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

Strategic Review & COVID-19 Update

The Board of Directors of the Contrarian Value Fund (“CVF” or the “Company”) wish to provide shareholders with an update on its previously announced strategic review as well as the impact of COVID-19.

Based on feedback from the shareholder survey conducted in November 2019 and as confirmed in the Half Year Results Presentation released in February 2020, the Board has been evaluating the following strategic options:

- Change of mandate to a secured private credit income strategy, or
- Terminate the Investment Management Agreement (“IMA”) and wind-up the Company.

This review concluded last week in accordance with the Board’s stated timetable. During the period, there was extensive engagement with independent legal, tax and accounting advisers, as well as consultation with the Australian Stock Exchange (ASX) and the Manager (ACVF Management Pty Ltd). This evaluation was complicated because, amongst other things, it involved legal considerations as to termination of a Manager that has delivered outperformance since inception (given that termination only typically arises due to underperformance) as well as tax constraints in relation to paying out a special fully franked dividend upon a potential wind up of the Company.

At the same time, the impact of COVID-19 has intensified with an unprecedented impact on economies and markets globally. Following a detailed assessment of COVID-19, the Board has now determined that proceeding with any of the options at the current time will not be in the best interest of shareholders. This is for the following reasons:

- Change of mandate to a secured private credit income strategy – COVID-19 has effectively closed the market for any lending activity, that is not backstopped by government. This is due to the significant uncertainty and heightened risk with respect to the financial profile and outlook for the majority of businesses;
- Terminate the IMA and wind up the Company – there has been a sharp decline in liquidity across all financial markets, including foreign exchange

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and equity markets. Liquidating a portfolio in these market conditions will most likely result in material discounts to carrying value being crystallised.

The Board is comfortable with the Manager's ability to navigate through this difficult period, given key members of the team have successfully managed global equities through the SARS epidemic in 2003 as well as the Global Financial Crisis (GFC). Furthermore, the predecessor to the Contrarian Value Fund was originally founded in March 2009, when global equity markets ultimately reached a bottom during the GFC period. However, the Board will continue to assess market conditions in the ensuing months and determine the appropriate strategic direction.

Finally, the Board has resolved to increase the monthly fully franked dividend to \$0.005 per share (annualised dividend of 6 cents per share) for at least the next 3 monthly dividends until 30 June 2020. At the last closing share price of 75c this represents an annualised fully franked yield of 11.4%.

We trust all our shareholders and their families are safe and healthy during this challenging time.

Sincerely



Laura Newell
Company Secretary

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