

13 January 2017

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

**31 December NTA**

The Directors of Arowana Australasian Value Opportunities Fund Limited (ASX: AWQ) are pleased to announce the 31 December 2016 Net Tangible Asset backing per share in the attached monthly update and NTA report.

The attached 31 December 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 31 December 2016	1 Mth	3 Mths	6 Mths	1 year	Since Inception (5-Jan-15)
AAVOF (AWQ) Investment Portfolio*	(2.6)%	(4.1)%	(5.2)%	7.3%	12.6%
S&P/ASX 200 Accumulation Index	4.4%	5.2%	10.6%	11.8%	14.7%
Outperformance	(7.0)%	(9.3)%	(15.8)%	(4.5)%	(2.1)%

\* 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 31 December 2016	Basic NTA per share (\$)
NTA after tax and before estimated tax on unrealised gains	1.00
NTA after tax and after estimated tax on unrealised gains*	0.98

\* 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	\$0.935
Number on issue	69,002,079
Pre-tax NTA per share	\$1.00
Market capitalisation	A\$64.5m
Gross portfolio value	A\$69.5m
Year-end dividend*	\$0.04/share

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

## Market Commentary

The S&P/ASX200 Accumulation Index returned 4.4% for the month, with the two largest sectors of the market, Financials and Materials driving most of that performance. Financials in both the US and Australia were the leading sectors during the month, rallying as yield curves in both of these markets continued their bullish steepening.

The 10 year Australian bond yield rose from its low of 1.85% in September to 2.73% as at the time of writing.

It is not often you see long yields run by almost a full percentage point in a quarter; the last time this happened was in the June 2009 quarter when 10 year Australian and US bond yields rose by 1.1% and 0.87% respectively; as both equity and bond markets embraced the notion that the great recession was not going to become a great depression.

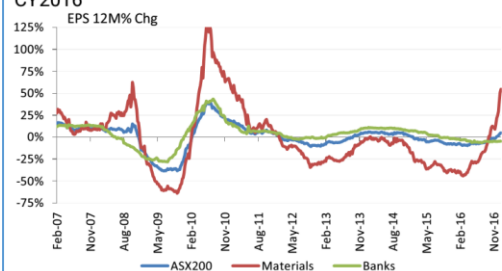
## Portfolio Notes

December saw the fund return -2.6%, with the vast majority of this negative performance being registered by our holding in **Touchcorp** (TCH.AU), which declined by 42% during the month.

Touchcorp's CEO tragically passed away after a short illness quite recently. Following on from this terrible event, the company provided earnings guidance which showed a significant deterioration in revenue performance. Touchcorp is now trading at a discount to its holdings of cash and listed equities. It is as if the market is saying the core business has negative value; an assessment we don't hold with.

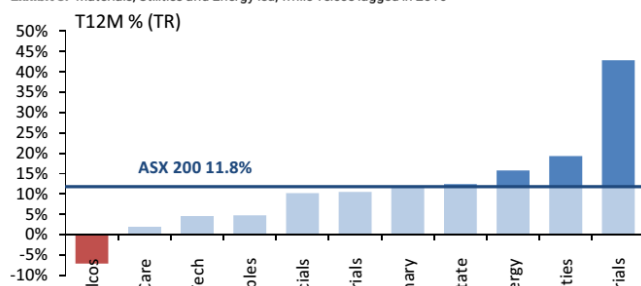
Outside of Touchcorp, movements in the portfolio were benign. Our mandate excludes Metals and Mining and this sector has been the largest contributor to index performance in calendar year 2016 by a large margin.

**Exhibit 2:** Materials' 12MF EPS has been revised up by ~55% in CY2016, while Banks have been revised lower by 5%. Overall the ASX 200 EPS moved higher by 5.0% in CY2016



Source: RIMES, IBES, Morgan Stanley Research

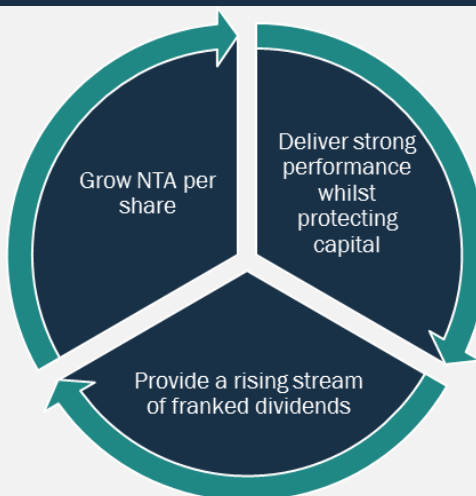
**Exhibit 3:** Materials, Utilities and Energy led, while Telcos lagged in 2016



Source: RIMES, S&P, Morgan Stanley Research

*Courtesy of Morgan Stanley Research*

### AAVOF CORE OBJECTIVES



### AAVOF Asset Allocation

Asset class	A\$m	%**
Australian Equities	33.4	48%
AUD cash and equivalent	29.3	42%
USD cash and equivalent	4.4	7%
Australian Hybrids & Bonds	-	0%
International Equities	2.4	3%
Hedges	-	0%
Portfolio Value*	69.5	100%

### Top 5 Holdings

Ticker		%**
IFN	Infigen Energy	14%
SIV	Silver Chef Limited	8%
USD	USD ETF	7%
AFY	Afterpay Holdings	6%
ELD	Elders Limited	6%
Top 5 as % of Gross Portfolio		41%

\* Totals may not sum due to rounding

\*\* Percentage of gross portfolio value