

13 December 2016

The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

30 November NTA

The Directors of Arowana Australasian Value Opportunities Fund Limited (ASX: AWQ) are pleased to announce the 30 November 2016 Net Tangible Asset backing per share in the attached monthly update and NTA report.

The attached 30 November 2016 monthly update and NTA report incorporates the NTA per share information required under Listing Rule 4.12. This calculation has been made in accordance with the definition of net tangible asset backing in Chapter 19 of the Listing Rules and is subject to review by the Company's external auditor.

On behalf of the Board of AWQ,



Tom Bloomfield
Company Secretary

AROWANA AUSTRALASIAN VALUE OPPORTUNITIES FUND LIMITED

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Net performance

At 30 November 2016	1 Mth	3 Mths	6 Mths	1 year	Since Inception (5-Jan-15)
AAVOF (AWQ) Investment Portfolio*	(3.6)%	(0.9)%	(6.3)%	9.3%	15.6%
S&P/ASX 200 Accumulation Index	3.0%	1.3%	3.4%	10.0%	9.9%
Outperformance	(6.6)%	(2.2)%	(9.7)%	(0.7)%	5.7%

* Net return after all fees, costs and company tax and before providing for estimated tax on unrealised gains.

Net Tangible Assets (NTA) per Share

At 30 November 2016	Basic NTA per share (\$)
NTA after tax and before estimated tax on unrealised gains	1.03
NTA after tax and after estimated tax on unrealised gains*	1.00

* 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

About Arowana Australasian Value Opportunities Fund Limited (AAVOF)

AAVOF (ASX ticker: AWQ) offers investors an opportunity to gain exposure to a concentrated portfolio of securities built from a bottom up research process. Whilst the majority of the portfolio is built around Australian listed securities, AAVOF is able to invest in overseas listed securities and to hedge its portfolio.

The core objectives of the fund are to:

1. Generate superior returns over the medium to long term,
2. Provide shareholders a rising stream of dividends, and
3. Grow Net Tangible Assets per share

Ordinary Shares	
ASX ticker	AWQ
Last price	\$0.970
Number on issue	69,002,079
Pre-tax NTA per share	\$1.03
Market capitalisation	A\$66.9m
Gross portfolio value	A\$71.3m
Year-end dividend*	\$0.04/share

* Paid 29 September 2016 for the period ended 30 June 2016.

Market Commentary

November was Mr. Trump's month. The United States President-elect surprised the consensus.

Because no one thought he could win, markets have been in catch up with what it all may actually mean. Risk assets, such as equities, have rallied hard and safe havens like bonds and gold have been cast aside.

Where to from here? Should we focus on the base rhetoric of the man or take the broader perspective? There are a few key positives in the situation:

- ◆ The United States is imbued with a bicameral parliamentary system. There are checks and balances. The President is not a king, does not have unfettered powers and is subject to the threat of impeachment if those powers are overstepped. The President-elect is a member of a political party that is furthermore avowedly pro-trade and pro-economy; and with both Houses now aligned, there is great positive potential. In our narrow remit as investors, this is a clear positive.
- ◆ The US economy has the dual distinction of being the world's largest economy and also probably its most dynamic. Unlike Australia, US household debt to disposable income has fallen greatly since the Great Recession; labour force participation rates are rising, not falling. New industries are spawned here; many of the largest US companies weren't in existence 30 or even 20 years ago. The mental picture we have of the US economy is that of a "coiled spring."

Portfolio Notes

The portfolio had a disappointing month in November, falling 3.6% net of all costs. The bulk of this negative performance was attributable to our holdings in Infigen and Herbalife. In the case of Infigen we believe company earnings guidance to be excessively conservative and are of the view this low benchmark will be easily surpassed. Our position in Herbalife at the time of writing has been reduced in size as the recovery we were expecting in the US has been delayed as the Company changes its business invoicing and documentation practices to comply with regulatory requirements.

From a research perspective, November was a fruitful month. We have built a position in **Afterpay** (ticker AFY.AU, market capitalisation ~A\$500m). The value proposition here is somewhat unusual, in that Afterpay charges its consumers no interest. For the merchants it serves, there are no charge backs (for many merchants, the cost of credit card chargebacks resulting from shopper malfeasance far exceeds the level of merchant fees). The unusual result is that merchants sell more with Afterpay...consistently...and pay less than they would by accepting a credit card, despite this. The ramification is that it is a must have product in the on-line retail verticals it penetrates; adoption is extremely rapid. The credit loss rate Afterpay demonstrates is structurally low because unlike a typical credit card underwriting decision where it's a one time and up front decision, Afterpay assess credit on every transaction seamlessly through novel and creative data analytics. Despite saving consumers and merchants money and increasing merchants sales levels, Afterpay's return on invested capital is quite astounding. This is really the proof positive of a great business model.

We initiated a small position in **Myer** (ticker MYR.AU, market capitalisation ~\$1,060m) during the month. Myer returned to public markets in 2009, stripped of its property assets and dressed in

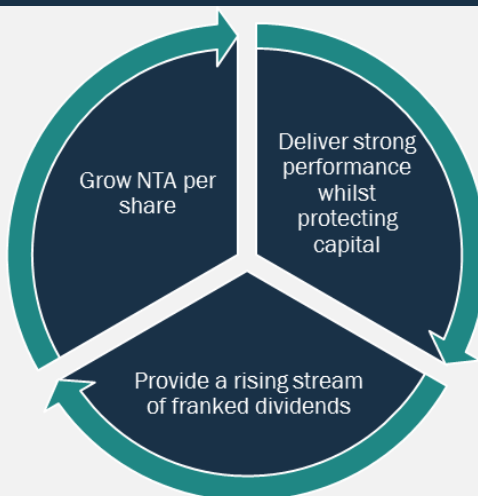
the typical guise of a private equity backed IPO story that boasted growth and yield. The catch was that the growth strategy was hopelessly flawed and probably skewed more to what its architects believed market participants might buy than what was actually executable. Myer wanted to grow by increasing its mix of private label product, because these products had a much higher gross margin. Myer also started to roll out new stores into dubious locales. This, all with a balance sheet laden full of debt. However as known brands were replaced with home brands, store foot traffic fell. The unsustainable of having to increase margins to offset falling traffic finally came to a head.

Fast forward to 2016 and the cathartic management and strategy change has occurred. A large equity raising in 2015 repaired the balance sheet. The strategy is now about known brands and driving foot traffic and operating leverage.

Myer is closing some stores and expanding some others. You don't close stores unless the avoided losses from the stores in question are greater than the head office cost allocation absorbed. The dynamic is similar with like for like sales because these tend to be weakest in loss making stores. Given this dynamic, we expect to see a recovery in earnings and like for like sales.

The one thing that hasn't changed in the case of Myer is there remains a large short interest. Our experience on the short side in retail is you don't want to overstay your welcome, and the risk of doing so increases exponentially around the time the company in question starts closing stores.

AAVOF CORE OBJECTIVES



AAVOF Asset Allocation

Asset class	A\$m	%**
Australian Equities	34.1	48%
AUD cash and equivalent	30.6	43%
USD cash and equivalent	4.3	6%
Australian Hybrids & Bonds	-	0%
International Equities	2.4	3%
Hedges	-	0%
Portfolio Value*	71.3	100%

Top 5 Holdings

Ticker		%**
IFN	Infigen Energy	14%
SIV	Silver Chef Limited	9%
AFY	Afterpay Holdings	7%
USD	USD ETF	6%
ELD	Elders Limited	5%
Top 5 as % of Gross Portfolio		41%

* Totals may not sum due to rounding

** Percentage of gross portfolio value