CONTRARIUS

QUARTERLY INVESTOR COMMENTARY
31 MARCH 2023

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 2023

Total Rate of Return in US Dollars	Class	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**	**13.9**	**9.0**	**4.6**	**55.3**	**(8.8)**	**7.3**
MSCI World Index		10.2	8.8	8.0	16.4	(7.0)	7.7
Average Global Equity Fund		7.9	6.3	4.9	13.3	(7.6)	6.8

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.

Figures for other Classes of Shares and subsequent Series of Shares are available on our website.

The Fund's Investor Class shares returned 7.3% for the quarter versus 7.7% 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 is overweight selected Energy, Communication Services and Consumer Discretionary stocks. In terms of geographic exposure, the Fund is overweight shares in North America and Asia ex-Japan.

Sector Exposure 31 March 2023	Weighting (%) Fund	MSCI World Index [1]	Over/(Under) Weight
Communication Services	26	7	19
Consumer Discretionary	27	11	17
Consumer Staples	1	8	(7)
Energy	34	5	29
Financials	0	15	(15)
Health Care	0	13	(13)
Industrials	8	11	(3)
Information Technology	0	20	(20)
Materials	2	4	(2)
Real Estate	0	3	(3)
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 31 March 2023	Weighting (%) Fund	MSCI World Index [1]	Over/(Under) Weight
North America	82	71	10
Europe	9	19	(10)
Japan	0	6	(6)
Asia ex-Japan	8	1	7
Other	1	2	(1)
Total Shares	**99**	**100**	
Net Current Assets	1	-	
Net Assets	**100**	**100**	

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

The Fund's Investor Class shares returned 7.3% for the quarter versus 7.7% for the benchmark MSCI World Index, including reinvested net income.

It is now three years from the depths of the pandemic. The Fund's three year returns should therefore be seen in that context. The Fund's Investor Class shares returned 55.3% p.a. for the three years versus 16.4% p.a. for the benchmark and 13.3% p.a. for the average manager.

Despite this strong recovery from the pandemic lows we remain extremely enthusiastic about the return prospects of the Fund. In our last Quarterly Commentary we highlighted the multiple areas of disparity within the market, namely: the valuation disparity between Growth and Value-oriented stocks; the disparity within Value-oriented shares; and even the disparity within Growth-oriented stocks. These significant areas of disparity provide meaningful opportunities for bottom-up stock pickers like ourselves.

In terms of the disparity within Growth-oriented stocks, last quarter we highlighted opportunities within US online sports betting and iGaming stocks. This quarter we focus on the opportunities within online mobility/delivery.

MOBILITY/DELIVERY

The Fund currently holds several shares which span the online mobility/delivery space. Holdings include: DoorDash, Grab Holdings, Just Eat Takeaway.com, Uber Technologies and Delivery Hero. These companies compete in very large and growing markets around the world. They have all developed smartphone-based platforms which have become part of everyday life for millions.

The first wave of online food delivery platforms was launched in the dot-com era. However, the adoption of these desktop-based applications was somewhat limited with ordering occasions and delivery efficiencies being constrained. The introduction of the smartphone, and increasing internet speeds, meant customers were able to order on impulse with deliveries being allocated to drivers in a highly efficient way. Likewise, online mobility platforms in the form of smartphone apps have meant that customers can now order and pay for ride-hailing services on demand.

In recent years investment capital was readily available from venture capitalists with seemingly bottomless pockets. In search of scale, and with plentiful low-cost capital, competition was fierce. Marketing costs increased and aggressive promotional activity meant subsidies of delivery fees and meals. Initially investors didn't seem to care—in fact growth in customers was typically rewarded by higher share prices even when additional revenues were unprofitable.

Then the pandemic arrived. The impact was clearly different for online delivery and mobility businesses.

Delivery

Online delivery businesses experienced a surge in orders from new and existing customers as people were stranded in their homes as a result of lockdowns and other movement-related restrictions. Significant fiscal stimulus meant they often had the same, or higher, discretionary income—with limited options to spend it. Many online delivery platforms saw this as the opportunity to meaningfully grow adoption of online food delivery. Significant promotional activity ensued to take advantage of this once in a lifetime opportunity. As a result, the increase in revenues did not necessarily result in booming profits. With the ending of the period of "free money" there was a realisation by the companies' existing growth-oriented investor bases that the post pandemic, lockdown-free world would result in tough revenue growth comparisons—investors fled. Just Eat Takeaway.com entered 2020 at €82.20 per share and reached €109.65 in October 2020 during the growth fuelled pandemic period. It fell to €12.60 in October 2022.

One can debate the merits of the strategy of these companies during the pandemic. A strong case can however be made that what they did was entirely rational. There was a once-off opportunity to gain new customers. The cost of acquiring a customer is typically significantly more than retaining a customer and doing so when these customers desperately needed the service, and in an easy money environment, was attractive. Each cohort of new customers tends to order more over time—and spend more per order. The customers acquired during the pandemic are likely to show similar characteristics once the unusual lockdown period is lapped.

Monthly Average Order Frequency by Yearly Cohort

Acq. Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
2016	2.4x	3.6x	4.2x	4.7x	5.5x	6.3x
2017	2.5x	3.8x	4.4x	5.4x	6.2x	
2018	2.7x	4.0x	5.2x	6.1x		
2019	2.8x	4.7x	5.6x			
2020	3.3x	4.7x				
2021	3.1x					

Sources: Delivery Hero, Contrarius Research

These companies have therefore exited the pandemic with substantially larger and more active customer bases. Uber Eats is now three times larger than pre-pandemic, with increased users and higher order frequency driving this growth.

A more rational competitive environment has developed, with lower customer acquisition spend and some companies even exiting markets where they could not compete profitably. Profit pools have materialised in various regions where players have dominant positions. Not only are these margins already attractive (some EBITDA margins exceed 30%) but as adoption rates continue to rise, higher margins are expected. Additional profit pools are also expected to be created as other markets mature and further consolidation occurs.

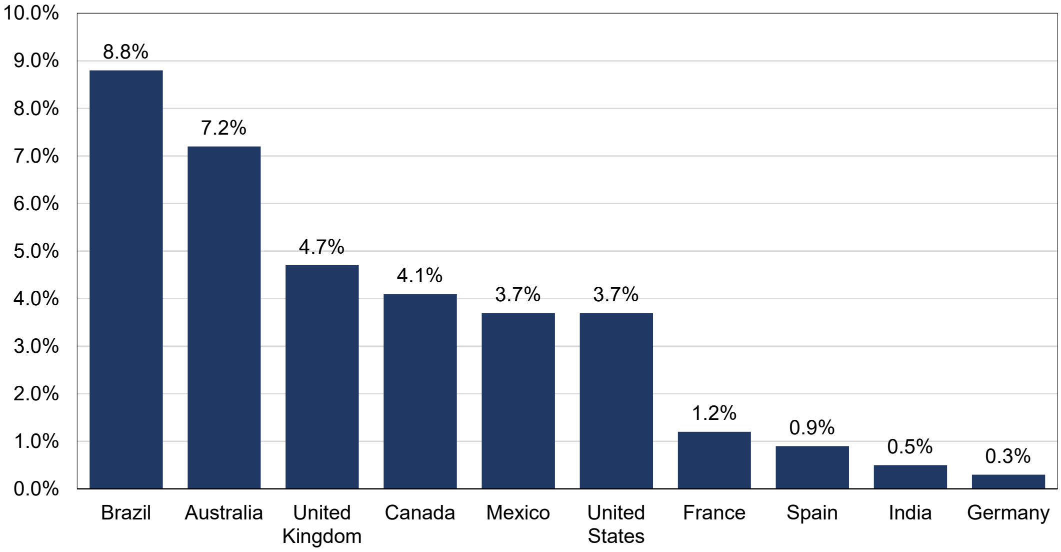
Mobility

Mobility platforms were initially severely impacted by the pandemic—as the world largely shut down. Uber Technologies saw a 75% year-on-year decline in mobility bookings in the second quarter of 2020 with the number of monthly active riders only recovering to pre-pandemic levels in the final quarter of 2022. They are, however, now experiencing the post pandemic recovery in an environment of a much greater focus on costs by management and with reduced competitive threats from new entrants.

Although the pandemic provided a speed-bump to mobility adoption, a number of large markets have exceeded their pre-pandemic levels with the United States still on a recovery path.

Average Weekly Active Consumer Penetration

Weekly active users divided by the total population over the age of 18 years (Q4 2022)



Sources: Uber Technologies, Contrarius Research

Over time these adoption levels are expected to continue to rise. This is expected to further benefit the dominant mobility platforms—which are already profitable.

Both delivery and mobility platforms are also starting to tap new revenue sources such as advertising which is considered to be a meaningful long-term opportunity.

Having previously had access to cheap funding, these companies also typically have strong balance sheets. Management teams are now keenly focused on profitability and cash flow. And yet the shares are trading at a fraction of their previous prices, and at what we believe to be extremely attractive valuations.

Company Specific Analysis

DoorDash

DoorDash is the leading food delivery business in the United States with around 60% of the market. Unlike some of the other delivery businesses, DoorDash operated throughout 2020 and to date with positive free cash flow. Management are using the cash flow from their dominant United States food delivery business to enter new markets, both geographically and in the form of convenience and grocery deliveries, and thus overall free cash flow is currently small. We rate management very highly and expect them to succeed in building significant positions in these new markets. The share has fallen almost 75% from its peak. At its current price we believe it offers significant value based on a conservative estimate of normal free cash flow.

The company has an extremely strong balance sheet with $3.9bn in net cash.

Grab Holdings

Grab Holdings (Grab) dominates the South East Asian mobility and delivery markets with estimated market shares of 71% and 51% respectively. The nearest competitors for each of these markets have only 18% and 24% of each market respectively.

Its market dominance came at a cost, with partner and customer incentives being so large in 2019 that the company reported negative revenue. Like many of the other companies, its focus has shifted towards profitability with both their mobility and delivery segments achieving positive adjusted EBITDA since Q3 2022 on the back of reduced incentives. Grab is still incurring losses due to the growth of their financial services (e-wallet) segment, however, with a large portion of the region being either unbanked or underserved, these investments are expected to be attractive in the long-term. To illustrate the potential of the e-wallet business, 32% of Grab's transactions still took place in cash in 2021 (down from 52% in 2019).

Just Eat Takeaway.com

Just Eat Takeaway.com (Just Eat) is the food delivery leader in Northern Europe, the United Kingdom and Ireland, Canada, Israel, Australia and New Zealand. Over the past year the company has improved profitability meaningfully by increasing fees and commission rates, reducing marketing spend and imposing minimum order values to drive down delivery costs. Orders did decline over the past year as they lapped the pandemic lockdown period, which was to be expected. The company however expects to generate meaningfully positive adjusted EBITDA in 2023 and begin moving towards generating high levels of cash flow thereafter. We believe it is extremely attractively priced at current levels.

After the sale of its 33% stake in iFood (the Brazilian food delivery leader) to Prosus, the company appears well capitalised with relatively minimal net debt.

Uber Technologies

Uber Technologies (Uber) is the world's largest mobility platform with around 90% of global trips taken in regions where Uber is the largest player in the market. For deliveries, 38% and 59% of orders either came from markets where Uber is the leader or second in the market respectively. Uber was one of the first companies in 2022 to publicly identify the changing financial landscape and change course from growth at all costs to aggressively cutting costs. As a result, margins have increased substantially and the company has started generating free cash flow and is expected to generate significant free cash flow in 2024.

Uber has $4.3bn of cash on its balance sheet after taking advantage of the capital markets during the pandemic by raising over $5bn in debt. Its net debt is largely offset by other investments, which have been written down materially. These other investments, including a 14% stake in Grab, are considered attractive in their own right.

Delivery Hero

Delivery Hero has the largest global presence covering 70 countries and over 2.2bn of the world's population. 90% of its transactions take place in countries where it is the leader in the market.

The company recently provided disclosure splitting its profitable and non-profitable food delivery markets. Its profitable markets are well on their way to meeting the company's long-term margin targets while 75% of its unprofitable markets are markets where it is the leader and seeing strong growth—giving it good reason to carry on investing. With a number of these markets expected to move into the profitable segment, along with continued margin expansion in the existing profitable markets, Delivery Hero's earnings are expected to improve materially over the next few years.

The company currently holds EUR2.4bn in cash. Delivery Hero was active in the convertible debt markets during the pandemic and recently was able to refinance some of its convertible debt, pushing its next maturity out to 2026.

We have always stressed that we don't consider ourselves to be a typical Value manager. Rather, we are a contrarian, valuation-based investment manager and are happy to invest in Growth and Value-oriented shares provided they are trading below our assessment of their underlying intrinsic value. In the case of these selected mobility/delivery businesses we believe that we are able to buy long-term growth business with very favourable future operating metrics at very attractive prices.

Conclusion

At the end of March, the Fund is overweight selected Energy, Communication Services and Consumer Discretionary stocks. It should be noted that our portfolio composition is extremely different to the current composition of the MSCI World Index. We believe that overall valuation disparity within the market remains significant, creating opportunities for stock pickers like ourselves to outperform the major indices, whether these opportunities are regarded as Growth or Value-oriented shares.

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Notice to Persons in the United Kingdom. In connection with the ICAV's recognition under section 264 of the Financial Services and Markets Act, 2000, the ICAV maintains in the United Kingdom the facilities required of a recognised scheme pursuant to the rules contained in the Collective Investment Schemes Sourcebook published by the Financial Conduct Authority. This Report has been approved for issue in the United Kingdom by Contrarius Investment Advisory Limited, 22 Chancery Lane, London, England WC2A 1LS, a firm authorised and regulated by the Financial Conduct Authority.

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Contrarius Global Equity Fund (the "Fund") is designed for investors who have made the decision to invest a predetermined amount in global equities. It aims to achieve higher returns than the average of the world's equity markets, without greater risk of loss, over the long term. The Fund aims for higher returns than a designated equity performance benchmark namely the MSCI World Index, including reinvested net income (the "Benchmark", Bloomberg ticker code: NDDUWI Index). The Fund aims to be substantially invested in selected global equities and equity-related securities at all times and thus be exposed to all the risks and rewards of the global equities selected for the Fund. Theses equities are selected using proprietary investment research conducted with a long-term perspective. The Fund does not seek to replicate the benchmark. The Fund is actively managed and its stock holdings may differ materially from the benchmark in order to achieve its objective. The bottom-up research approach means that there are no sector, geographic or other market investment targets. Given the long-term, contrarian, valuation-based investment philosophy, there will be times when the Fund will materially underperform in the short-term in order to achieve its objective of long-term outperformance. Since 30 June 2016, the Fund has been priced daily. From inception up to 30 June 2016, the Fund was priced weekly. Performance prior to 30 June 2016 was while the Fund was a Jersey domiciled fund.

NOTICES

With effect from 1 July 2020, a separate Series is issued on each Dealing Day for subscriptions. Any shares issued prior to 1 July 2020 will be part of the Initial Series. Figures on this Report relate to the Initial Series of each Fee Class.

Risk Warnings. Collective Investment Schemes (CIS) are generally medium- to long-term investments. The value of an investment in the Fund may go down as well as up, and past performance is not a reliable indicator of future results. The Investment Manager provides no guarantee with respect to capital or the Fund's returns. The Fund is a USD Fund. Currency exposure can significantly influence returns. CIS are traded at ruling prices. Contrarius ICAV may only engage in limited borrowing to fund redemptions and cannot engage in scrip lending. A performance fee is charged to performance fee paying fee classes of the Fund. The Performance Fee is calculated and accrues daily and crystallises at the end of the Performance Period (being 30 June each year), or on redemption. The Performance Fee is 20% of the extent to which a Series outperforms its Benchmark (after deduction of the Base Fee), but only once the Series reaches a new High Water Mark. This means that the Investment Manager will only receive Performance Fees in relation to any Series when the ratio of the Net Asset Value per Share of the Series to the benchmark MSCI World Index reaches a new high at the end of a Performance Period (or at the time of a redemption). A schedule of fees and charges and maximum commissions is available on request from the Investment Manager. Individual investors' performance may differ as a result of investment date, reinvestment date and dividend withholding tax, as well as a levy that may apply in the case of transactions representing more than 5% of the Fund's net asset value. The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. The Fund invests in foreign securities. Depending on their markets, trading in those securities may carry risks relating to, among others, macroeconomic and political circumstances, constraints on liquidity or the repatriation of funds, foreign exchange rate fluctuations, taxation and trade settlement. Please refer to the Fund's Prospectus and Supplemental Prospectus for further information on the risk and rewards of investing in the Fund.

Performance (net, per calendar year, since inception)	Fee Class	Currency	Best Performance		Worst Performance		Inception Date
			Year	%	Year	%	
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

Returns are calculated on a NAV to NAV basis, net of fees, and include income and assume reinvestment of dividends. The performance for each period shown reflects the return for investors who have been fully invested for that period. Returns, other than for periods less than one year, are annualised. Where returns are annualised, the average amount of money earned is expressed as a percentage each year over a given time period. Full performance calculations are available from the Investment Manager on request.

Sources. Fund performance data is based on Fund prices supplied by the Fund's Administrator. Fund holdings are supplied by the Fund's Administrator.

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 The Average Global Equity Fund is comprised of Global Large-Cap Blend Equity funds which invest principally in the equities of large-cap companies from around the globe as defined by Morningstar.

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