flow.

Transocean's Debt Maturity Profile

Transocean's interest-bearing debt maturity profile, current cash and credit facilities (US$m)



Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants). The credit facility matures in July 2023.

Sources: Bloomberg, Contrarius Research

Abercrombie & Fitch

ANF had a market capitalisation of $560m at 31 March following a 48% sell-off in Q1. It generated about $100m of free cash flow in the last 12 months.

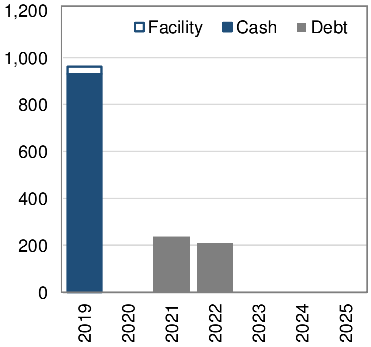
ANF has a very strong balance sheet, with $931m of gross cash (after drawing down $210m from its credit facility and obtaining $50m of excess funds from the company's Rabbi Trust). It has $453m of debt. We believe that the company is relatively well placed to deal with this unprecedented situation.

Adjusting for ANF's net cash, it is trading on less than 1x the last 12 months FCF. While its FCF will be negatively impacted in the near-term, we believe that ANF is likely to generate higher FCF over the long-term.

ANF has temporarily closed all stores outside the Asia Pacific region but online stores remain open in all regions as long as permitted. Abercrombie has a sizable online business (digital related revenues were approximately 28% of total revenues in the last 12 months). Operating lease costs are estimated to be $283m per year ($24m per month) and the company continues its previously announced restructuring of its store base.

Abercrombie's Debt Maturity Profile

Abercrombie's interest-bearing debt maturity profile, current cash and credit facilities (US$m)

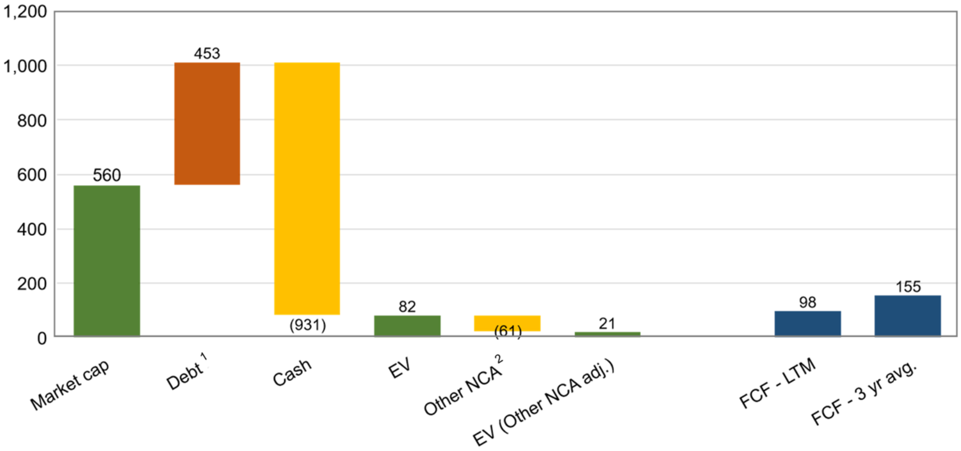


Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).
The chart has accounted for the company drawing down $215m from its credit facility and withdrawal of $50m excess funds from its Rabbi Trust. The credit facility matures in October 2022.

Sources: Bloomberg, Contrarius Research

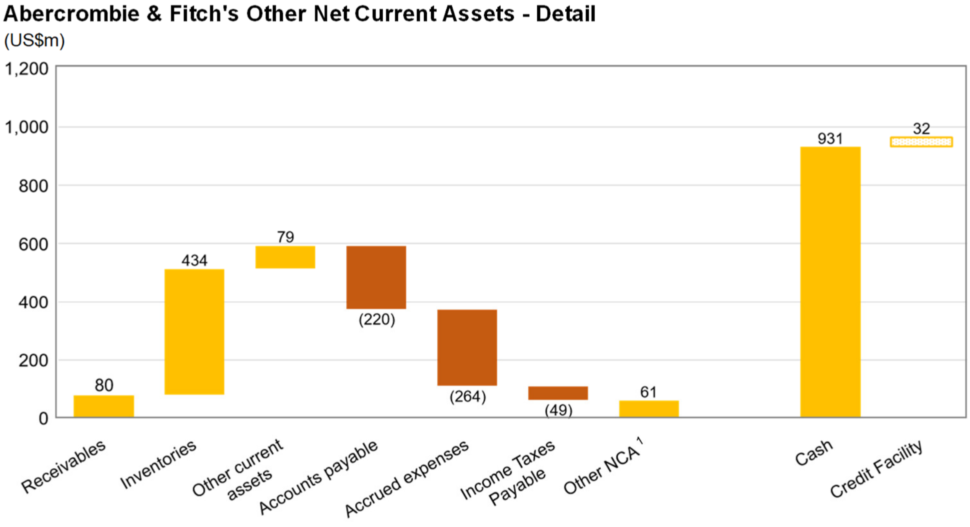
Abercrombie & Fitch's Adjusted Enterprise Value

(US$m)



Notes:
1. Debt represents interest bearing debt
2. Other Net Current Assets (excluding operating lease obligations)

Sources: Bloomberg, Contrarius Research



Note:
1. Other Net Current Assets (excluding operating lease obligations)
Sources: Bloomberg, Contrarius Research

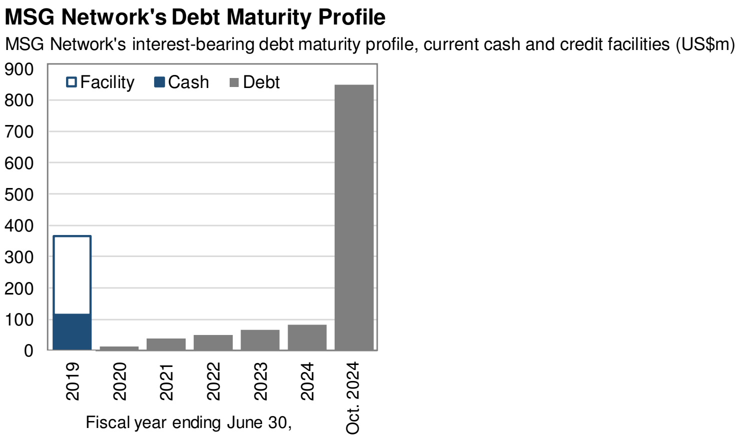
MSG Networks

MSGN is a regional sports network in the United States. It owns media rights in the local market for several sports teams, most notably long-dated rights to the New York Knicks (NBA) and the New York Rangers (NHL). Both of these teams are controlled by the Dolan family, which also controls MSGN.

MSGN had a market capitalisation of $614m at 31 March following a 41% sell-off in Q1. It generated about $180m of free cash flow in the last 12 months.

MSGN has $116m of gross cash on its balance sheet. MSGN also has access to a $250m revolving credit facility, which gives the company $366m of liquidity. MSGN has $1.1bn of gross debt, of which very little is due over the next 4 years.

In October 2019, MSGN bought back 24% of the listed A shares (20% of total shares in issue) at $16.70 increasing the Dolan family's economic interest. The share price at 31 March was $10.20.



Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).
The facility matures in October 2024.
Sources: Bloomberg, Contrarius Research

Sinclair Broadcasting

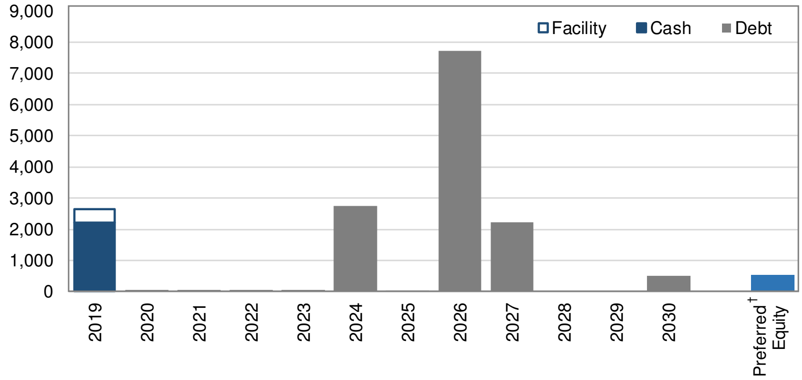
Sinclair is a family-controlled US regional television business. It is one of a handful of companies that has consolidated the local TV market over the last several years. Local TV stations produce local news, weather and other local content and combine this with the programming from affiliated networks. These have been good businesses over time, but their earnings are typically cyclical based on the level of political advertising (a big peak in presidential election years, and a smaller peak in mid-term election years). The pandemic will negatively affect advertising revenues over the next few months, possibly by quite a lot, although it is also a presidential election year so political advertising is expected to provide some shield.

Sinclair had a market capitalisation of $1.5bn at 31 March and is trading on less than 3x the normal FCF of its traditional local TV business. But last year Sinclair acquired 21 regional sports networks (RSNs) from Disney. Disney had bought these from Fox but was forced by anti-trust concerns to dispose of them because it also owns ESPN. The RSNs were purchased in a separate vehicle (Diamond Sports Group, DSG) with significant leverage. The DSG-related debt, however, has no recourse to Sinclair. The only exposure that Sinclair has is the equity they put into DSG.

The maturity profiles below illustrate the debt maturity profiles of the consolidated Sinclair (incl. DSG) and then excluding DSG. The acquisition substantially increases the group's normal consolidated FCF. Including DSG, the company is trading on less than 2x normal free cash flow.

Sinclair Broadcast Group's Debt Maturity Profile

Sinclair's interest-bearing debt maturity profile, current cash and credit facilities (US$m)

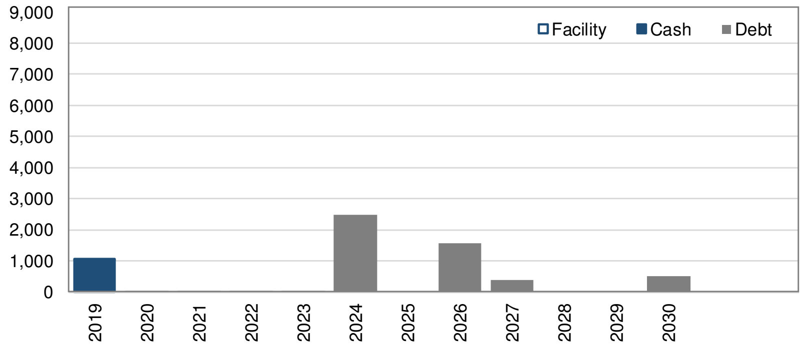


Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).
The facility matures in August 2024.
† The preference shares are redeemable by the holder in August 2027 or under certain circumstances e.g. change in control, issuance of new equity. The company may redeem these shares at any time.

Sources: Bloomberg, Contrarius Research

Sinclair Broadcast Group (ex. Diamond Sports Group) Debt Maturity Profile

Sinclair (ex. DSG) interest-bearing debt maturity profile, current cash and credit facilities (US$m)



Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).
The facility matures in August 2024.

Sources: Bloomberg, Contrarius Research

ViacomCBS

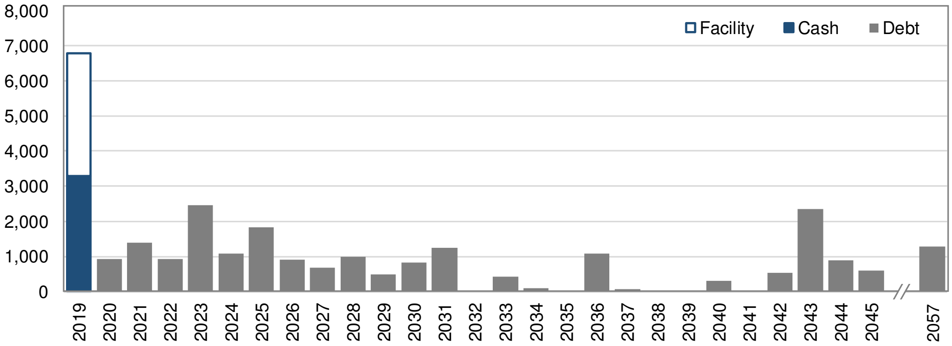
ViacomCBS (formed out of the merger of CBS and Viacom) is controlled by the Redstone family. Its media assets include the CBS television network, cable channels (Nickelodeon, Comedy Central, MTV, VH1, BET), the Paramount movie studio, Showtime and Simon and Schuster book publishers. We have previously owned both CBS and Viacom. CBS was one of our largest holdings in 2009.

In the short-term, earnings are clearly impacted by a fall in advertising revenue due to the weak economy and the suspension of live sporting events. These are however regarded as temporary and we believe that the company is well placed to weather this period. We do not believe that it meaningfully impacts the long-term value of the business.

We find it remarkable that on 31 March 2020 one could buy ViacomCBS at a similar enterprise value as the combined CBS and Viacom on 31 March 2009. We believe that (as in 2009) it offers exceptional value on about 3x normal FCF.

ViacomCBS' Debt Maturity Profile

ViacomCBS' interest-bearing debt maturity profile, current cash and credit facilities (US$m)



Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).
The facility matures in 2025.

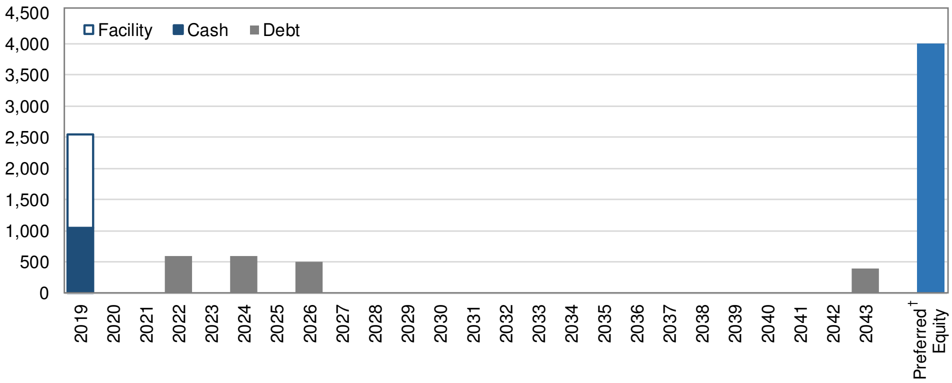
Sources: Bloomberg, Contrarius Research

Invesco

Invesco is a large US based asset manager with assets under management of $1.1tn following its acquisition of OppenheimerFunds (OF) from Massmutual in 2019. The acquisition created the opportunity for significant synergies as well as improving Invesco's offering in international and emerging market equity funds. Fortunately, the deal was done with a combination of shares and non-cumulative preference shares. As a result, the company's debt profile is very manageable. The share price has fallen significantly as a result of the market collapse and the resulting expected impact on AUM and earnings. We believe that the share price has overreacted to the current environment and offers significant value. We found similar significant opportunities in 2009 in asset management companies whose earnings are impacted by stock market moves but which, unlike banks, do not typically have significant financial leverage. While earnings are expected to be lower in the current year, Invesco is trading on about 3x normal earnings (after preference share dividend payments).

Invesco's Debt Maturity Profile

Invesco's interest-bearing debt maturity profile, current cash and credit facilities (US$m)



Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).
The facility matures in August 2022.
† Invesco issued $4.0bn in preferred shares in connection with the acquisition of OppenheimerFunds with a dividend rate of 5.9% per annum (non-cumulative). The shares are not redeemable prior to the 21st anniversary of the acquisition (24 May 2019).

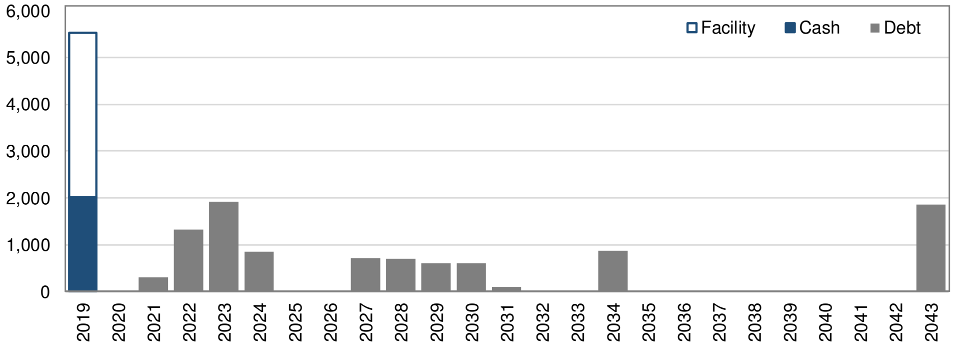
Sources: Bloomberg, Contrarius Research

Freeport-McMoRan

Freeport is one of the world's largest listed copper producers (with assets in North America, Indonesia and South America). The copper price has fallen during the pandemic but the long-term outlook is good. Demand looks promising due to the renewal of infrastructure in developed countries; the long-term switch to electric vehicles (EVs) which use about 4x as much copper as internal combustion vehicles; and the required investment in electrical infrastructure (power grids and charging stations) due to increased demand from EVs. The long-term supply outlook also looks favourable as most of the largest copper mines in the world started production many years ago (some over 100 years ago). Grades are falling and costs increasing, and Freeport is a low-cost, high-quality producer. Freeport also has an interest in a very large gold mine via its rights to Grasberg in Indonesia. The Grasberg operation is currently transitioning from open pit to underground, which has a temporary impact on profitability as the open pit must stop before the underground fully ramps up. There had been some uncertainty about the rights to Grasberg but that was resolved within the last year. Most of Freeport's profits are expected to come from its stable North American operations. Net debt is much lower than at the bottom of the previous commodity down cycle in 2015, and the share is trading on about 4x normal earnings. We believe that this is extremely attractive for a high quality, low cost copper producer.

Freeport-McMoRan's Debt Maturity Profile

Freeport's interest-bearing debt maturity profile, current cash and credit facilities (US$m)



Notes: The chart illustrates the liquidity and maturity profile of the company and does not provide other specifics of each facility/loan (including covenants).
The facilities mature in April 2023 ($240m) and April 2024 ($3.26bn).
The chart reflects consolidated cash, facilities and debt. In addition to the $3.50bn credit facility reflected in the chart above, the Cerro Verde mine (53% owned by Freeport) has an additional credit facility available of $674m (maturing in 2022).

Sources: Bloomberg, Contrarius Research

Conclusion

At times like these – with a relentless barrage of seemingly cataclysmic news – investors have an extreme aversion for any investment whose value is difficult to quantify. While we are very aware of the decline in the price of the Fund during the quarter, we have tried to highlight individual portfolio holdings' ability to deal with the effects of the pandemic, and the immense long-term value we see in the underlying portfolio. We also believe that (unlike 2008/2009) the consumer in the US was in pretty good shape before the onset of the pandemic and that the recovery, when it comes, may surprise people, especially as global central banks and governments are likely to keep at least some of their extraordinary monetary and fiscal stimulus measures for an extended period after the main impact of the pandemic shutdown is felt.

The level of disparity of valuations within the market is as big as we've ever seen. Apple, Coca-Cola, Microsoft and Walmart are no doubt great businesses (indeed we have owned most of them before at lower prices), but they are on more than 20x earnings (or FCF) while the Top 10 is, on average, on about 3x normal earnings (or FCF). We find this remarkable.

We would like to take this opportunity to wish everyone safety and good health during this unusual and trying time.

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			Year	%	Year	%	Date
Contrarius Global Equity Fund	Investor Class	US$	2009	94.5	2018	(19.4)	01-Jan-09
	Institutional Class	US$	2009	95.1	2018	(19.1)	01-Jan-09

These are the best and worst performing calendar years each specified fee class has experienced since inception, demonstrating the variability of performance. Annual figures for all calendar years since inception are also available on www.contrarius.com. South African residents interested in receiving a Prospectus or other information on these funds should contact the authorised representative for those funds, Contrarius Investment Services (South Africa) (Pty) Ltd at clientservice@contrarius.co.za. Contrarius Investment Services (South Africa) (Pty) is a member of the Association for Savings & Investment South Africa.

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