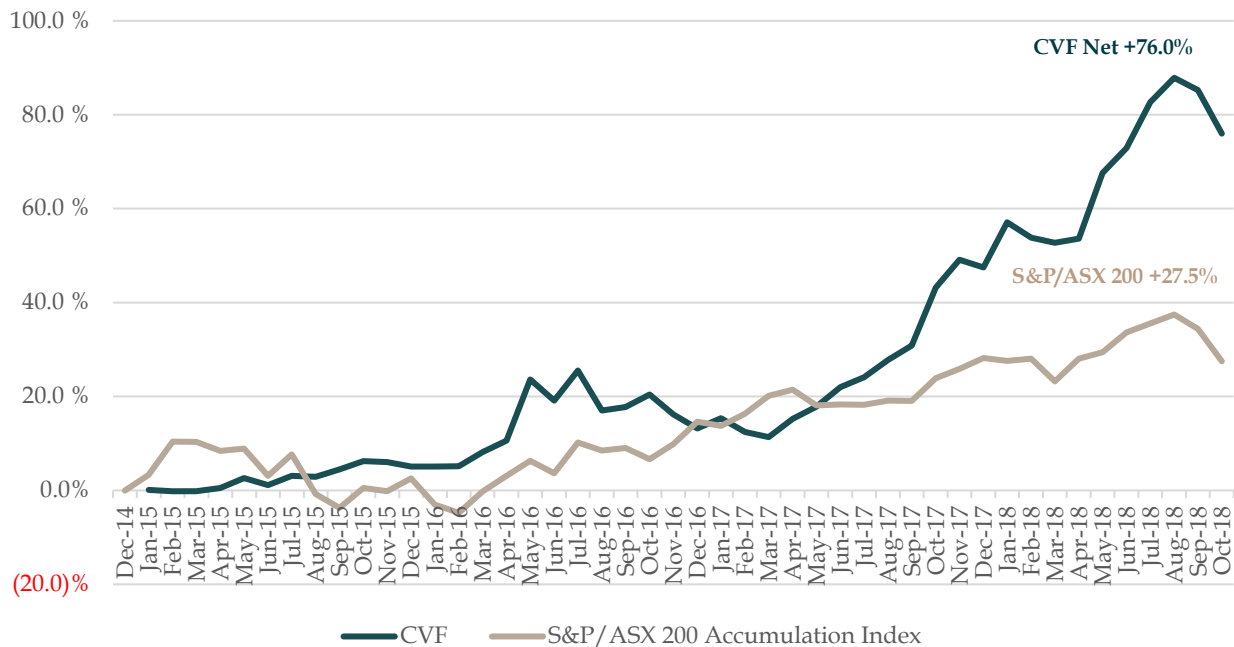


**Fund Performance**

**CVF Cumulative Net Performance vs Index - Since Inception**



At 31 October 2018	Since inception (5 Jan 2015)						
	1 mth	3 mths	1 yr	2 yrs	3 yrs	Annualised	Cumulative
Arowana CVF Gross performance	(4.4)%	(2.8)%	32.0 %	26.4 %	23.3 %	20.1 %	101.9 %
S&P/ ASX200 Accumulation Index	(6.1)%	(5.9)%	2.9 %	9.3 %	8.2 %	6.5 %	27.5 %
Gross outperformance	1.7 %	3.1 %	29.1 %	17.1 %	15.1 %	13.6 %	74.4 %
Arowana CVF Net performance*	(5.0)%	(3.7)%	22.9 %	20.9 %	18.3 %	15.9 %	76.0 %
S&P/ ASX200 Accumulation Index	(6.1)%	(5.9)%	2.9 %	9.3 %	8.2 %	6.5 %	27.5 %
Net outperformance	1.1 %	2.2 %	20.0 %	11.6 %	10.1 %	9.4 %	48.5 %

\* Net of all fees and expenses, pre-tax

**Net Tangible Assets (NTA) per Share**

At 31 October 2018	\$
NTA pre-tax on unrealised gains	1.23
NTA after tax on unrealised gains <sup>1</sup>	1.20

1. The Company is required to estimate the tax that may arise should the entire portfolio be disposed of on the above date and show the result per share after deducting this theoretical provision. Any such tax would generate franking credits, whose value would not be lost but rather transferred to shareholders on payment of franked dividends.

**Top 5 Holdings (% of Gross Portfolio Value)**

Ticker		%
EAF.US	GRAFTECH INTERNATIONAL LTD	9 %
VOC	VOCUS GROUP LIMITED	7 %
BAL	BELLAMYS AUSTRALIA LIMITED	4 %
TSGI.CA	STARS GROUP INC	4 %
EHL	EMECO HOLDINGS LIMITED	4 %
<b>Top 5 as % of Gross Portfolio</b>		<b>27%</b>



## Monthly Newsletter

In October the Fund recorded (5.0)% performance, net of all costs and fees, versus the S&P/ASX Accumulation 200 Index return of (6.1)%.

NTA per share was \$1.23 as at 31 October 2018.

During October, we sold all of the fund's shares in *Zillow (Z.US)* – the leading real estate website in the U.S. We initially invested in Zillow in October 2017 on the thesis that significant pricing power would be unlocked through the introduction of an auction-based pricing model for its advertising customers (buy side real estate agents). Driven by pricing increases and greater scale, we forecasted that Zillow's EBITDA margin should grow to more than double FY17 levels over time.

The thesis was playing out even as the company started an ambitious new business segment buying and selling homes. Whilst the market focussed on this new segment however, management quietly went about implementing a dramatic change in how agents in their core business received leads. Management deployed staff to screen all leads in order to reduce poor quality leads to agents (approx. half of the total) and to ensure every lead was pursued by an agent.

In theory, this was win-win for agents and end-customers alike. Agents would spend their time and efforts only on genuine leads, whilst all end-customer enquiries would be followed up.

Here's the thing though – agents still largely measure their advertising on a *spend per lead* basis. By halving the amount of leads they received, Zillow inadvertently doubled their client's spend per lead. Qualitatively, top agents also saw value in connecting with low quality leads – backing their relationship building abilities to ultimately provide value in future.

Unsurprisingly, the changes led to high agent churn and ultimately a weak result & outlook driving the share price nearly 30% lower when the company reported in early November. However, our industry checks had flagged this agent backlash and we were able to exit the position prior to the earnings announcement & subsequent price decline.

Management have recently changed the model back so that agents again have access to the low-quality leads. This change coupled with the fact that traffic to Zillow's sites continues to grow strongly, mean that it is likely that agents return...but it will take time.

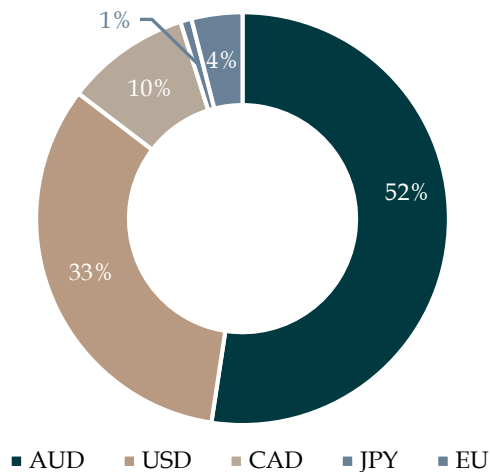


**Fund Information**

ASX ticker	CVF	INVESTMENT PERFORMANCE (Pre-tax, net of all costs)				
Net Month's performance	(5.0)%	2015	2016	2017	2018	
Last price (at 31 October 2018)	\$1.07	<b>Jan</b>	0.1%	0.0%	1.9%	6.5%
Pre-tax NTA	\$1.23	<b>Feb</b>	(0.3)%	0.0%	(2.6)%	(2.1)%
Premium/(Discount) to pre-tax NTA	(13.2)%	<b>Mar</b>	0.0%	2.9%	(1.0)%	(0.7)%
Fund AUM	A\$96.9m	<b>Apr</b>	0.7%	2.3%	3.5%	0.6%
Market capitalisation	A\$75.0m	<b>May</b>	2.1%	11.8%	2.2%	9.1%
Shares on issue	70,413,825	<b>Jun</b>	(1.4)%	(3.6)%	3.5%	3.2%
Current dividend yield (fully franked)	10.6%	<b>Jul</b>	2.0%	5.3%	1.7%	5.6%
Gross/Net equities exposure	51%/32%	<b>Aug</b>	(0.2)%	(6.8)%	3.0%	2.9%
Cash weighting	68%	<b>Sep</b>	1.5%	0.6%	2.4%	(1.4)%
Geographic mandate (Equities)	Global (45% ex Aust.)	<b>Oct</b>	1.7%	2.3%	9.5%	(5.0)%
Fund Inception	5-Jan-15	<b>Nov</b>	(0.2)%	(3.5)%	4.1%	
		<b>Dec</b>	(0.9)%	(2.5)%	(1.1)%	
		<b>Total</b>	<b>5.1%</b>	<b>7.7%</b>	<b>30.3%</b>	<b>19.3%</b>

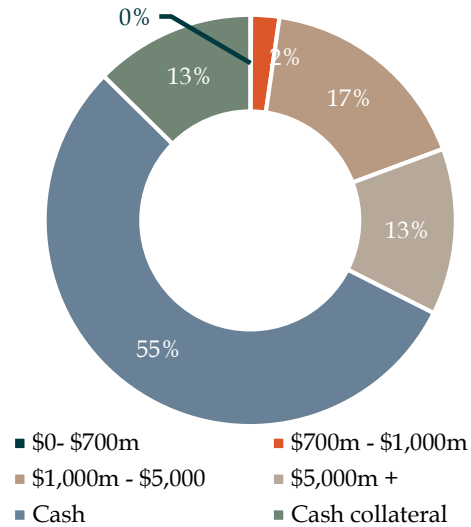
**Portfolio Information**

Currency Mix\*

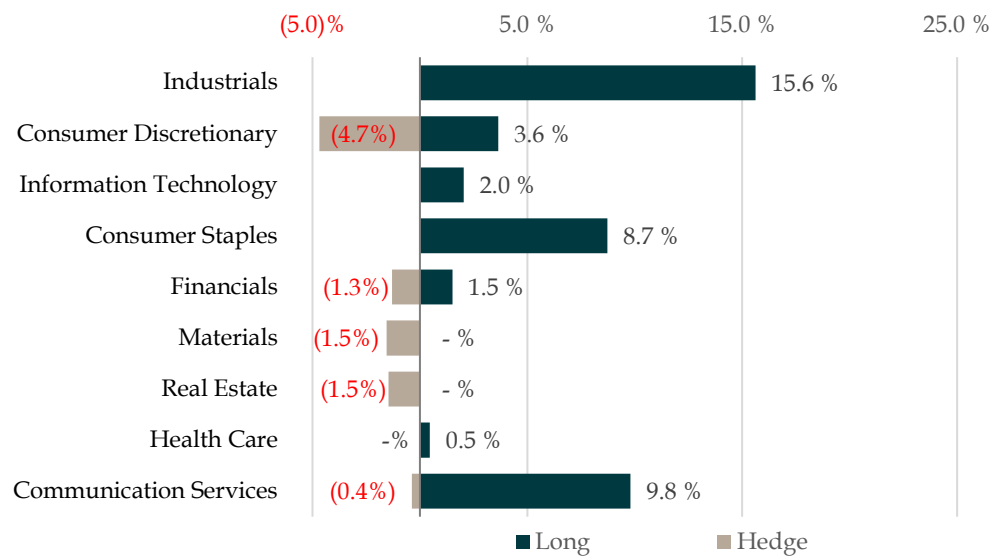


\*Currency mix includes cash and equities

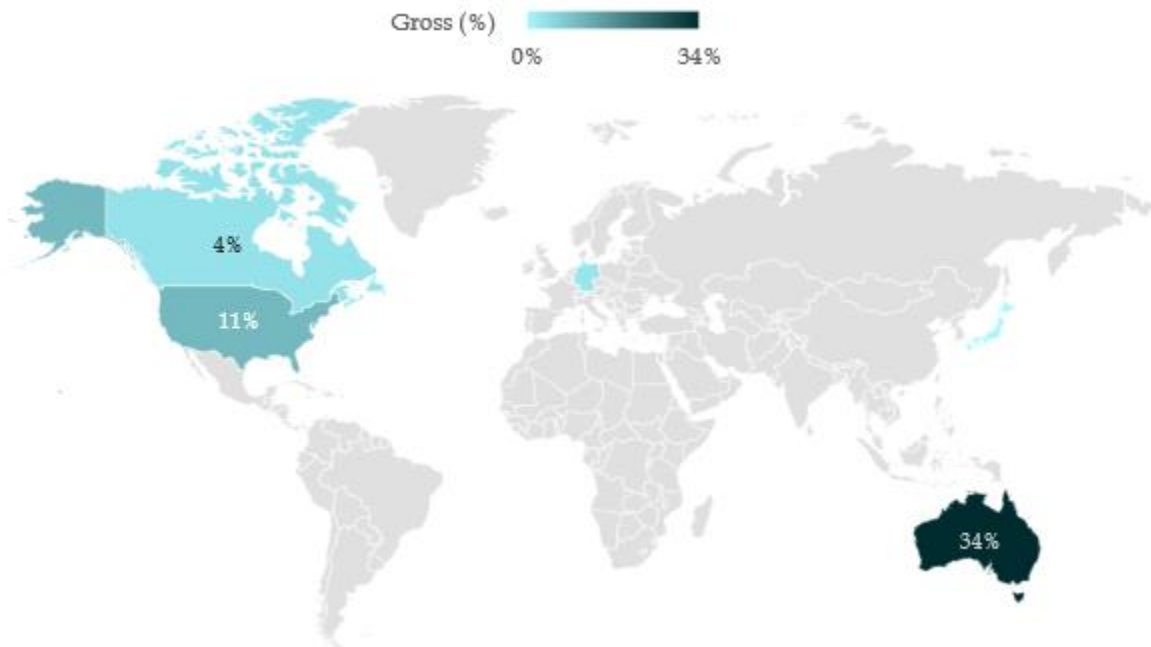
Market Cap Mix



Exposure by Sector



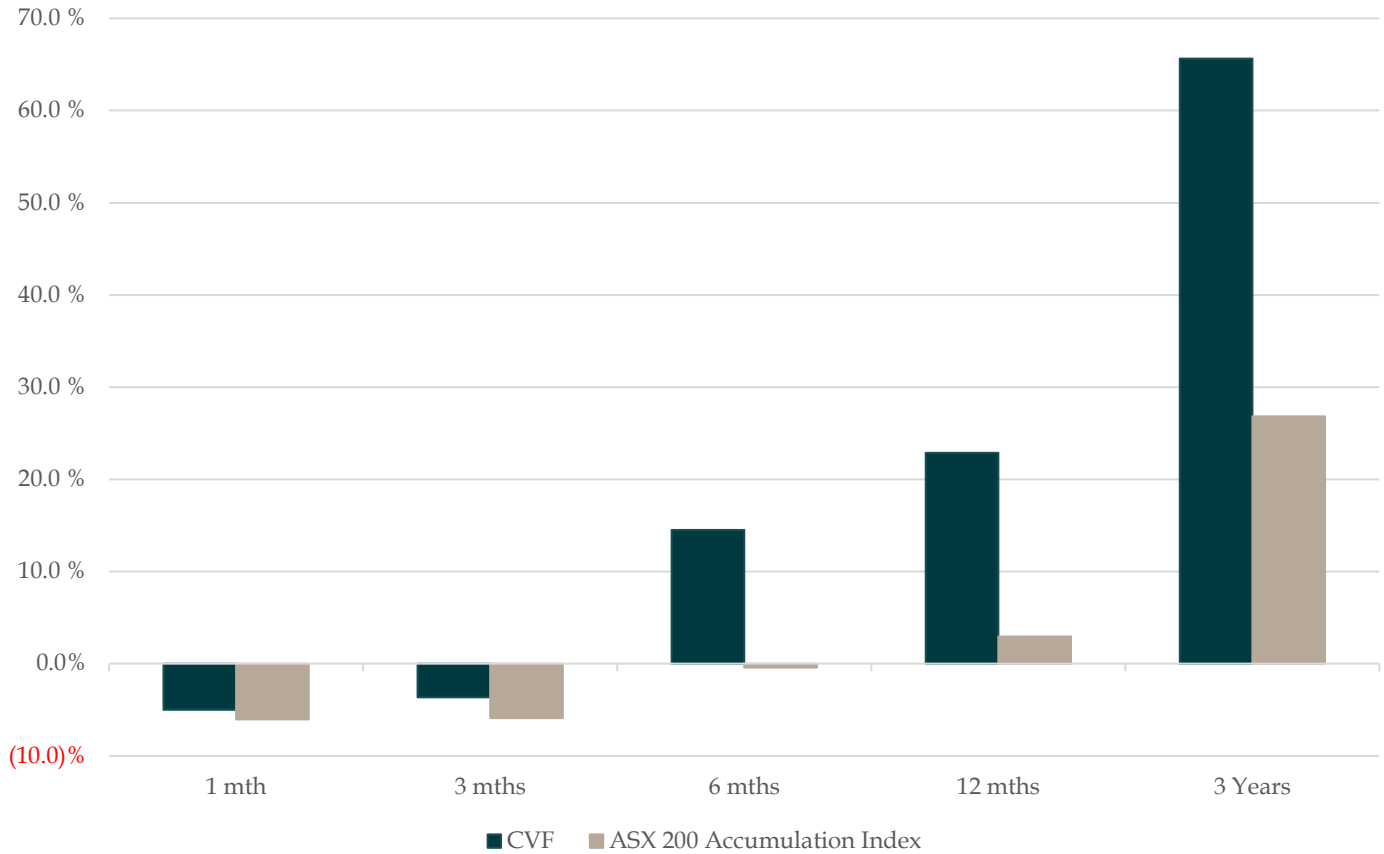
Equities Exposure by Country



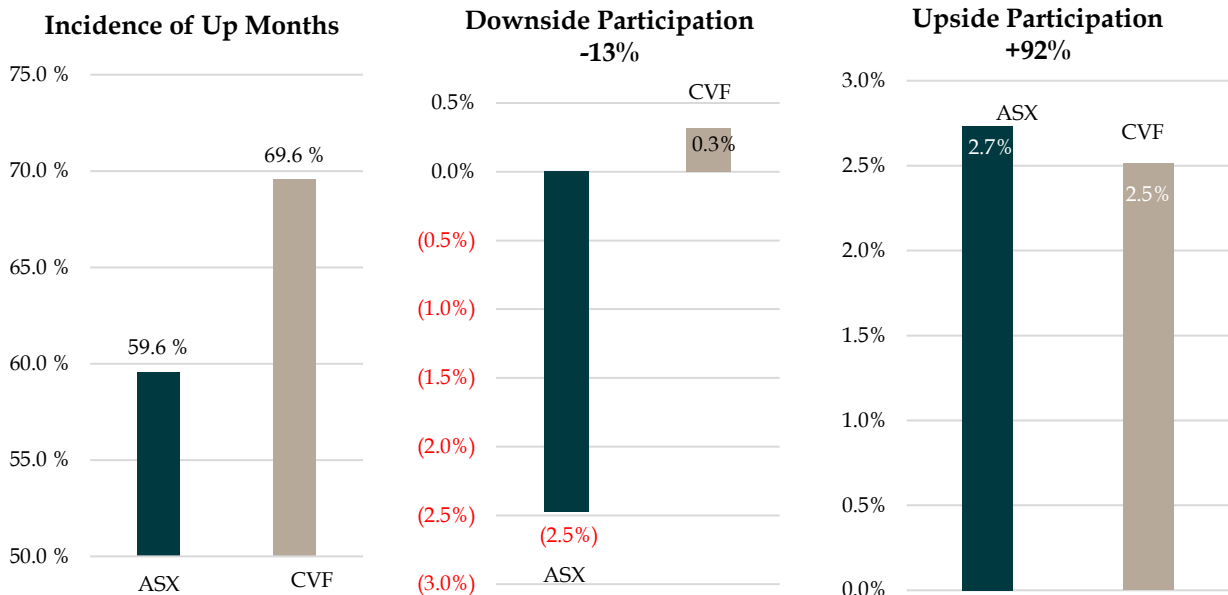
Country	Long	Hedge	Gross	Net
Australia	24.6%	(9.4%)	34.0%	15.3%
United States of America	10.5%	-	10.5%	10.5%
Canada	3.6%	-	3.6%	3.6%
Japan	0.1%	-	0.1%	0.1%
Germany	2.9%	-	2.9%	2.9%
<b>Total</b>	<b>41.8%</b>	<b>(9.4%)</b>	<b>51.2%</b>	<b>32.4%</b>



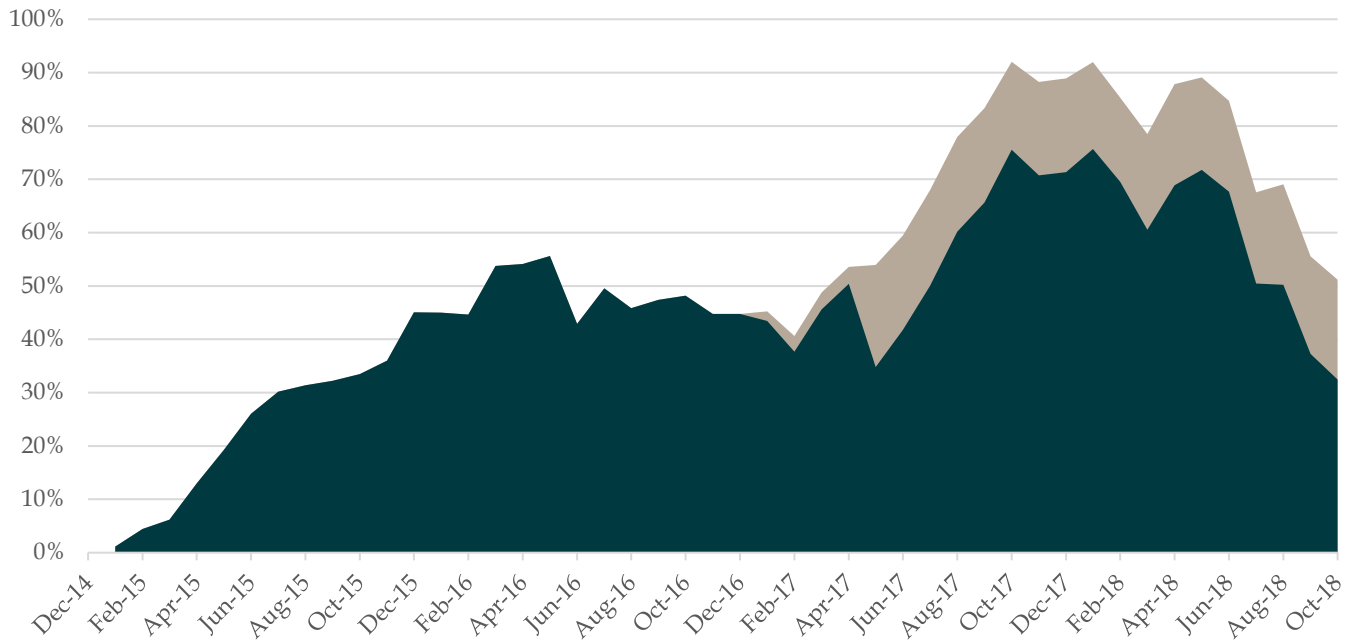
CVF outperformance over all time periods



Uncorrelated Returns: More positive months and negative correlation in months when market is down



Gross & Net Portfolio Exposures - No Portfolio leverage



**Important Information and Disclaimer**

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