

Antipodes Global Investment Company Limited

Annual General Meeting

2 November 2017

Agenda

Annual General Meeting



Chairman's Address

Mr Jonathan Trollip

Chairman's Address

Overview

- APL (**Company**) offers investors exposure to a portfolio of global investments comprised of long and short positions
- IPO raised \$313 million and listed on the ASX on 18 October 2016
- Managed by Antipodes Partners Limited (**Manager**)
- The Manager seeks to take advantage of the market's tendency for irrational extrapolation by identifying investments that offer a high margin of safety and a capital preservation focus
- The Manager seeks to purchase securities in what it considers to be great businesses that are not valued as such, and build a high conviction portfolio

Chairman's Address

Investment Objectives

The Company's investment objectives are to:

- provide capital growth and income through investing in a concentrated portfolio, predominantly comprised of long and short positions in international listed securities, that will be actively managed with a focus on capital preservation; and
- achieve returns in excess of the benchmark, MSCI All Country World Net Index in AUD, with reduced levels of risk,

in each case, over a full investment cycle (which the Manager and the Company consider to be a period of typically 3 to 5 years).

Chairman's Address

Company Details

Manager

Antipodes Partners Limited

Board of Directors:

- Jonathan Trollip¹ (Chairman)
- Chris Cuffe¹
- Lorraine Berends¹
- Alex Ihlenfeldt
- Andrew Findlay

Shares² (ASX: APL)

Outstanding	311,425,159
Price	\$1.21
Market capitalisation	\$377m

NTA³

Which includes tax provided for on realised gains \$1.228

Which includes tax provided for on realised and unrealised gains \$1.181

Options² (ASX: APLO)

Outstanding	258,240,750
Price	\$0.096
Strike price	\$1.10
Expiry	15 Oct 2018

¹ Independent

² As at 30 Sept 2017

³ As at 30 Sept 2017, excluding deferred tax assets relating to capitalised issue cost deductions and carried forward tax losses of \$0.009

Chairman's Address

Dividend

- The Company intends to pay a dividend at least annually, subject to available profits, cash flow and franking credits
- The Directors will communicate their intention to pay a dividend once the Company has built up sufficient profit reserves to declare and pay a sustainable dividend
- A dividend reinvestment plan is available to shareholders

Chairman's Address

Company Performance

NTA Performance¹

15.0% from listing date to 30 September 2017 (from \$1.067 to \$1.228)

TSR Performance²

10.0% from listing date to 30 September 2017 (the share price increased from \$1.10 to \$1.21)

18.7% from listing date to 30 September 2017 on shares and options combined (for those shareholders that have held options since the IPO)

¹ Measured as movement in NTA after tax on earnings including realised gains, but excluding any provision for tax on unrealised gains, capitalised share issue costs and income tax losses. This result does not include any dilutionary impact from the future exercise of options

² Measured as movement in share price and any dividends paid during the period

Chairman's Address

Portfolio Performance

Performance	APL portfolio ³
Return after fees ¹	16.9%
Benchmark ²	15.3%
Outperformance	1.6%

Past performance is not a reliable indicator of future performance.

¹ Since inception, 11 Oct 2016

² MSCI All Country World Net Index in AUD

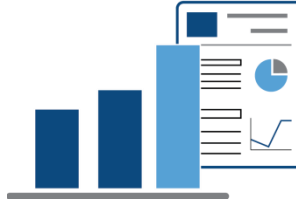
³ Based on net returns to 30 September 2017

Chairman's Address

Shareholder Engagement



Regular shareholder
emails



Monthly NTA
announcement



Half & full year
financial results



Website
antipodespartners.com



Media



Industry conferences

Investment Update

Mr Jacob Mitchell, Chief Investment Officer
Antipodes Partners Limited

Introducing Antipodes Partners

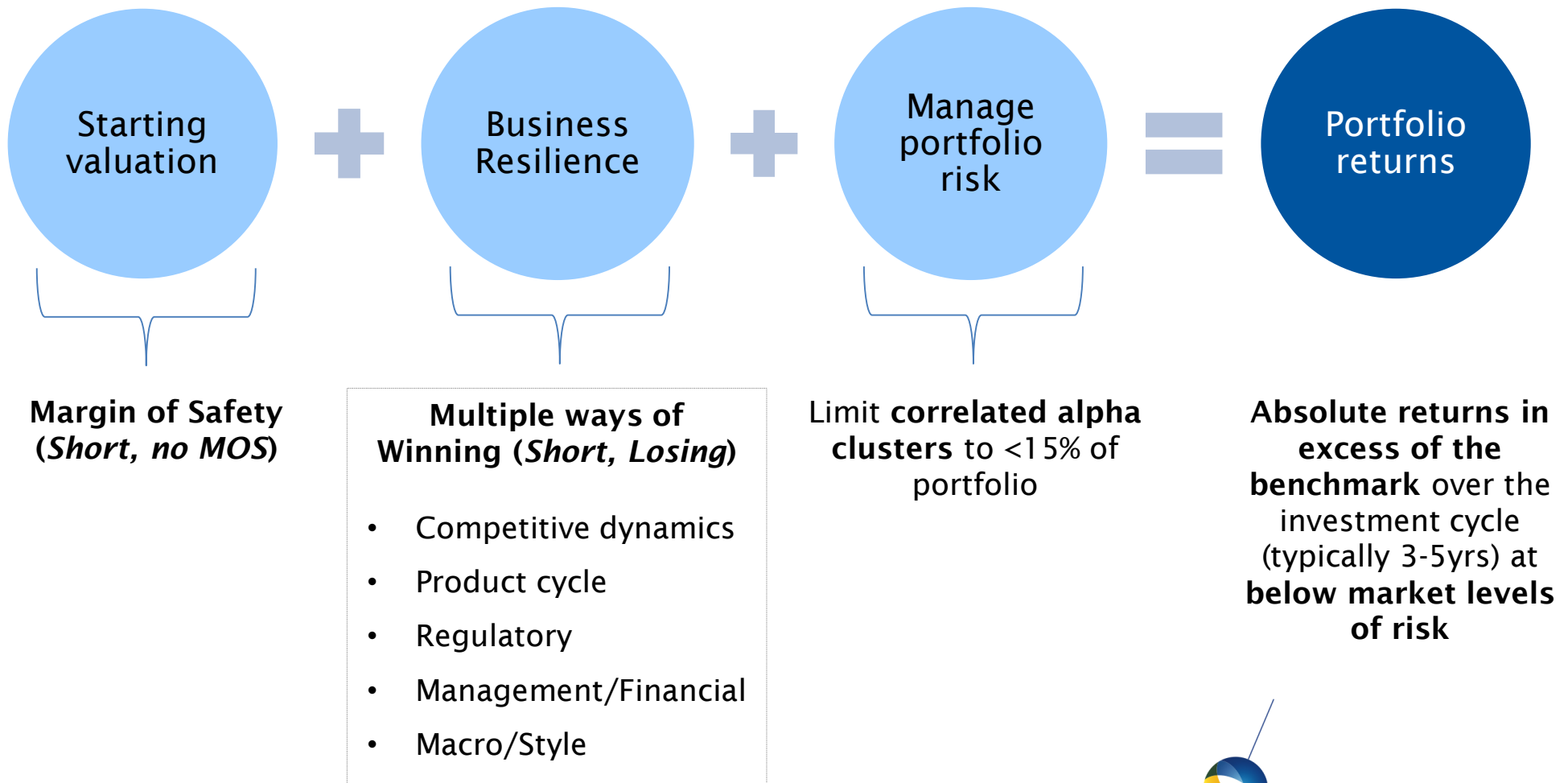
A pragmatic value approach to idiosyncratic alpha

- Founded in Mar-15 by Jacob Mitchell (formerly Deputy CIO of Platinum Asset Management) together with former colleagues and like-minded value investors (investment team of 14)
- Investment objective of absolute returns in excess of the benchmark over the investment cycle (typically 3-5yrs) at below market levels of risk
- We take advantage of irrational extrapolation, identify investments offering a high margin of safety and build portfolios with a capital preservation focus:
 - Holistic consideration of cyclical, structural and macro factors
 - Combined qualitative and quantitative approach
 - Focused offering, client alignment -> Scalable process
- Sep-17 AUM of ~\$5.0bn



Our philosophy

A pragmatic value approach



Three levers to manage risk and drive returns

An idiosyncratic, capital preservation outcome

- Longs, shorts (where permitted) and currency positions to take advantage of asymmetric risk-return opportunities

Longs

- **Incumbents** entering **recovery** phase
- **Disruptors** at the **inflection point** of mainstream adoption

Shorts

- **Weaklings** entering **shakeout** phase
- **Incumbents** or **Imitators** ripe for **disruption/shakeout**
- Manage **timing risk** via position sizing, typically half that of a long

Currency

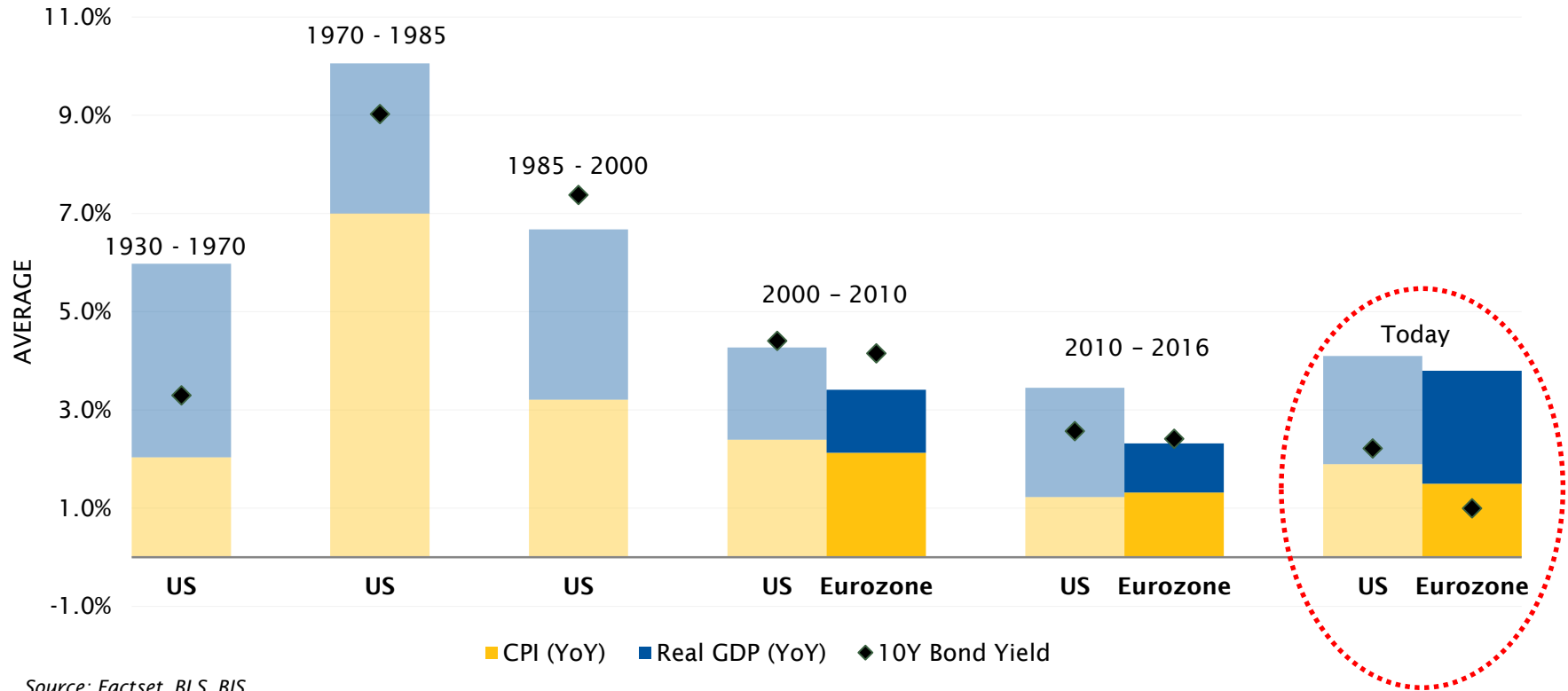
- Identification of significant **valuation anomalies** combined with **sovereign risk** assessment
- Underlying stocks = neutral position; any hedge requires **higher margin of safety** than for longs/shorts, due to greater unknowns



Market observations and portfolio positioning

Spot the difference

Eurozone bonds are discounting a steep deceleration in growth



- Are bond investors being sufficiently compensated for foregoing consumption and inflation?

Global valuation clustering

Sector dispersion most extreme in North America and Europe

30Y Z Score of EV/Sales relative to World (Price/Book for Financials)

-0.9	1.1	1.2	-0.7	-1.6	-1.2	World
0.6	0.6	1.2	0.5	-0.7	-0.4	North America
-0.7	1.3	1.3	-0.8	-1.0	-0.9	Western Europe
-1.0	-0.8	-0.1	-1.3	-0.6	-1.0	Developed Asia
-1.1	-0.6	-0.0	-1.2	-0.9	-1.1	EM Asia
-1.0	-1.0	0.6	-0.1	-1.6	0.2	Australia/NZ
Energy	Global Cyclical (ex Energy)	Global Defensive	Infrastructure	Communications	Financials	

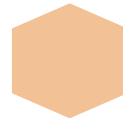
- Global defensives and leveraged yield (North America/Australia infrastructure) look expensive
- Outside of this, cash covered yield (infrastructure, communications and financials) look cheap
- Energy remains a cyclical laggard

Portfolio non-correlated long alpha clusters

Some examples ...



Global software incumbents – disruption fears overstated



EM consumer/online franchises – overlooked



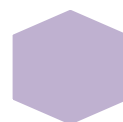
Domestic Europe – financials, utilities and communications, a cyclical recovery opportunity



Korea – generational change leading to better governance



Natural Gas – a cyclical recovery opportunity



Retail/brand incumbents – disruption fears overstated

ING Groep – a leader in digital distribution

Buy the EU's fastest growing bank at a discount!

Irrational extrapolation

- European banks operating in a **low margin, low growth environment**
- **E.U. disintegration risk** fuelled by political discourse

Multiple ways of winning

- **Low cost** disruptive internet banking model e.g. Australia's 6th largest mortgage player
- **Pricing power** - like Australia, Netherlands is an oligopolistic banking market
- **Asset reflation** in Northern Europe

Margin of safety

- 1.1x book for 11.0% RoE (avg US bank 1.5x for similar RoE)
- Attractive 5.5% yield that can grow

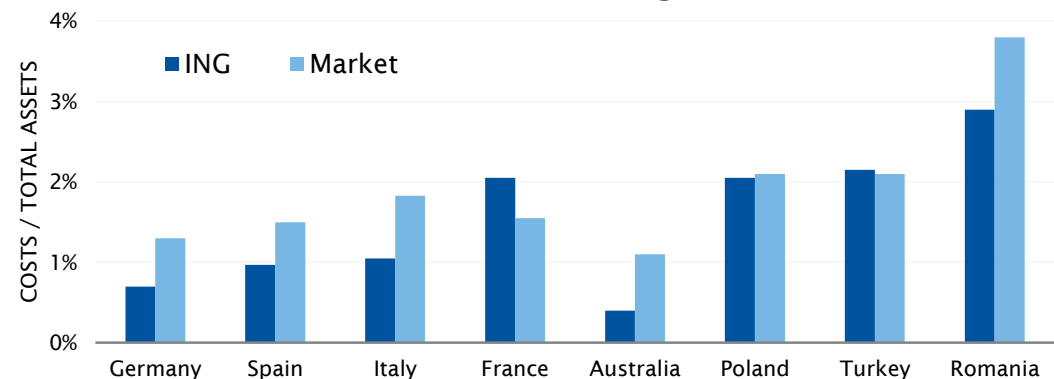
Correlation cluster

- Global Financials, e.g. UniCredit, KB Financial, ICICI Bank

Price to book: CBA v. ING Groep



A structural cost advantage over peers...



Source: ING



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Baidu – the Google of China

Value for the patient holder

Irrational extrapolation

- Regulatory changes will impair growth in core “search”
- Non-core investments (e.g. iQiyi online video, transaction services & artificial intelligence) will not make an economic return

Multiple ways of winning

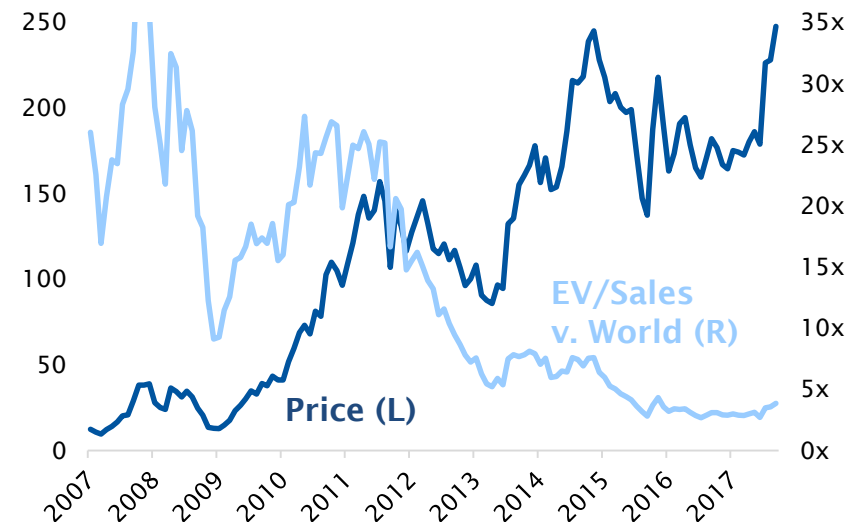
- Search** to benefit from strong mid-long term Chinese economic outlook and advertiser shift online
- IQiyi a leading video platform** with high quality content (e.g. Netflix) and 125m daily active users
- Chinese **artificial intelligence leader** with Mandarin voice recognition that surpasses human recognition
- Autonomous vehicle** and connected car platform of choice (60 OEMs/auto suppliers)

Margin of safety

- 2017 EV/EBIT 18.2x after removing loss making investments (cheaper if we give value to those investments)

Correlation cluster

- Online services, e.g. LINE Corp, Western Union



	Today	2016a		2017e
USD bn	EV	EV/Sales	EV/EBIT*	EV/EBIT*
Baidu*	82	10.0x	20.8x	18.2x
Alphabet*	580	8.0x	20.9x	17.2x
Facebook	463	16.7x	37.0x	26.0x
Tencent	421	18.4x	56.1x	36.3x

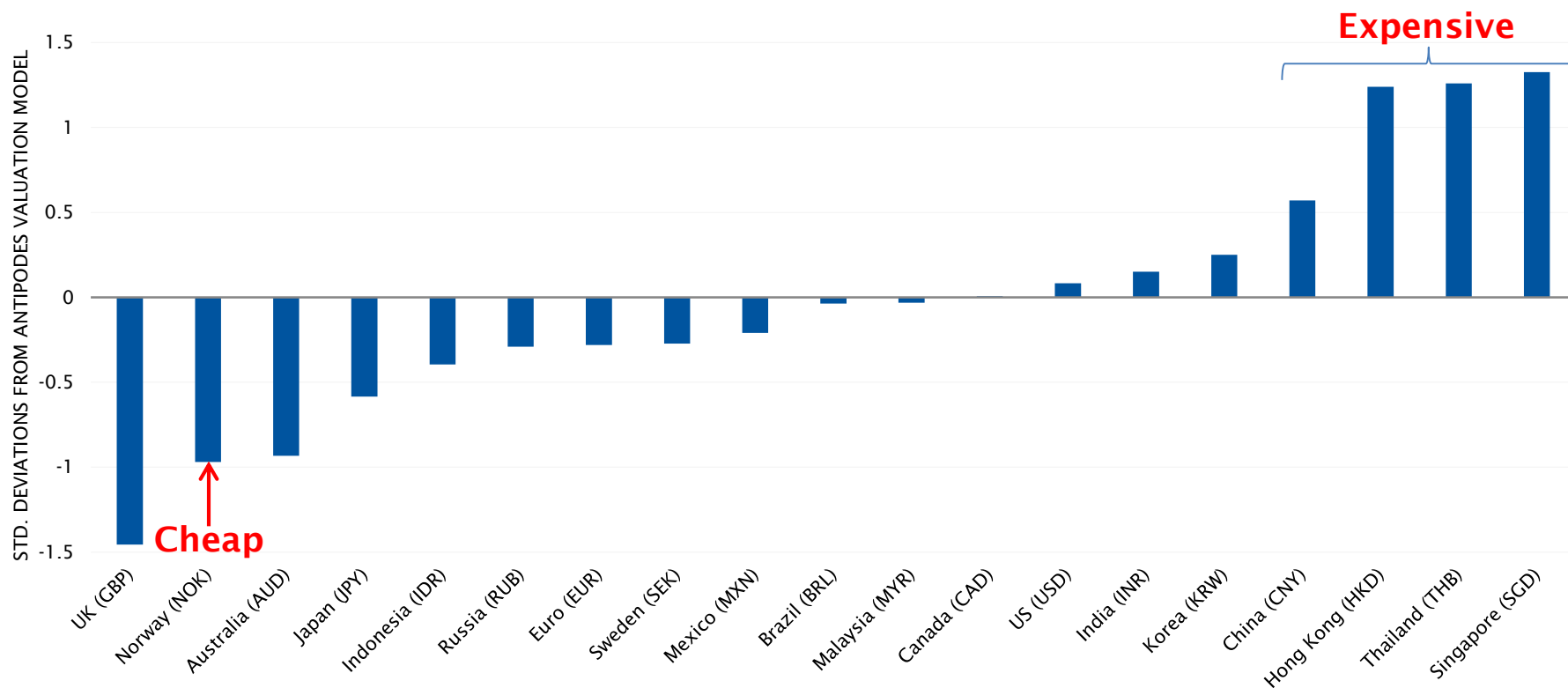
*Losses from Alphabet "other bets" and Baidu Transaction Services/iQiyi removed



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Currency – risk to be managed AND profit opportunity

Combine quantitative and qualitative understanding



Source: Antipodes Partners

- Renminbi (CNY) has appreciated by 50% against trading partners on a real basis over 10yrs; Risks to Chinese/global growth can be expressed through Asian currencies more broadly
- Norwegian Kroner (NOK) oil exposed, but saved the commodity dividend - strong “balance sheet” and building inflation presents catalyst



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Portfolio non-correlated short alpha clusters

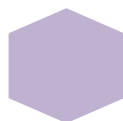
Some examples ...



High leverage – a cyclical shake-out opportunity, e.g. industrial roll-ups



Over-hyped disruption – weak EV, cloud, social, etc. imitators



Bond proxies – that confuse momentum with value and low volatility with low risk, e.g. select infrastructure



Oil – long/short opportunity

Global LNG and Oil

Inpex, buying back the farm!

Irrational extrapolation

- Development delays and cost overruns on the Ichthys LNG project have heightened investor fears

Multiple ways of winning

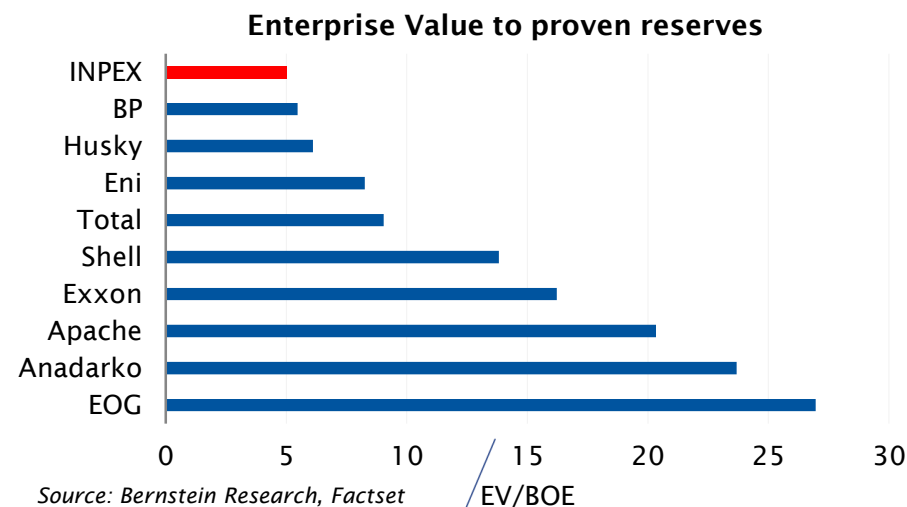
- Capex/cash inflection point with Mar 2018 start date
- 40% group production increase to 700k boe/d, low cost, 40 year producing asset
- Critical infrastructure, gatekeeper to the Browse Basin, future proofed for expansion

Margin of safety

- \$5/boe lowest EV/proven reserves vs. sector avg \$12/boe
- At \$50 oil, ~10% free cash flow yield vs. ~3% for other long duration infrastructure assets

Correlation cluster

- Long cheap LNG/Oil, e.g. Inpex, ENI, CNOOC
- Short expensive oil, e.g. U.S. shale



Tesla

Or just another auto maker!

Irrational extrapolation

- At \$US60bn valuation: priced for world domination

Multiple ways of losing

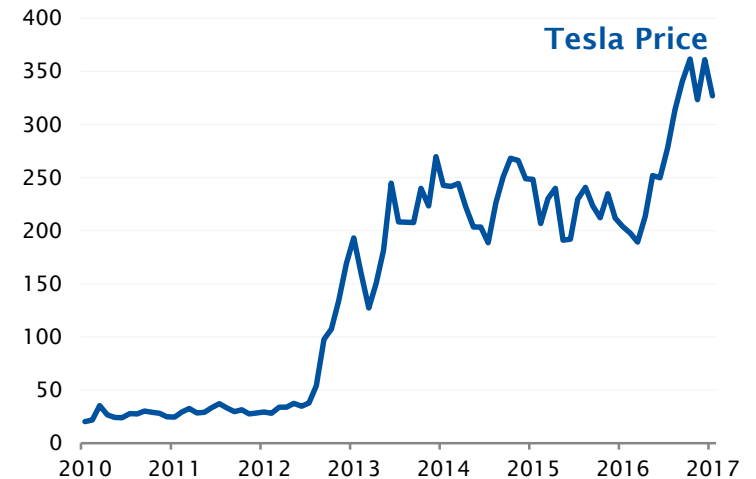
- Just 3% mkt share in full and hybrid EV's
- Significant supply chain and production delay risk
- Industrial storage business won't attract brand premium
- Dependent on capital markets to fund growth

No margin of safety

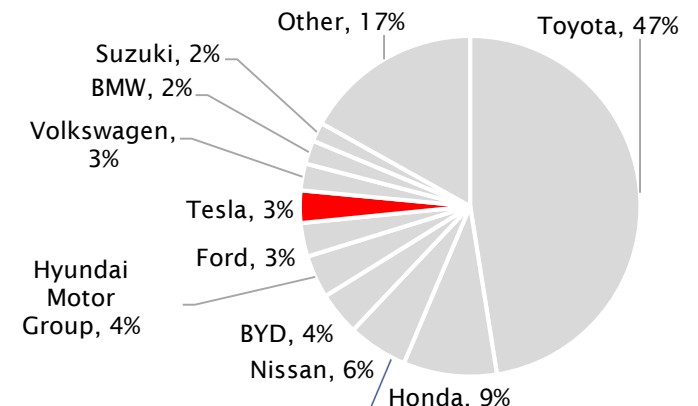
- 1.5x Hyundai Motor MCAP despite only selling 100k vehicles (Hyundai Group sells 8m and more EV's!)
- Net Debt/EBITDA ~12x, EV/Sales ~7x, 2021 PE of 250x (Global Auto OEM ~11x today)

Correlation cluster

- Over-hyped growth, high yield beneficiary



Unit market share – full and hybrid EV



Source: Factset, Bloomberg



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Portfolio key exposures¹

Sector/Region	North America	Western Europe	Developed Asia	Developing Asia/Other	Long Equity	Net Equity
Global Cyclical	5.0	4.1	12.1	1.6	22.8	14.6
Global Defensive	12.7	-	3.0	10.9	26.5	24.7
Precious Metals	1.2	-	-	1.2	2.4	2.4
Global – Total	18.9	4.1	15.1	13.7	51.8	41.8
Domestic Cyclical	4.8	2.5	1.9	1.8	10.9	9.2
Domestic Defensive	0.2	6.4	2.0	2.9	11.5	7.2
Financials	1.2	9.0	2.5	5.0	17.7	15.4
Domestic – Total	6.1	17.9	6.4	9.7	40.1	31.9
Index	-	-	-	-	-	-9.1
Total Long Equity	25.0	22.0	21.5	23.4	91.9	
Net Equity	10.6	17.5	19.1	17.4		64.6

¹ Antipodes Global Fund as at 30 Sep 2017

Portfolio top 10 holdings¹

Name	Country	Weight
Baidu	China/HK	3.6
Hyundai Motor	Korea	3.4
Electricite de France	France	3.0
Gilead Sciences	United States	2.7
INPEX	Japan	2.7
Microsoft	United States	2.6
KB Financial Group	Korea	2.5
ING Groep	Netherlands	2.5
Samsung Electronics	Korea	2.5
UniCredit	Italy	2.4
Total		27.9



¹ As at 30 Sep 2017

Q & A

Mr Jonathan Trollip

Formal Business

Mr Jonathan Trollip

Formal Business

Financial Statements

- **Financial Statements of the Company for the year ended 30 June 2017, together with the Directors' Report and the Auditor's Report as set out in the 2017 Annual Report.**

Formal Business

Resolution 1

1. Re-election of Chris Cuffe AO as Director

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Chris Cuffe, who retires by rotation in accordance with rule 6.7 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”

Formal Business

Resolution 1 - Proxies

Shares Voted

For	4,762,266	76.74%
Open	1,377,939	22.21%
Against	65,200	1.05%
Abstain	8,164,041	

Formal Business

Resolution 2

2. Re-election of Alex Ihlenfeldt as a Director

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Alex Ihlenfeldt, who retires by rotation in accordance with rule 6.7 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”

Formal Business

Resolution 2 - Proxies

Shares Voted

For	4,704,066	75.80%
Open	1,377,939	22.21%
Against	123,400	1.99%
Abstain	8,164,041	

Formal Business

Resolution 3

3. Re-election of Andrew Findlay as a Director

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That in accordance with rule 6.2 of the Company’s Constitution, Mr Andrew Findlay be re-elected as a director of the Company.”

Formal Business

Resolution 3 - Proxies

Shares Voted

For	4,732,066	76.44%
Open	1,377,939	22.26%
Against	80,400	1.30%
Abstain	8,179,041	

Formal Business

Resolution 4

4. Adoption of the Remuneration Report

- To consider and, if thought fit, to pass the following resolution:

“That the Remuneration Report of the Company for the financial year ended 30 June 2017 be adopted.”

Formal Business

Resolution 4 - Proxies

Shares Voted

For	3,893,261	64.12%
Open	1,312,726	21.62%
Against	865,618	14.26%
Abstain	8,247,841	

Thank you for joining us for our inaugural AGM

APL Shareholder Enquiries

For general information and investment enquiries please contact the Share Registry.

T: 1300 737 760

E: enquiries@boardroomlimited.com.au

Disclaimer

This communication has been prepared by Antipodes Partners Limited ('Antipodes Partners', 'Antipodes') ABN 29 602 042 035 AFSL 481580.

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