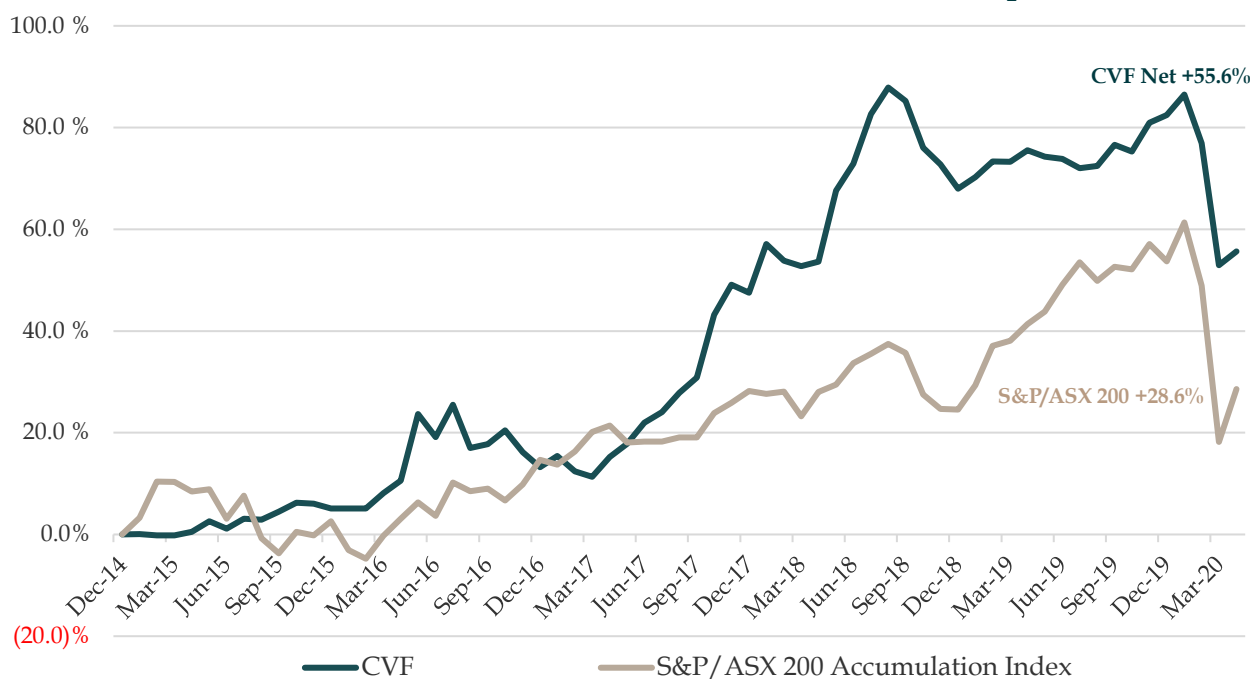


Fund Performance

CVF Cumulative Net Performance vs Index - Since Inception



Since IPO (5 Jan 2015)

At 30 April 2020	1 mth	6 mths	1 yr p.a	2 yr p.a	3 yr p.a	Annualised	Cumulative
Arowana CVF Gross performance	2.0 %	(9.8) %	(9.2) %	3.9 %	14.6 %	12.0 %	83.3 %
S&P/ ASX200 Accumulation Index	8.8 %	(15.5) %	(9.1) %	0.2 %	1.9 %	4.8 %	28.6 %
Gross outperformance	(6.8) %	5.7 %	(0.1) %	3.7 %	12.7 %	7.2 %	54.7 %
Arowana CVF Net performance*	1.8 %	(11.2) %	(11.3) %	0.6 %	10.5 %	8.6 %	55.6 %
S&P/ ASX200 Accumulation Index	8.8 %	(15.5) %	(9.1) %	0.2 %	1.9 %	4.8 %	28.6 %
Net outperformance	(7.0) %	4.3 %	(2.2) %	0.4 %	8.6 %	3.8 %	27.0 %

* Net of all fees and expenses, pre-tax

Net Tangible Assets (NTA) per Share

At 30 April 2020	\$
NTA pre-tax on unrealised gains	1.02
NTA after tax on unrealised gains¹	1.04

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	8 %
CCL.LN	CARNIVAL PLC	5 %
VRL	VILLAGE ROADSHOW LIMITED	5 %
AENA.SA	AENA SME SA	5 %
DSCK.US	DISCOVERY COMMUNICATIONS	4 %
Top 5 as % of Gross Portfolio		27 %



Newsletter

In April, CVF posted a return of 1.8% net of all costs and fees while the S&P/ASX200 Accumulation Index recorded an increase of 8.8%. Pre-tax NTA per share stood at \$1.02 as of 30 April 2020. During the month of April, CVF also increased its dividend by 9% and committed to continue paying a monthly dividend until at least 30 June 2020.

Firstly, we hope that you and your families are safe and healthy amidst the pandemic lockdowns.

As our shareholders will well know, equity indices pulled off one of the most dramatic reversals in history during the month of April despite some of the worst unemployment numbers in history being released by key economies. In the US, the unemployment numbers are staggering with over 30 million citizens filing in the first 6 weeks of the pandemic. This is very likely under-reported as the sheer volume of filers has overwhelmed many state unemployment offices; anecdotally a US based employee of the manager has heard numerous accounts of people being unable to get through to their unemployment office for weeks. Getting the unemployed and furloughed back to work and re-opening economies will not be a quick process, as anyone who has run a business will attest to. Unemployment tends to rise quickly (and profoundly more so in this downturn) but fall back slowly because employers tend to be cautious about rehiring (which we think will be compounded post this pandemic by business model changes e.g. we are hearing numerous accounts of restaurants that will only serve takeaway in future, encouraged by improved profit margins from being forced to do so during COVID19 lockdowns). Furthermore, based on our research of past pandemics including the 1918 Spanish flu, the 1957 Asian flu and the 2009 Swine flu, it is highly probable that there will be at least a second peak that manifest as economies re-emerge from lockdowns. What is unknown is how various governments of today react to such second peaks – will they impose further lockdowns (as Singapore has done) or will they follow Sweden's model (and trust in their citizens), will they expand or retract stimulus measures and consequently how will businesses and consumers respond. The upshot is there is still much uncertainty for the next 6 to 12 months but as we articulated in our February newsletter, all we know is that this too shall pass.

Against this backdrop, we continue to judiciously look for opportunities to invest capital in a manner that enhances the overall quality, underlying dividend yield and margin of safety in the portfolio. During the month of April, we invested circa 20% of the portfolio's balance sheet, reducing cash holdings from 71% to 52%.

One such opportunity we have invested in, Janus Henderson Group (JHG), resides in an industry we know quite well: the asset management business. JHG was formed out of the May 2017 merger of Henderson Group and Janus Capital. JHG has \$294bn in assets under management as of 31 March 2020 with about 63% of their assets in Equities, 22% in Fixed Income and the remainder in Multi-Asset and Alternatives strategies. It is a global firm with operations in the US, UK, Europe, Latin America, Asia and Australia. They have a globally diverse client base with 55% in North America, 31% in EMEA and Latin America and 14% from Asia. Importantly, JHG has generated strong performance across its various strategies with 66% and 65% of total assets exceeding their respective benchmarks over the last 3 and 5-year periods. Their Equity and Multi-Asset Strategies which combined represent 63% of firm AUM have done particularly well with 93% of Multi-Asset and 70% of Equity assets outperforming their benchmarks over the last 5 years. Outflows have been concentrated in two areas being Quantitative Equities and Emerging Markets equities, which represent less than 20% of their total asset base.

We were able to purchase JHG at a compelling 6.7x P/E and circa 3x EBITDA multiple on a trailing basis. This valuation compares to historical M&A transactions in the asset management sector of 9-11x EBITDA multiple. We additionally benefit from a 9.0% annual dividend yield which management confirmed they will maintain on a recent call. Further bolstering our margin of safety is their fortress balance sheet. JHG has a net



cash position, with cash and investments on the balance sheet equivalent to over 1/3 of the value of its entire market capitalization of circa US\$2.8bn which should enable it to weather a severe economic storm. Even if earnings were to take a 35% hit in FY20, JHG would still be trading at circa 10x P/E. This is a firm that should conservatively be trading at a 10.5x P/E, based on its median multiple over the past 10 years.

Another opportunity in the asset management industry that caught our attention was AllianceBernstein Holding LP (AB). AB has been in the investment research and management business for more than 50 years. Two decades ago, AB's two legacy firms, Alliance Capital and Bernstein, combined, bringing together Alliance Capital's expertise in growth equity and corporate fixed income investing and its family of retail mutual funds, with Bernstein's expertise in value equity investing, tax-exempt fixed income management and its Private Wealth Management and Bernstein Research Services businesses. As at 31 March 20, AB managed \$542bn in client assets across equities, fixed income and alternatives with fixed income (52% of AUM) and equities (26% of AUM) comprising almost 80% of the asset base. They also have a Private Wealth business that is their highest margin channel and which generated a quarter of firm revenues. While AB has a global presence, their client base is still largely US centric with 35% of their client base domiciled outside the US. However, in FY19 Asia ex-Japan comprised almost 60% of net inflows in their Retail segment. AB has built a strong track record of out-performance across most of its investment offerings. As of year-end FY19, 92% and 81% of their Fixed Income assets produced benchmark beating returns over the last 5 and 3 years respectively. Similarly, across their Equity strategies 84% and 62% of their offerings exceeded their benchmarks on a 5- and 3-year basis respectively.

Over the last 3 to 5 years in particular, active managers as a group have suffered from sizable fund outflows brought on in part by under-performance and the extraordinary growth of passive management. So, it is not often that one comes across an active traditional asset manager that has generated positive fund flows over the last several years while also staving off fee compression. AB has generated positive flows in both their active equity and fixed income strategies with inflows each of the last 3 years in Active Equity as well as positive flows in 3 of the last 4 years and 4 of the last 6 years in their Taxable Fixed Income segment. During one of the most trying periods for active managers, AB, across two asset classes that combined, represent nearly 70% of their asset base has reversed the tide and demonstrated organic growth in AUM over the last 3-6 years. In FY19 the breadth of inflows across products was also impressive as they registered \$100mm or more in inflows across 33 funds.

AB has also done an enviable job of maintaining fee margins in a period of growing fee compression. Overall, AB's average fee margins stand at 43 bps today compared to 42 bps in 2014. In their Retail channel where they derive about 44% of revenues, margins stand at 52 bps compared to 54 bps in 2014. In the Institutional channel margins have hovered largely between 18 and 19 bps over the last 6 years. In their highest margin business, Private Wealth, average margins have actually grown from 89 bps in 2014 to 93 bps today.

We were able to acquire AB, an asset manager that has been largely successful in bucking the dual trends of asset outflows and fee compression, for 8.3x P/E or 5.4x EV/EBITDA on a trailing basis. AB also carried a current annual dividend yield in excess of 12% which even if cut in half would remain attractive. The dividend is structurally high due to a stipulation in the AB Partnership Agreement that states that AB must distribute to unitholders all of its available cashflow which is defined as diluted net income. In addition, less than 10% of firm AUM is currently performance fee eligible and AB is actively looking to grow their alternatives business. As these offerings grow to be a more substantial portion of AUM this will positively impact margins. Finally, management appears keenly focused on expense reduction and maximizing existing resources, which we find to be prudent but sadly often lacking in this industry. AB is trading at a deep discount to where asset managers have historically transacted. We believe there is substantial upside from here if AB rerates to its 10 year historical median P/E of 14x.



Over the last two months there has been a common theme amongst the companies we have invested in: a commitment to return capital to shareholders. In the case of AENA, the Spanish airport operator, they have paid a dividend consistently since their IPO in 2015 and have publicly targeted an 80% payout rate. Of course, it is impossible to predict the length and impact of the lockdown, however barring a severe outcome we anticipate that management will likely continue the dividend in some form. Post the merger in FY17, Janus Henderson Group (JHG), has consistently demonstrated its commitment to returning excess capital to shareholders. In FY18, the first full year following the merger, JHG announced and completed a US \$100mm stock buyback and in FY19, they returned US \$472mm to shareholders representing more than 100% of cashflow generated during the year. Bolstered by their fortress balance sheet, they have just recently re-affirmed their dividend and their continued commitment to returning excess capital. Finally, AB has a long and largely unbroken history of returning capital. Over the last 15+ years AB has consistently paid out a minimum of nearly 80% of net income (and at times far more!). They too have recently re-affirmed their dividend. With substantial cash and investments on their balance sheet and the bulk of their debt due back to their parent company, AB has substantial liquidity to weather even the roughest storms.

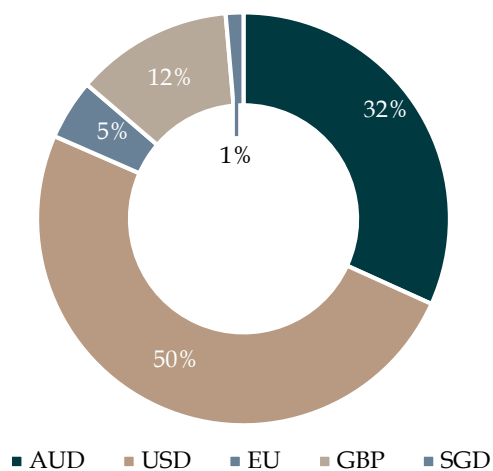


Fund Information

ASX ticker	CVF	INVESTMENT PERFORMANCE (Pre-tax, net of all costs)						
Month's net performance	1.7%		2015	2016	2017	2018	2019	2020
Last price (at 30 April 2020)	\$0.75	Jan	0.1%	0.0%	1.9%	6.5%	1.3%	2.2%
Pre-tax NTA	\$1.02	Feb	(0.3)%	0.0%	(2.6)%	(2.1)%	1.8%	(5.2)%
Premium/(Discount) to pre-tax NTA	(26.5)%	Mar	0.0%	2.9%	(1.0)%	(0.7)%	(0.1)%	(13.5)%
Fund AUM	A\$69.6m	Apr	0.7%	2.3%	3.5%	0.6%	1.3%	1.8%
Market capitalisation	A\$51.6m	May	2.1%	11.8%	2.2%	9.1%	(0.7)%	
Shares on issue	68,774,616	Jun	(1.4)%	(3.6)%	3.5%	3.2%	(0.2)%	
Current franked dividend yield	13.9%	Jul	2.0%	5.3%	1.7%	5.6%	(1.1)%	
Franking account balance	\$5.4m	Aug	(0.2)%	(6.8)%	3.0%	2.9%	0.3%	
Gross/Net equities exposure	47.6% / 41.6%	Sep	1.5%	0.6%	2.4%	(1.4)%	2.4%	
Cash weighting	52.4%	Oct	1.7%	2.3%	9.5%	(5.0)%	(0.7)%	
Geographic mandate (Equities)	Global (45% ex Aust.)	Nov	(0.2)%	(3.5)%	4.1%	(2.0)%	3.2%	
Fund Inception	5-Jan-15	Dec	(0.9)%	(2.5)%	(1.1)%	(2.8)%	0.8%	
		Total	5.1%	7.7%	30.3%	13.9%	8.6%	(14.6)%

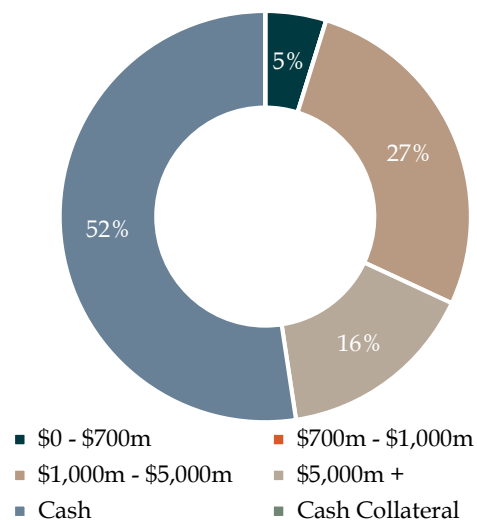
Portfolio Information

Currency Mix*

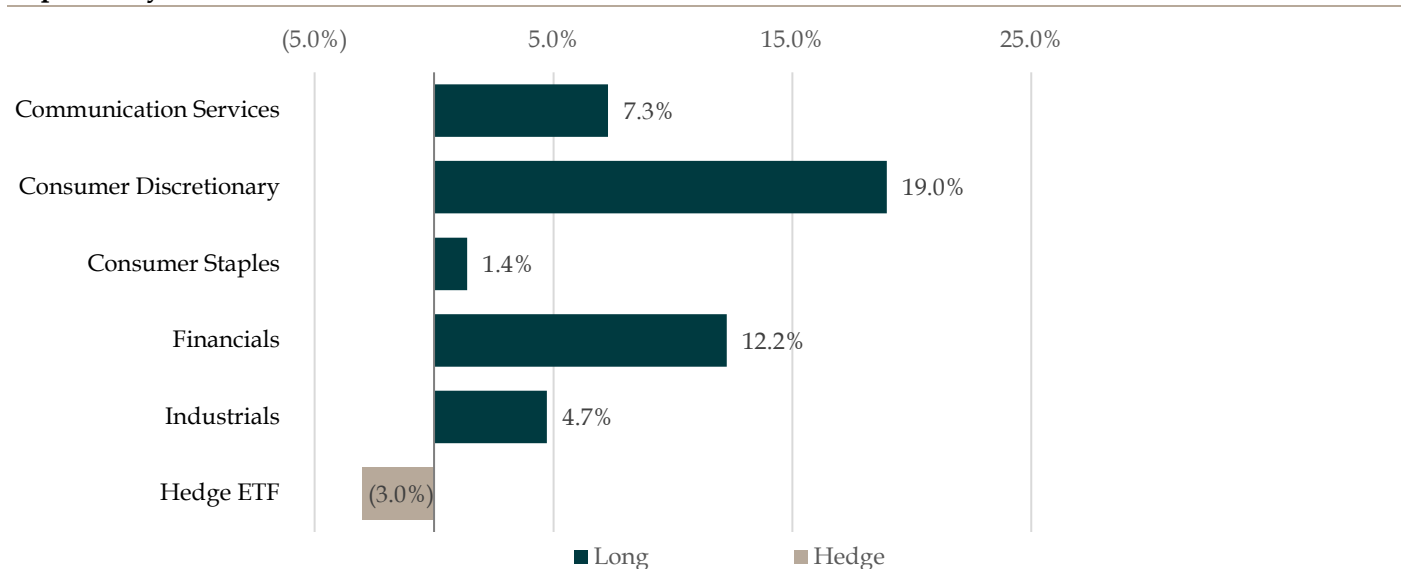


*Currency mix includes cash and equities

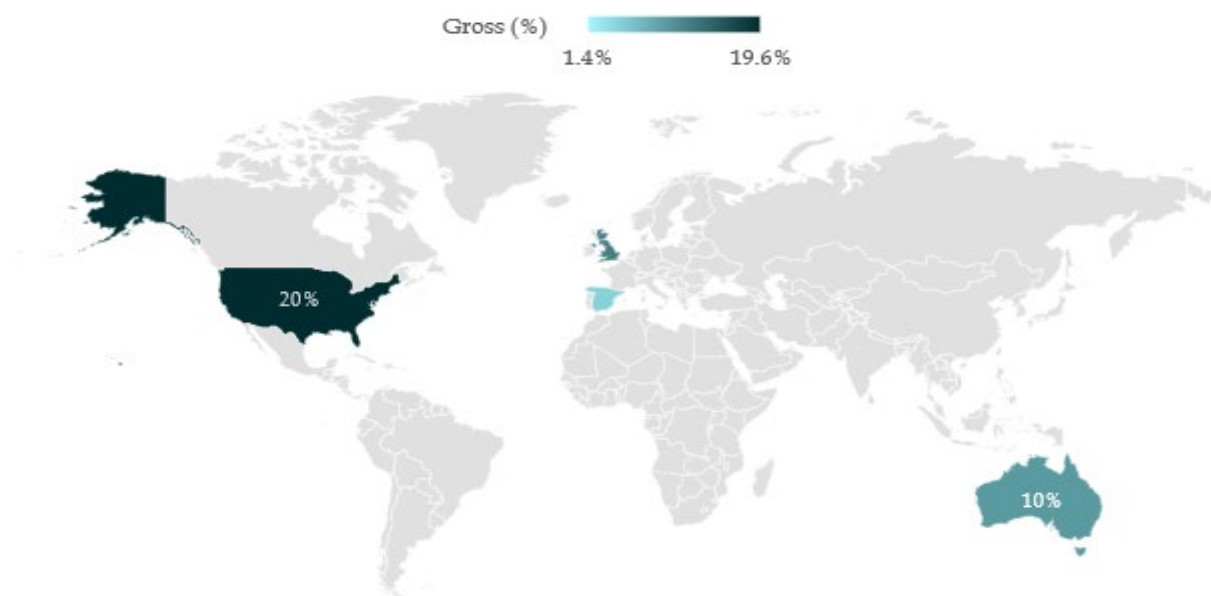
Market Cap Mix



Exposure by Sector



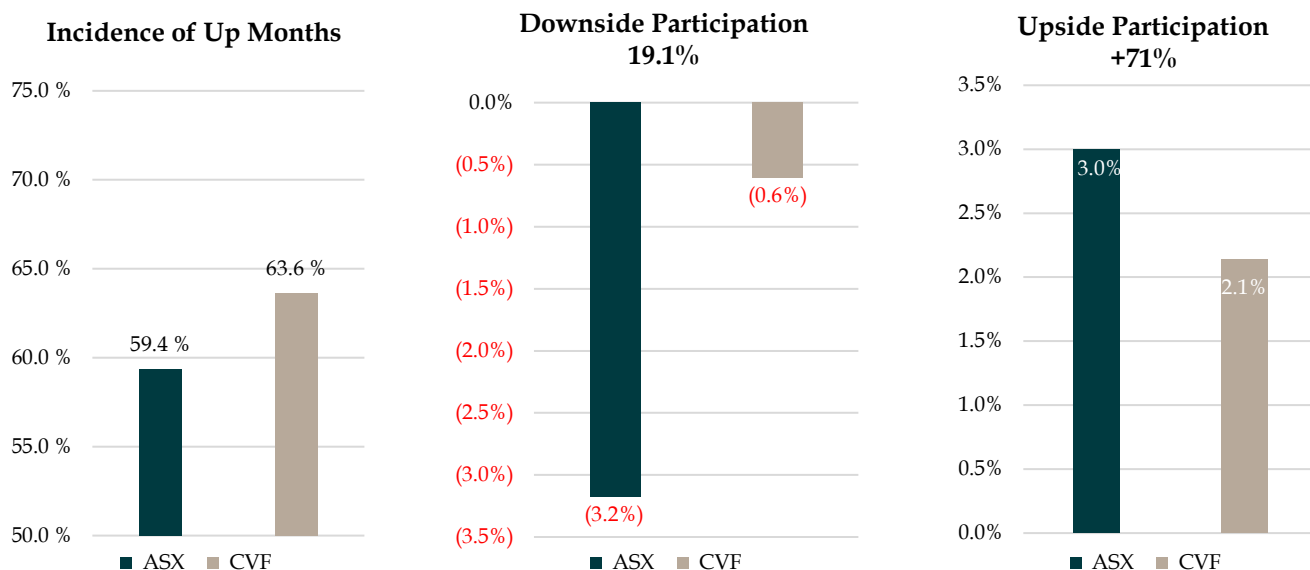
Equities Exposure by Country



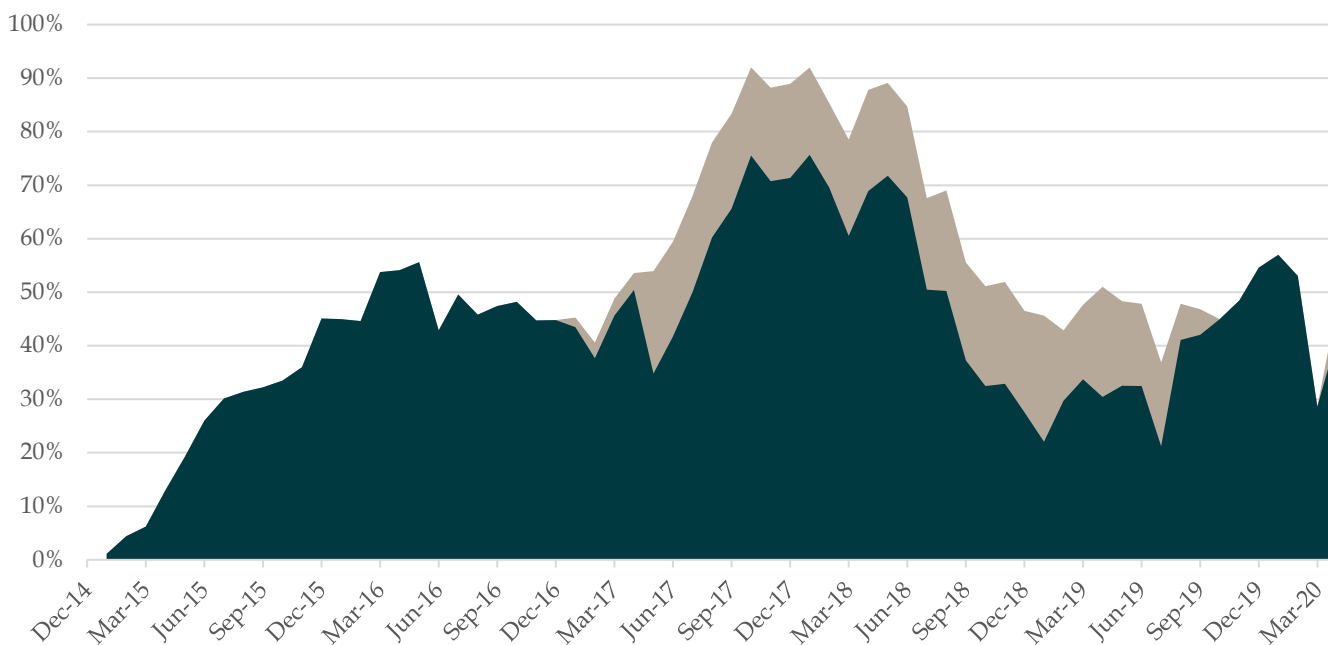
Country	Long	Hedge	Gross	Net
Australia	9.7%	-	9.7%	9.7%
United States of America	16.6%	(3.0%)	19.6%	13.6%
Singapore	1.4%	-	1.4%	1.4%
United Kingdom	12.2%	-	12.2%	12.2%
Spain	4.7%	-	4.7%	4.7%
Total	44.6%	(3.0)%	47.6%	41.6%



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,


Laura Newell

Company Secretary

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