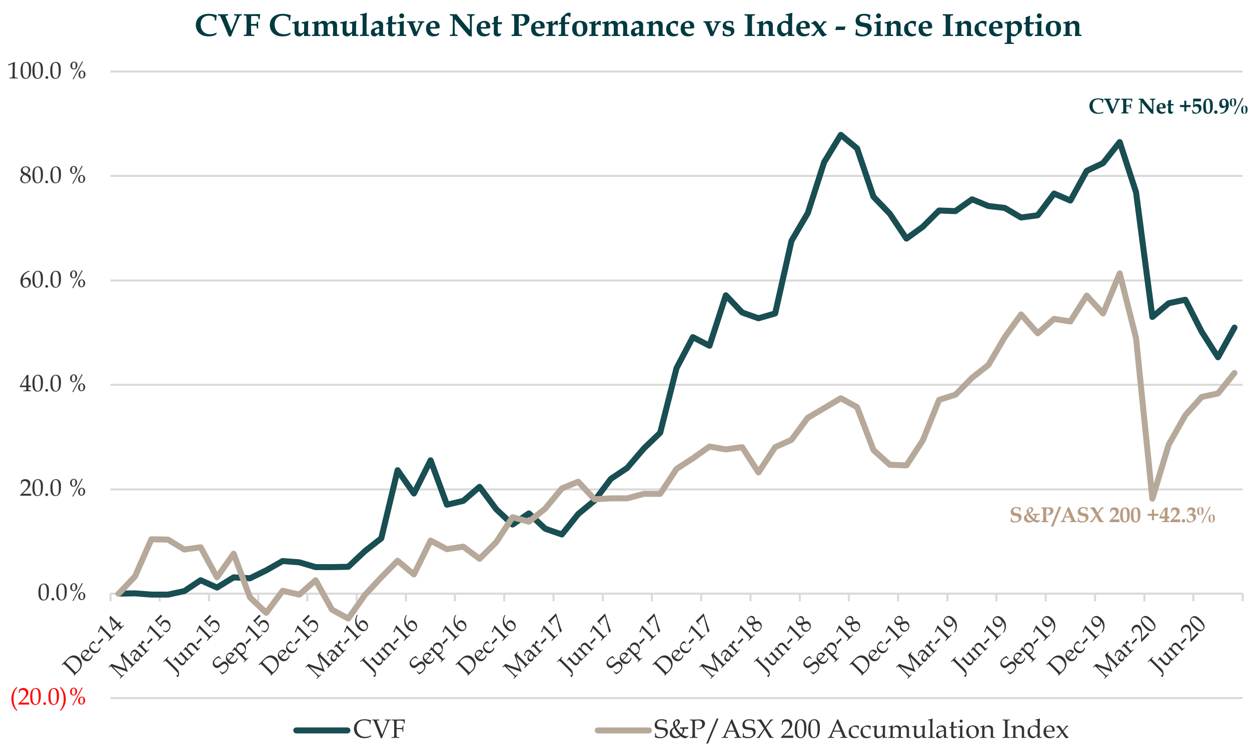
AROWANA
CONTRARIAN VALUE FUND

Monthly Update | August 2020

Fund Performance



At 31 August 2020	1 mth	6 mths	1 yr p.a	2 yr p.a	3 yr p.a	Since IPO (5 Jan 2015) Annualised	Cumulative
Arowana CVF Gross performance	4.1 %	(13.7)%	(10.0)%	(8.4)%	9.6 %	10.9 %	79.4 %
S&P/ASX200 Accumulation Index	2.8 %	(4.5)%	(5.1)%	1.7 %	6.1 %	6.4 %	42.3 %
Gross outperformance	1.3 %	(9.2)%	(4.9)%	(10.1)%	3.5 %	4.5 %	37.1 %
Arowana CVF Net performance*	3.9 %	(14.7)%	(12.5)%	(10.4)%	5.7 %	7.5 %	50.9 %
S&P/ASX200 Accumulation Index	2.8 %	(4.5)%	(5.1)%	1.7 %	6.1 %	6.4 %	42.3 %
Net outperformance	1.1 %	(10.2)%	(7.4)%	(12.1)%	(0.4)%	1.1 %	8.6 %

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

Net Tangible Assets (NTA) per Share

At 31 August 2020	$
NTA pre-tax on unrealised gains	**$0.97**
NTA after tax on unrealised gains[1]	**$0.99**

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. Generally, any such tax would generate franking credits, whose value would not be lost but rather transferred to shareholders on payment of franked dividends. At the current time, this would not be the case as the fund has unrealised net losses on its holdings and these would offset tax liabilities.

Top 5 Holdings (% of Gross Portfolio Value)

Ticker		%
PSH.NA	PERSHING SQUARE HOLDINGS	7%
AENA.SA	AENA SME SA	6%
VRL	VILLAGE ROADSHOW LIMITED	5%
CCL.LN	CARNIVAL PLC	5%
DSCK.US	DISCOVERY COMMUNICATIONS	4%
Top 5 as % of Gross Portfolio		**27%**

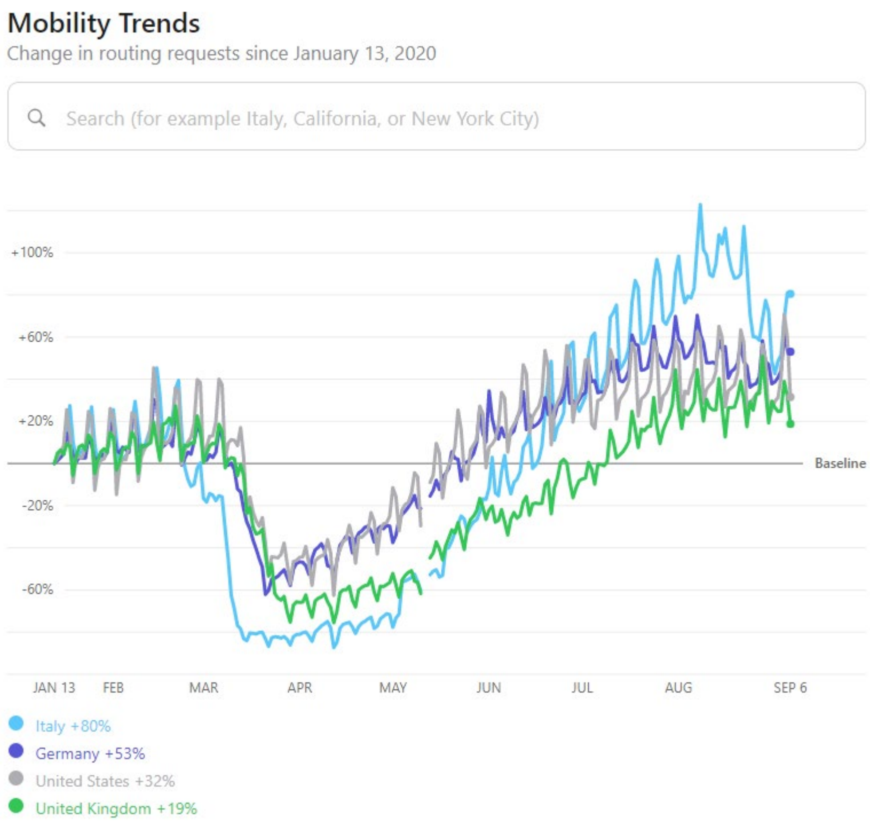
Contrarian Value Fund Limited (ACN 602 250 644)
11/153 Walker St, North Sydney 2060
Date of announcement: 14th September 2020

Newsletter

During the month of July, CVF returned 3.9% net of all costs and fees while the S&P/ASX200 Accumulation Index rose by 2.8%. NTA per share stood at $0.97 as of 31 August 2020. In addition, the current franked dividend yield stands at 9.3%.

CVF posted a solid result for the month of August as global equity markets continued their upward ascent. As travel restrictions eased around much of the world, particularly in Europe, our travel related names, rebounded strongly. Carnival posted a 26% return for the month as they announced the partial resumption of cruises in Italy on its Costa brand which began this past weekend. They are re-starting their cruise operations with two initial ships departing from Italian ports and will offer weekly cruises exclusively for Italian guests. This will be followed by their AIDA cruise line which will resume cruise operations with two of its ships, sailing from the Canary Islands in November 2020, followed by an additional two ships departing from the western Mediterranean and United Arab Emirates beginning in December 2020.

Our largest contributor to returns was, Corporate Travel Management (CTD), another of our travel related holdings, which rebounded 83% during the month. CTD was buoyed by eased travel restrictions and increased mobility as well as better than expected FY20 earnings. Below is data released by Apple which reveals the relative volume of navigation app requests since January 2020. [1] As the chart shows, volumes trended increasing to steady for Italy, the UK, Germany and the US during much of the month of August. Later in the month, CTD was bolstered by FY20 earnings which showed significantly better than expected revenues into the teeth of the pandemic in Q4-20 along with far lower losses than management had originally estimated. CTD's performance demonstrated the strengths of its capital light model centred around its proprietary client facing technology. This has enabled them to swiftly re-size their cost structure in light of dramatically reduced demand. CTD was able to reduce its underlying EBITDA loss to $2.2 million during the month of July with their Europe and Australia/New Zealand regions breaking even. CTD is now in a position to return to profitability via domestic activity only as over 60% of their transactions pre-Covid were domestic within country.

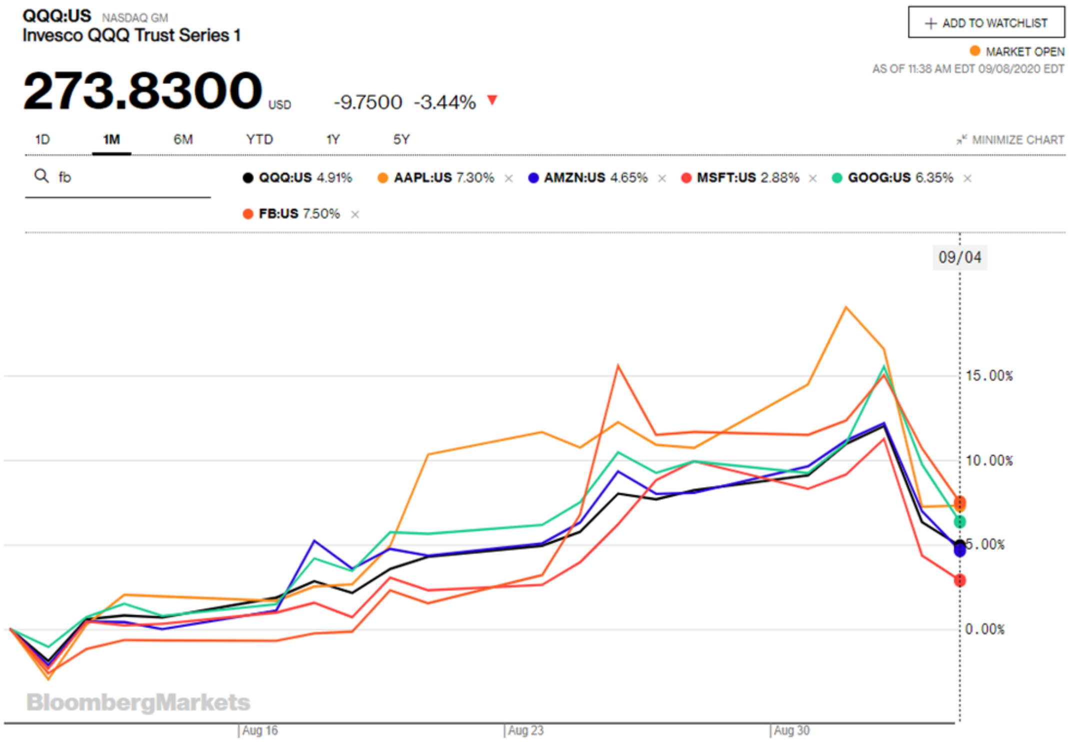


The greatest detractor from returns was our USD exposure which was a .95% drag on returns. We continue to believe that should fear re-enter the markets perhaps as investors re-calibrate their expectations for a recovery to be more in line with economic reality then our USD exposure will likely prove an anchor to windward as it reaps the rewards of a flight to quality. The recent tech led selloff in the markets may very well be a portent of things to come. We will continue to monitor this situation closely and will look to use our USD exposure as a source of cash as we deploy capital into compelling opportunities.

The Perils of Passive Investing

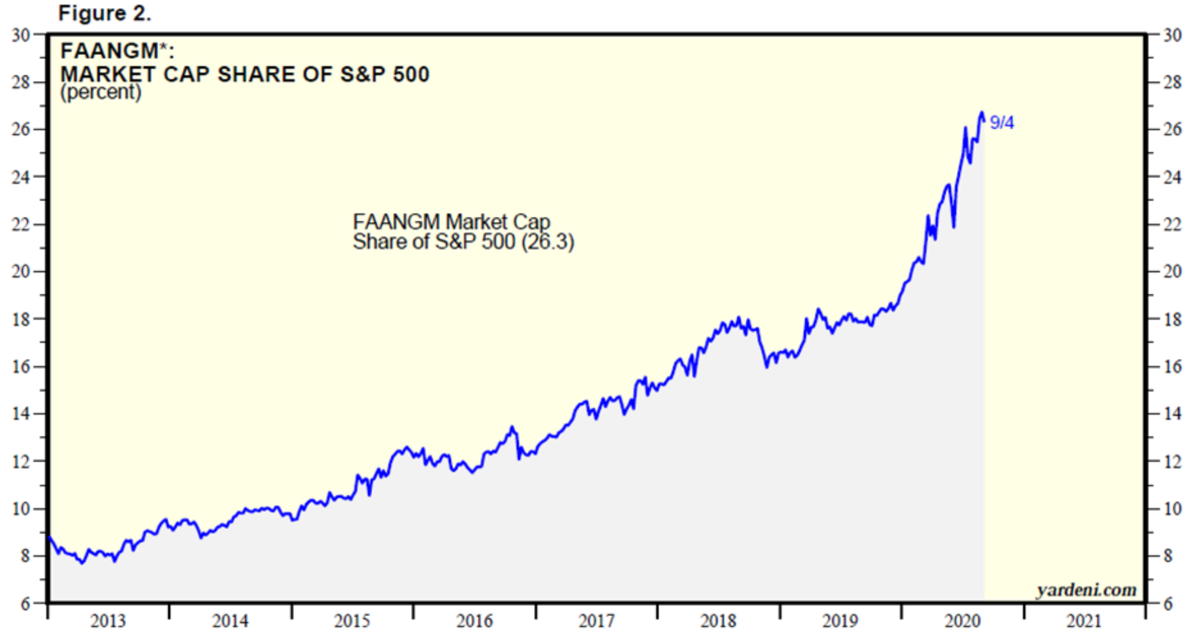
As we have highlighted in previous letters, a pernicious risk has developed in passive investing that is hiding in plain sight and it has recently come home to roost.

Over the last week we have witnessed a sharp pullback in US and global equity markets notably led by the Fab 5: Apple, Amazon, Google, Microsoft and Facebook. The Fab 5 now comprise 47% of the NASDAQ 100 Index (QQQ) and it is no surprise that the Index's recent fortunes have been inextricably linked to these tech giants. As we see below the QQQ has fallen in lock step with the retrenchment of the Fab 5. [2] We note that there is currently approximately US$60 billion in exchange traded assets traded in 27 countries tied to the QQQ. [3]



But the concentration of returns is also evident in the S&P 500 Index (SPX), an index which has a far greater impact on the overall equity markets. As of 26 August, the S&P 500 had returned 9% year to date while the FAANGM stocks (the Fab 5 plus Netflix) contributed 9.4% of that return which implies that the 494 other index components registered a net loss year to date. [4] As the below chart indicates, the concentration in the SPX weighting of the FAANGM stocks now stands at over 26% and has steadily risen over the last 7+ years. This rise has been particularly steep since the end of 2018 when it was a mere 16%. [5]

Figure 2.



* FAANGM stocks include Facebook, Amazon, Apple, Netflix, Google (Alphabet), and Microsoft. Both classes of Alphabet are included.
Source: Standard & Poor's and I/B/E/S data by Refinitiv.

The SPX has over USD 11.2 trillion indexed or benchmarked to it, with indexed assets comprising approximately USD 4.6 trillion of this total. [6] Thus, what happens to the SPX has an out-sized impact on US and derivatively global equity markets.

Whilst we cannot know if the latest pullback will extend into a full blown bear market, we can state with a great degree of confidence that, given the concentration currently in the SPX, the near term returns on well over $4.6 trillion in assets (if you include the derivative impact on global equity indices) will be substantially driven by the performance of a handful of companies. Lest we forget, these businesses, largely centred around digital advertising, online retail, consumer electronics, media and IT, are not immune from the vicissitudes of the global economy, contrary to popular belief.

A word to passive investors - caveat emptor.

Notes:

1) https://covid19.apple.com/mobility
2) Source: Bloomberg
3) https://www.nasdaq.com/Nasdaq-100/ways-to-invest
4) https://www.forbes.com/sites/johnjennings/2020/08/28/why-its-so-hard-to-beat-the-market/#55595ecf106d
5) https://www.yardeni.com/pub/faangms.pdf
6) https://www.spglobal.com/spdji/en/indices/equity/sp-500/#overview

Fund Information

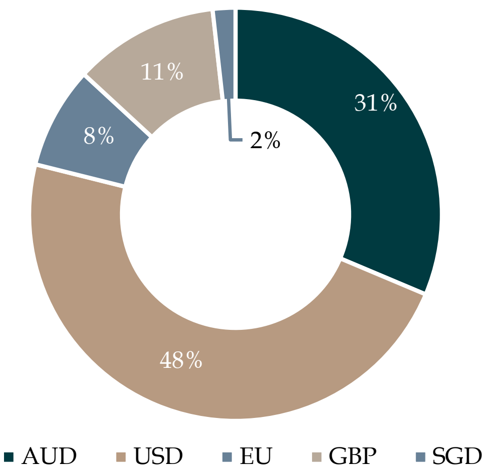
ASX ticker	CVF
Month's net performance	3.9%
Last price (at 31 August 2020)	$0.81
Pre-tax NTA	$0.97
Premium/(Discount) to pre-tax NTA	(16.5)%
Fund AUM	A$66.4m
Market capitalisation	A$56.0m
Shares on issue	69,153,529
Current franked dividend yield	9.3%
Franking account balance	$3.7m
Gross/Net equities exposure	52.1% / 52.1%
Cash weighting	47.9%
Geographic mandate (Equities)	Global (45% ex Aust.)
Fund Inception	5-Jan-15

INVESTMENT PERFORMANCE (Pre-tax, net of all costs)

	2015	2016	2017	2018	2019	2020
Jan	0.1%	0.0%	1.9%	6.5%	1.3%	2.2%
Feb	(0.3)%	0.0%	(2.6)%	(2.1)%	1.8%	(5.2)%
Mar	0.0%	2.9%	(1.0)%	(0.7)%	(0.1)%	(13.5)%
Apr	0.7%	2.3%	3.5%	0.6%	1.3%	1.8%
May	2.1%	11.8%	2.2%	9.1%	(0.7)%	0.4%
Jun	(1.4)%	(3.6)%	3.5%	3.2%	(0.2)%	(3.9)%
Jul	2.0%	5.3%	1.7%	5.6%	(1.1)%	(3.3)%
Aug	(0.2)%	(6.8)%	3.0%	2.9%	0.3%	3.9%
Sep	1.5%	0.6%	2.4%	(1.4)%	2.4%	
Oct	1.7%	2.3%	9.5%	(5.0)%	(0.7)%	
Nov	(0.2)%	(3.5)%	4.1%	(2.0)%	3.2%	
Dec	(0.9)%	(2.5)%	(1.1)%	(2.8)%	0.8%	
Total	**5.1%**	**7.7%**	**30.3%**	**13.9%**	**8.6%**	**(17.3)%**

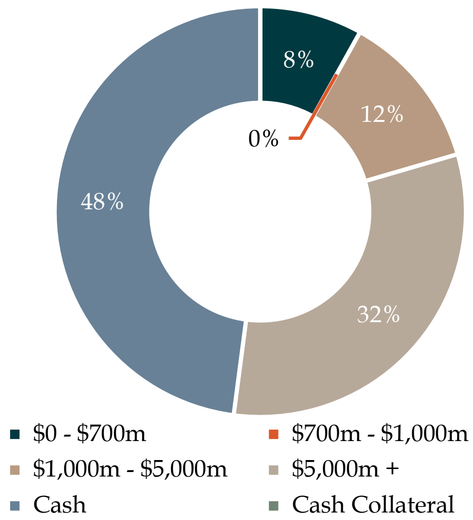
Portfolio Information

Currency Mix*

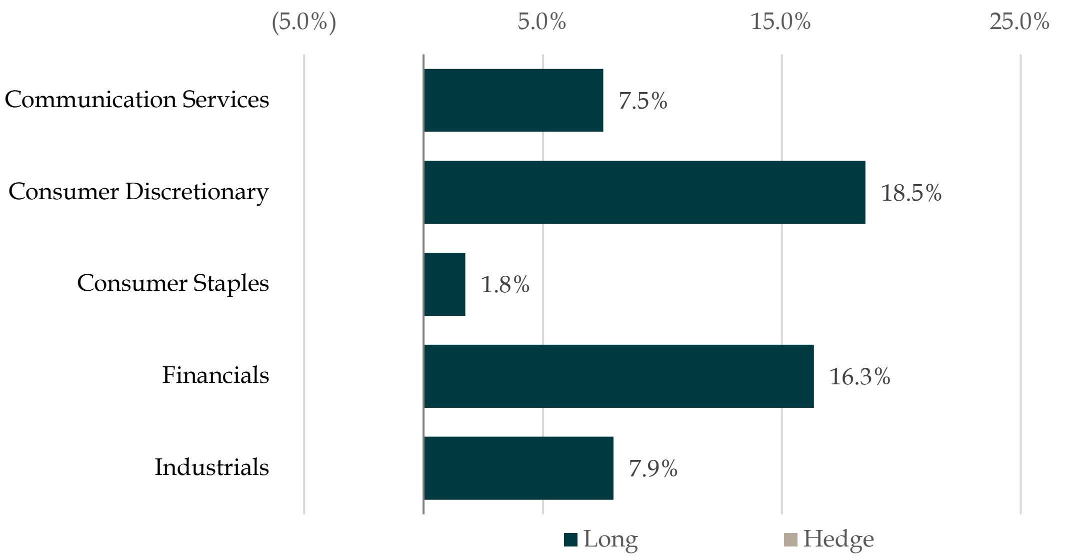


*Currency mix includes cash and equities

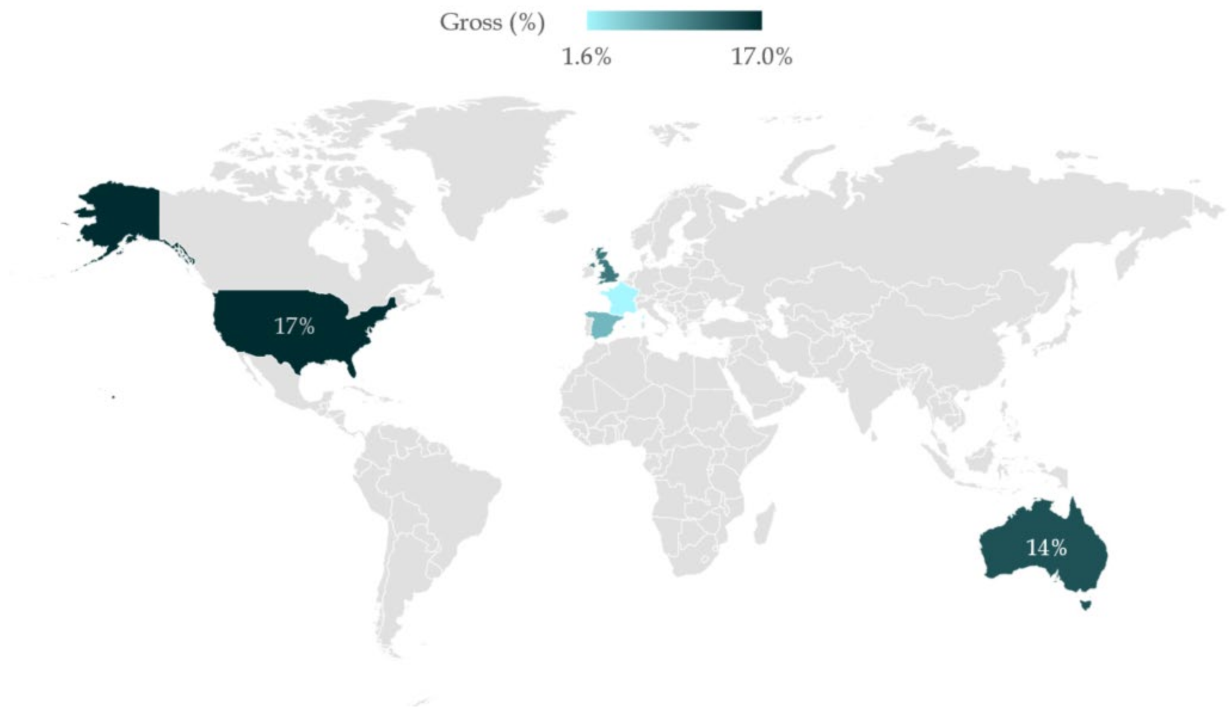
Market Cap Mix



Exposure by Sector

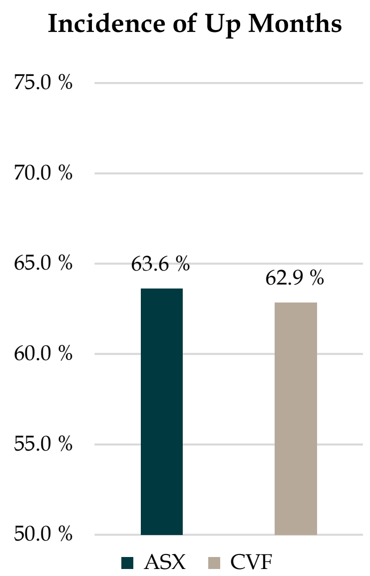


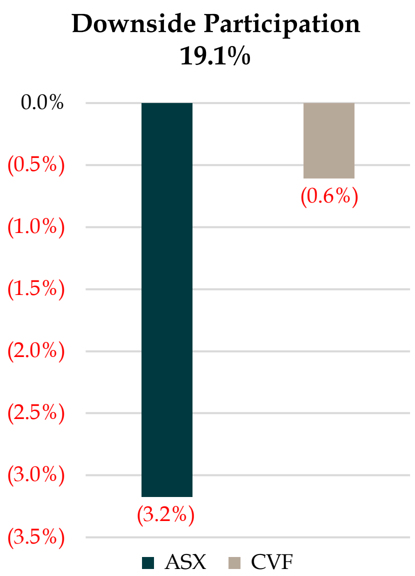
Equities Exposure by Country

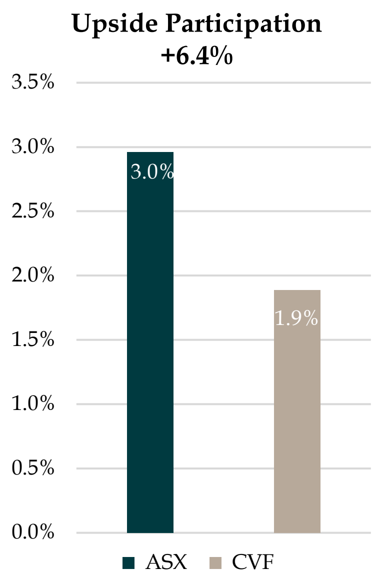


Country	Long	Hedge	Gross	Net
Australia	14.1%	-	14.1%	14.1%
United States of America	17.0%	-	17.0%	17.0%
Singapore	1.8%	-	1.8%	1.8%
United Kingdom	11.3%	-	11.3%	11.3%
France	1.6%		1.6%	1.6%
Spain	6.4%	-	6.4%	6.4%
Total	**52.1%**	**-**	**52.1%**	**52.1%**

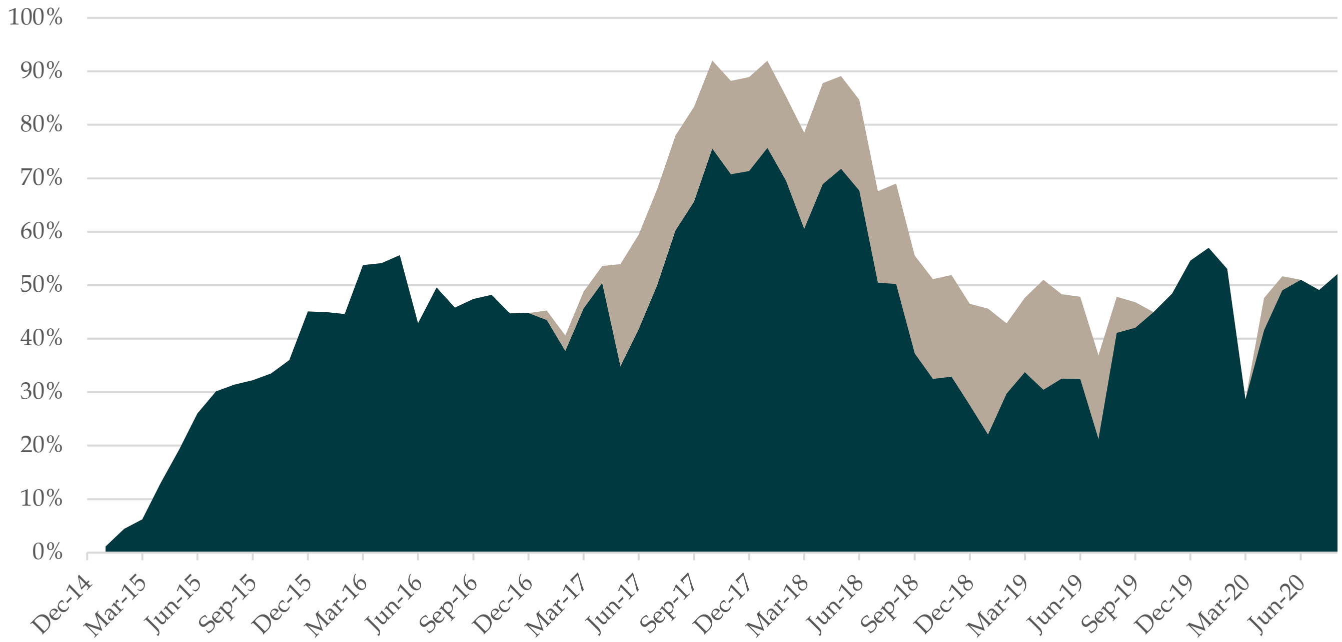
Uncorrelated Returns: More positive months and negative correlation in months when market is down







Gross & Net Portfolio Exposures – Outperformance achieved with no portfolio leverage



On behalf of the Board of Contrarian Value Fund Limited,

Tom McDonald
Company Secretary

Important Information and Disclaimer

While all reasonable care has been taken in the preparation of this monthly update, neither Contrarian Value Fund Limited ("Fund") nor ACVF Management Pty Ltd ("Fund Manager") is responsible for any errors nor misstatements. To the full extent permitted by law, no representation or warranty is made, and any and all liability is disclaimed, in relation to the accuracy or completeness of any statement, opinion, forecast or information contained in this monthly update.

This monthly update has been prepared for the purposes of providing general information only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of any securities in the Fund or in which the Fund has invested, nor does it constitute financial product or investment advice, nor take into account your investment objectives, financial situation or needs.

Past performance is not indicative of future performance. Returns can be volatile. Potential investors should seek independent advice as to the suitability of a particular investment to their investment need.