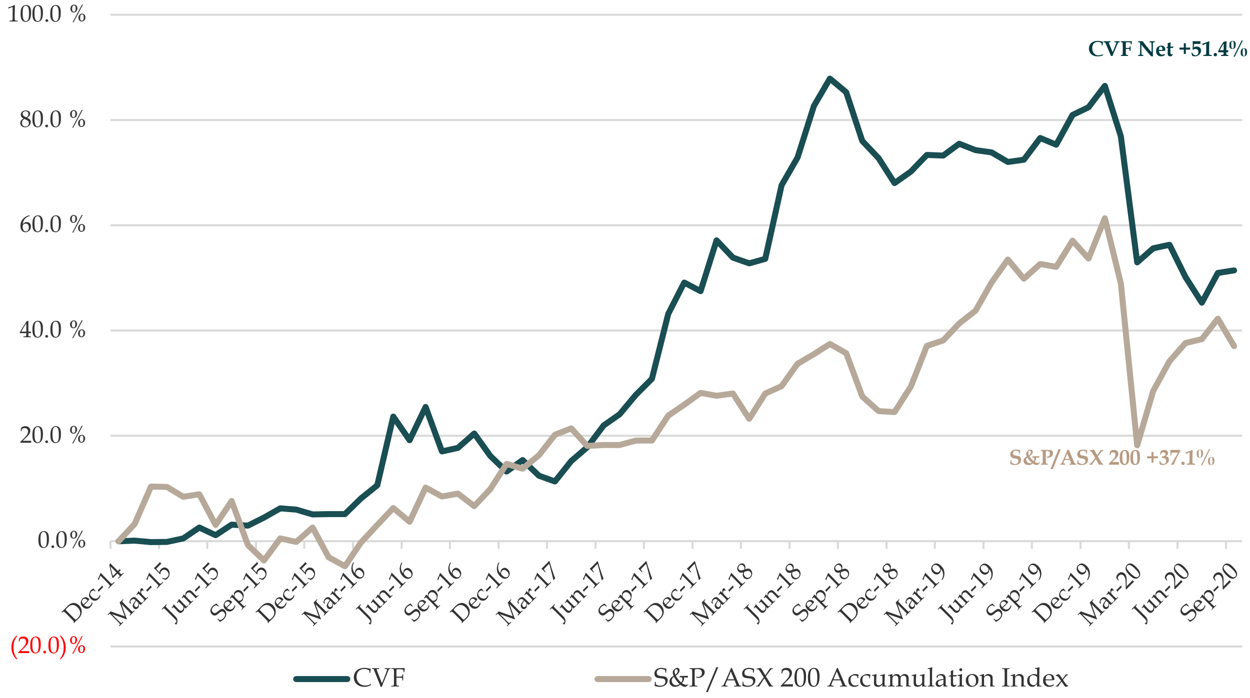
AROWANA
CONTRARIAN VALUE FUND

Monthly Update | September 2020

Fund Performance

CVF Cumulative Net Performance vs Index - Since Inception



At 30 September 2020	1 mth	6 mths	1 yr p.a	2 yr p.a	3 yr p.a	Since IPO (5 Jan 2015) Annualised	Since IPO (5 Jan 2015) Cumulative
Arowana CVF Gross performance	0.5 %	0.4 %	(11.8)%	(7.6)%	9.0 %	10.8 %	80.3 %
S&P/ASX200 Accumulation Index	(3.7)%	16.0 %	(10.2)%	0.5 %	4.8 %	5.6 %	37.1 %
Gross outperformance	4.2 %	(15.6)%	(1.6)%	(8.1)%	4.2 %	5.2 %	43.2 %
Arowana CVF Net performance*	0.3 %	(1.0)%	(14.3)%	(9.6)%	5.0 %	7.5 %	51.4 %
S&P/ASX200 Accumulation Index	(3.7)%	16.0 %	(10.2)%	0.5 %	4.8 %	5.6 %	37.1 %
Net outperformance	4.0 %	(17.0)%	(4.1)%	(10.1)%	0.2 %	1.9 %	14.3 %

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

Net Tangible Assets (NTA) per Share

At 30 September 2020	$
NTA pre-tax on unrealised gains	**0.96**
NTA after tax on unrealised gains[1]	**0.98**

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: 13th October 2020

Newsletter

During the month of September CVF posted a return of 0.31% net of all costs and fees while the S&P/ASX200 Accumulation Index declined by (3.7)%. Pre-tax NTA per share stood at $0.96 as of 30 September 2020. In addition, the current franked dividend yield stands at 9.4%.

Developed equity markets suffered a pullback in their ascent from Covid-19 lows during the month as the Fab 5 stumbled in the US amidst uncertainty over a stimulus package while Europe faced fresh signs of a resurgent virus along with fears of impending lockdowns, not to mention further angst over Brexit. In the US, growth stocks that have benefitted from the shift to online due to Covid-19 came under significant pressure, leading to a 3.6% decline in the S&P500. The Fab 5 were key contributors to this decline with Apple and Facebook each falling over 10%, Google declining by 9.8%, Amazon down by 8.7% and Microsoft slipping by 6.7% for the month. We fully expected the Fab 5 to have a correction at some point given their lofty valuations but we suspect September will be merely a prelude of things to come. UK equity markets declined by 1.6% as investors were buffeted by Boris Johnson's threat to over-ride portions of the Brexit deal. Our UK holdings were unfortunately not immune from the general market malaise. European markets have lagged in this global equity rally year to date and further Brexit rumblings likely did not help as the Eurozone saw a decline of just under 1%.

Amidst a generally declining market we are quite pleased that CVF produced positive results for the month. The largest contributor to returns was our US dollar position which added a full 1% to portfolio returns. As we have stated prior, we view our USD holdings as an anchor to windward in a turbulent market as it has proven to be in times past. We witnessed this play out in September as developed equity markets declined whilst the USD retained its safe haven status.

The next largest contributor was Janus Henderson Group (JHG) which rose by over 8% in the month and contributed .29% to overall returns. Whilst there was no significant news during the month, it was revealed on 1 Oct that, an activist investor, Trian Fund Management, had accumulated a 9.9% stake in the firm beginning in late September. Trian has been active in the asset management industry in the past with its stake in Legg Mason, who was acquired earlier this year by Franklin Templeton. Trian has apparently created a long-term investment vehicle to acquire stakes in asset managers with an eye towards industry consolidation. Simultaneous with their JHG stake, Trian disclosed a similar sized stake in Invesco and is urging each to consider a merger or strategic combination. We believe JHG remains substantially below fair value but are encouraged that others shared our view. JHG proceeded to run up on the news and has risen nearly 16% since the filing. Stay tuned.

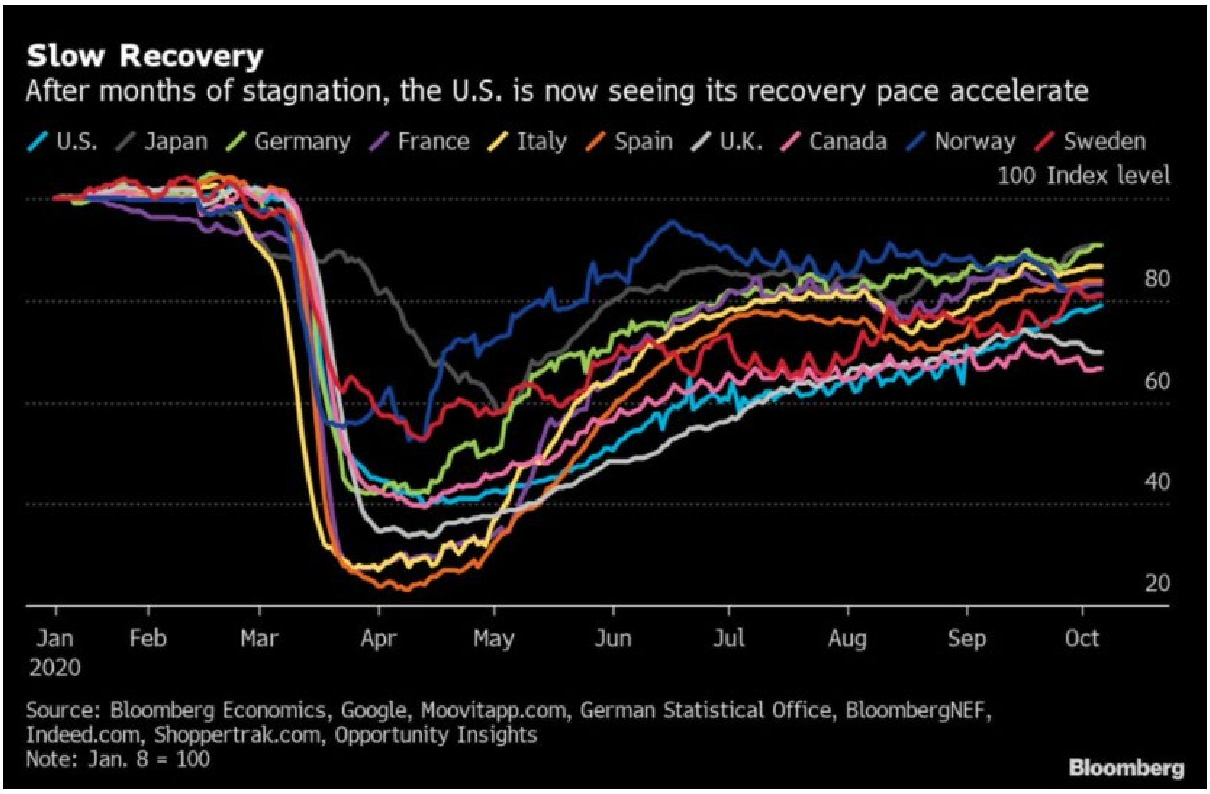
The largest negative impact on returns was our basket of UK homebuilders led by Taylor Wimpey's (TW) 11.8% decline during the month. This group produced a (.52)% drag on CVF's return for the month. The UK markets were buffeted by renewed Brexit uncertainty created by PM Boris Johnson's call to over-ride portions of the agreement. UK homebuilders faced additional negative press with the UK Competition and Markets Authority (CMA) investigation into leasehold property sales tactics. As you may recall, our original thesis regarding UK homebuilders was predicated on a structural deficit in UK housing providing an extended runway for growth that would likely last at least several more years. Further, in an effort to address this housing shortfall, the UK government had been providing substantial incentives, most prominently with its Help to Buy scheme, to encourage homeownership. Currently, the housing shortfall has been exacerbated by the Covid-19 induced pause with the number of homes available in the UK market recently at a 10-year low. [1] This has resulted in a substantial rise in property prices with price increases in September driving the annual growth rate to 7.3%, its highest since 2016. [2] In response, the UK government has extended the Help to Buy scheme for another 2 years in part to alleviate further pressure on the housing shortage. With regards to the CMA investigation, both TW and Persimmon (PSN) stopped selling leasehold homes in 2017. TW established reserves in 2017 to compensate buyers who were unfairly impacted and PSN offered homeowners the option of buying out their leases at below market prices and many have since chosen to do so. By the end of FY17, TW had made substantial progress on securing new agreements with over 90% of affected leaseholders. Since 2017, PSN has given leaseholders the opportunity to buy their lease at below market rates and many have done so.

The second largest detractor from returns was Navigator Global Investments (NGI) which saw a 10.8% decline in September, for a (.37)% impact on returns. There was no news to report on NGI and this pullback was likely a retracement from a 30%+ rally in August on the announcement that it was acquiring minority stakes in alternative managers from Dyal Capital Partners, one of the leading investors in the alternative asset management sector, in exchange for a substantial stake in NGI.

The Road to Recovery

As the world continues on a path to recovery there are encouraging signs that economic activity is strengthening. China, the most successful at containing the virus, has seen activity approach pre-Covid levels. Early reports indicate that Golden Week, a week-long national holiday in China which just recently ended, saw 425 million people embark on holiday travel. While this is down from the 542 million recorded last year, it is a significant sign that, even without a vaccine, life is beginning to return to some sense of normalcy in China. [3]

Based on various measures of high-frequency data such as credit-card use, travel and location information, Bloomberg recently reported that, after a period of economic weakness in August and September, the pace of recovery appears to have gained momentum in many advanced economies. Germany and Japan are at the vanguard of the recovery while activity has accelerated in the US after several months of stagnation. Meanwhile, France, Italy, and Spain have also registered a noticeable uptick while the UK has thus far lagged. As seen in the chart below, economic and mobility data in some of the world's largest economies now ranges from 80-90%+ of pre-pandemic levels. [4]



Based on our internal data science findings, further buttressed by positive early indicators of economic activity, we believe equity market weakness in the Eurozone may provide us with an attractive entry point. Thus, we are actively engaged in identifying resilient, cashflow generative businesses in the Eurozone trading at deep discounts to conservatively assessed fair value.

On a final note, whilst we do not expect the path to be smooth nor short, our holdings stand to benefit greatly as life returns to some semblance of normalcy and the global economy recovers from this deadly contagion.

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Notes:

1) https://www.mirror.co.uk/money/new-help-buy-equity-rules-13506608
2) https://www.theguardian.com/business/2020/oct/07/uk-mortgage-approvals-at-12-year-high-as-house-prices-keep-rising
3) https://www.scmp.com/economy/china-economy/article/3104191/china-holiday-spending-improves-may-still-third-below-last
4) https://www.bloomberg.com/news/articles/2020-10-07/alternative-data-show-stronger-economic-activity-in-u-s-chart?sref=i9AaqAZq

Fund Information

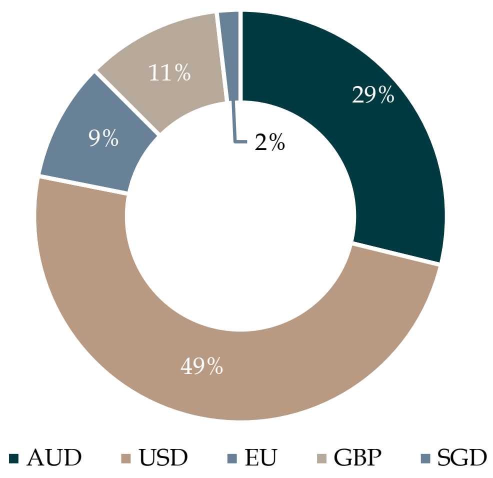
ASX ticker	CVF
Month's net performance	0.3%
Last price (at 30 September 2020)	$0.80
Pre-tax NTA	$0.96
Premium/(Discount) to pre-tax NTA	(16.7)%
Fund AUM	A$65.9m
Market capitalisation	A$55.3m
Shares on issue	69,470,935
Current franked dividend yield	9.4%
Franking account balance	$3.6m
Gross/Net equities exposure	53.6% / 53.6%
Cash weighting	46.4%
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%	0.3%
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%**	**(17.0)%**

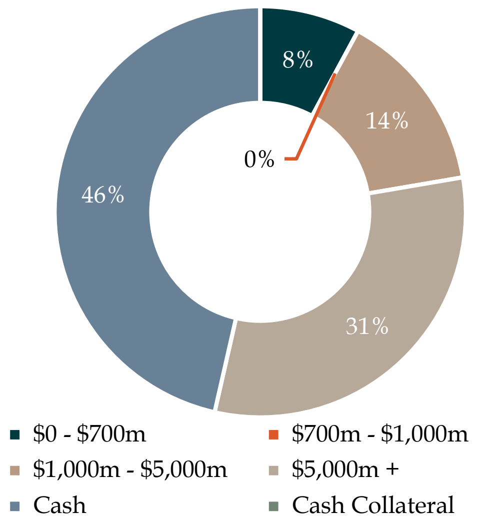
Portfolio Information

Currency Mix*

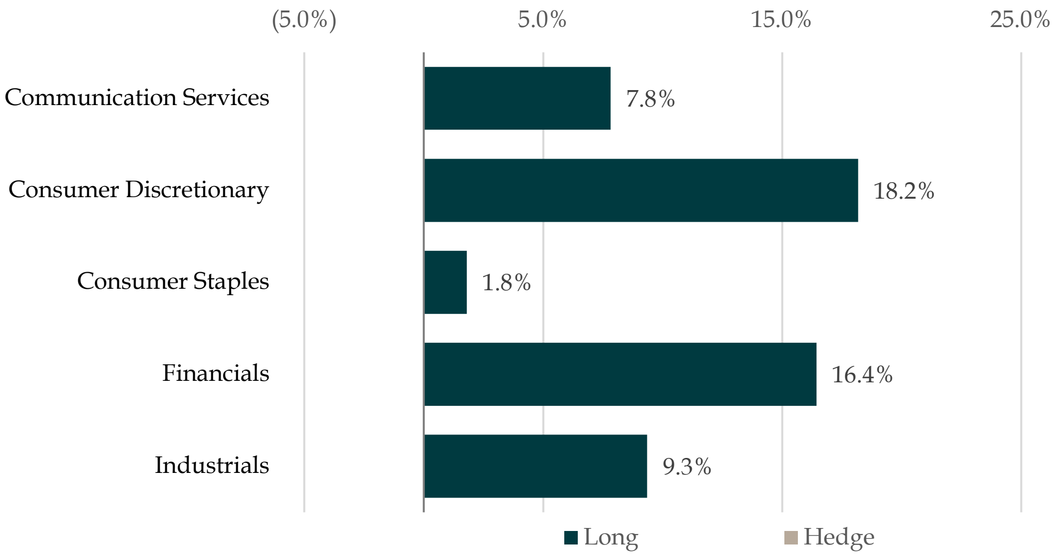


*Currency mix includes cash and equities

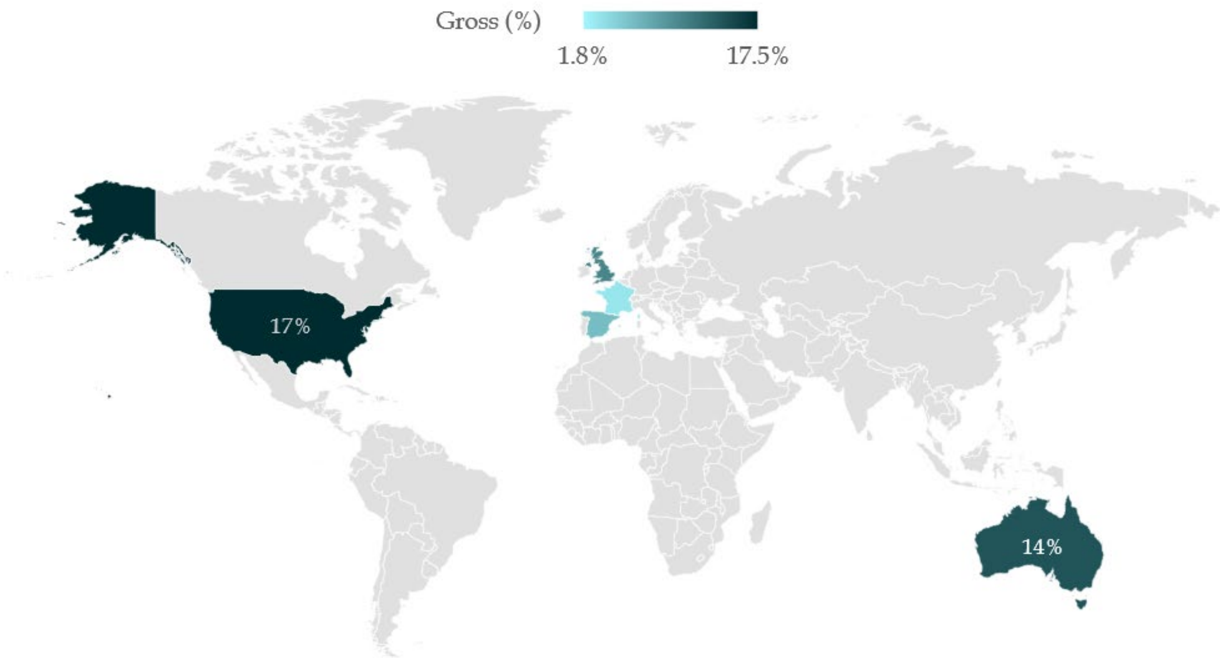
Market Cap Mix



Exposure by Sector

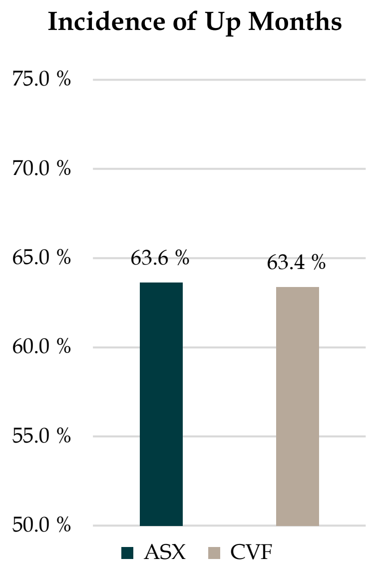


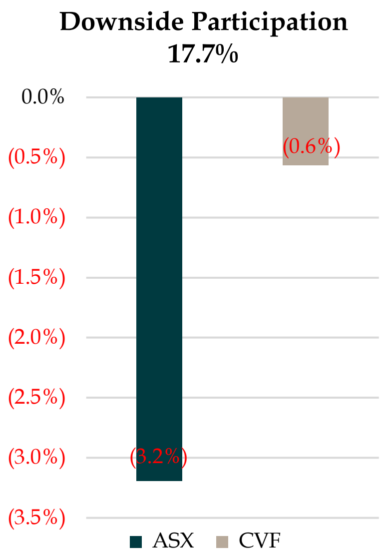
Equities Exposure by Country

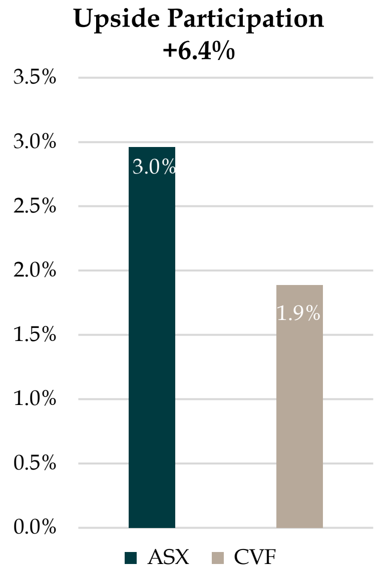


Country	Long	Hedge	Gross	Net
Australia	14.4%	-	14.4%	14.4%
United States of America	17.5%	-	17.5%	17.5%
Singapore	1.8%	-	1.8%	1.8%
United Kingdom	10.6%	-	10.6%	10.6%
France	3.1%	-	3.1%	3.1%
Spain	6.2%	-	6.2%	6.2%
Total	**53.6%**	**-**	**53.6%**	**53.6%**

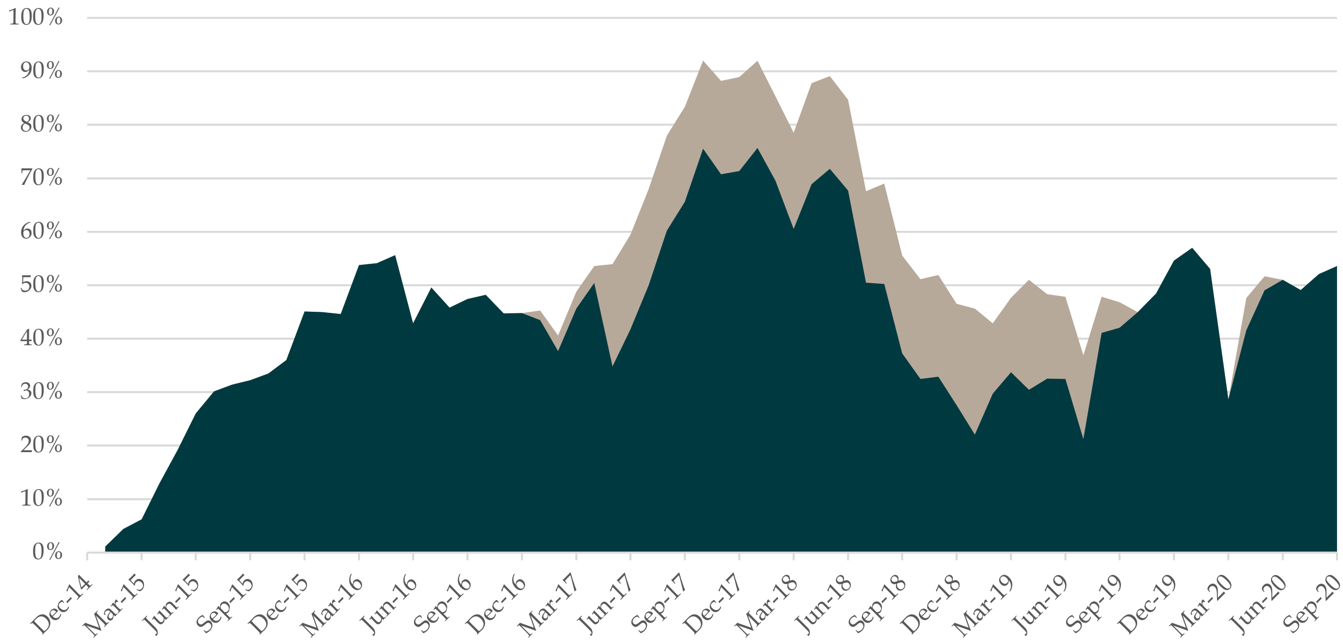
Uncorrelated Returns: More positive months and negative correlation in months when market is down



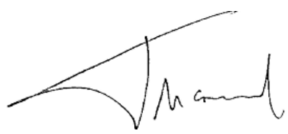




Gross & Net Portfolio Exposures – Outperformance achieved with no portfolio leverage



On behalf of the Board of Contrarian Value Fund Limited,



Tom McDonald

Company Secretary

Important Information and Disclaimer

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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.