



# ANTIPODES

GLOBAL INVESTMENT COMPANY

## Antipodes Global Investment Company Quarterly Shareholder Update

1Q 2019

# Agenda

1.

- Understanding the shareholder returns of APL (Portfolio, Company/NTA, Share Price)

2.

- Portfolio attribution and portfolio positioning

3.

- Share Price and NTA performance

4.

- Initiatives to close the discount to NTA

# Understanding LIC returns

## Portfolio performance

- Performance of the Company's underlying investments less investment management fees
- Measures returns the Manager has generated from the portfolio
- Comparable to an unlisted managed fund

## Company/NTA performance

- Growth or decline in Net Tangible Assets of the Company
- In addition to portfolio returns, NTA includes tax paid on realised gains, costs of administering the Company and the impact of any capital management (e.g. dividends, options dilution)
- Dividends paid are added back to create 'total return' for the Company

## Share price performance

- Movement in quoted price of APL on the ASX
- Representative of Company performance but also influenced by supply and demand
- Short term factors (e.g. sentiment) can lead to share price premium/discount relative to NTA

# Performance

Performance to 31 March 2019	Global Long-Short	APL portfolio <sup>1</sup>	Company <sup>2</sup>	Benchmark <sup>3</sup>
3 months	2.0%	2.1%	1.9%	11.2%
1 year	0.7%	0.7%	-6.7%	10.8%
2 years p.a.	7.4%	7.1%	1.9%	12.5%
<b>Inception<sup>4</sup> p.a.</b>	10.1%	9.5%	5.1%	13.6%
<b>Inception<sup>4</sup></b>	43.32	25.2%	13.1%	36.9%
Up-market capture	84	73		
Down-market capture	53	75		
Net equity exposure – current	65.6%	65.7%		

Past performance is not a reliable indicator of future performance.

<sup>1</sup> Net of portfolio related fees and costs

<sup>2</sup> Movement in NTA before all taxes for the period which makes the result comparable to an unlisted managed fund. This figure incorporates the net portfolio performance less costs of managing/administering the Company and any dilution caused by options being exercised, assuming the reinvestment of dividends and adjusted for company taxes paid.

<sup>3</sup> MSCI All Country World Net Index in AUD

<sup>4</sup> Since inception, APL 11 Oct 2016, Antipodes Global Fund 1 Jul 2015

<sup>5</sup> Based on net returns to 31 Mar 2019

# Attribution

## Calendar year 2018

Performance	Portfolio	Benchmark	Alpha
Long	-0.24%	1.47%	-1.71%
Short	1.72%	0.00%	1.72%
Currency	1.22%	0.03%	1.19%
<b>Total</b>	<b>2.69%</b>	<b>1.50%</b>	<b>1.19%</b>

Top Five	Contribution to alpha
Electricite de France	1.04%
Yamato Holdings Co	0.89%
Cisco Systems	0.83%
TripAdvisor	0.80%
Microsoft	0.74%

Bottom Five	Contribution to alpha
General Electric	-1.17%
ING Groep NV	-0.73%
UniCredit S.p.A	-0.71%
JD.com	-0.66%
Baidu	-0.52%

## March quarter 2019

Performance	Portfolio	Benchmark	Alpha
Long	6.88%	11.34%	-4.47%
Short	-4.16%	0.00%	-4.16%
Currency	-0.44%	0.00%	-0.43%
<b>Total</b>	<b>2.28%</b>	<b>11.33%</b>	<b>-9.06%</b>

Top Five	Contribution to alpha
General Electric	0.72%
Ping An Insurance	0.59%
JD.com	0.52%
Jiangsu Yanghe Brewery	0.52%
Cisco Systems	0.49%

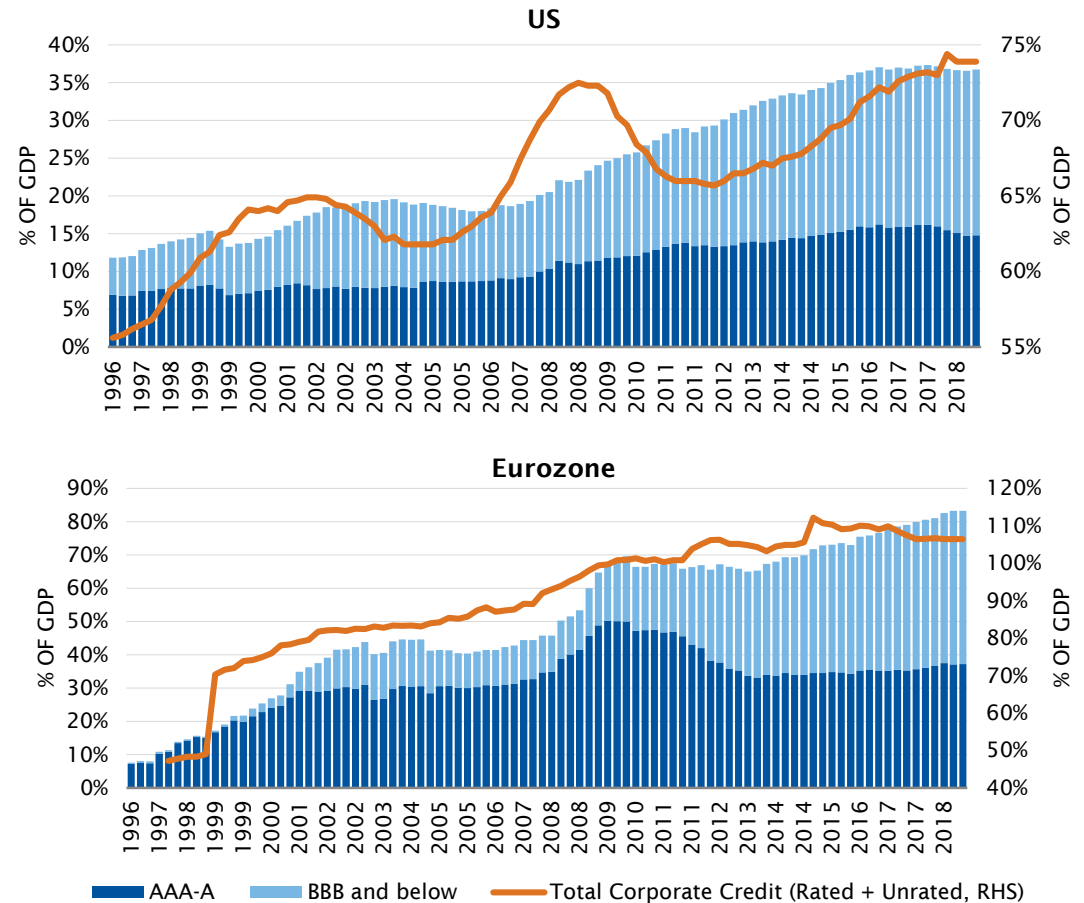
Bottom Five	Contribution to alpha
Short (Global Cyclical Shakeout)	-0.45%
Short (Overhyped Growth)	-0.37%
Apple (no position)	-0.34%
KT Corp	-0.32%
Electricite de France	-0.32%

Contribution to alpha measures over/underperformance relative to the iShares MSCI ACWI ETF in AUD  
 Attribution is based on gross of fees returns  
 Source: Factset, Antipodes

# Populism is on the rise

Tail risks are multiplying

- Real incomes have fallen by ~3% for the bottom quintile of households following the GFC
- The wealth effects of QE has accentuated this inequality plus cheap capital has disrupted the labour market
- Known points of fragility
  - Trade wars/China rebalancing
  - Eurozone stability
  - Credit excesses
  - Quality/growth bubble

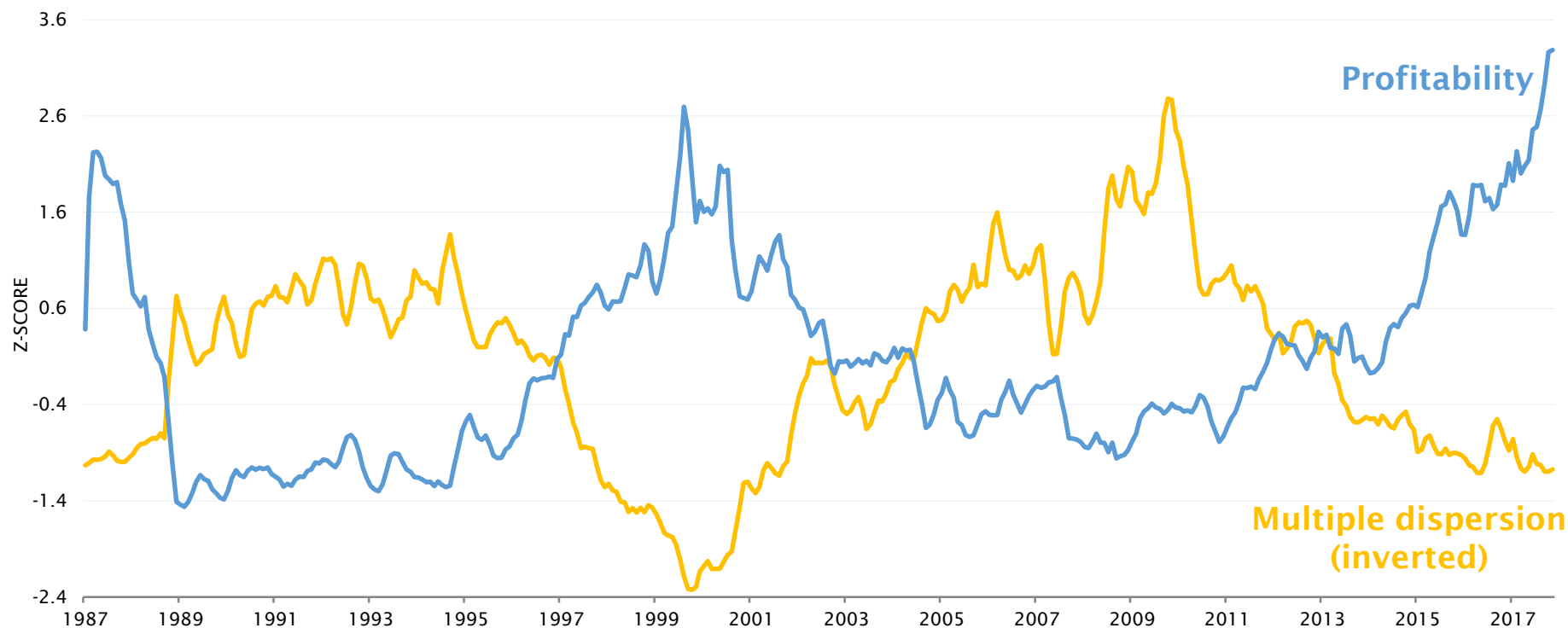


Source: FactSet

# Global valuation clustering

## Crowding into quality has become extreme

Median EV/CE of upper quintile relative to lower quintile

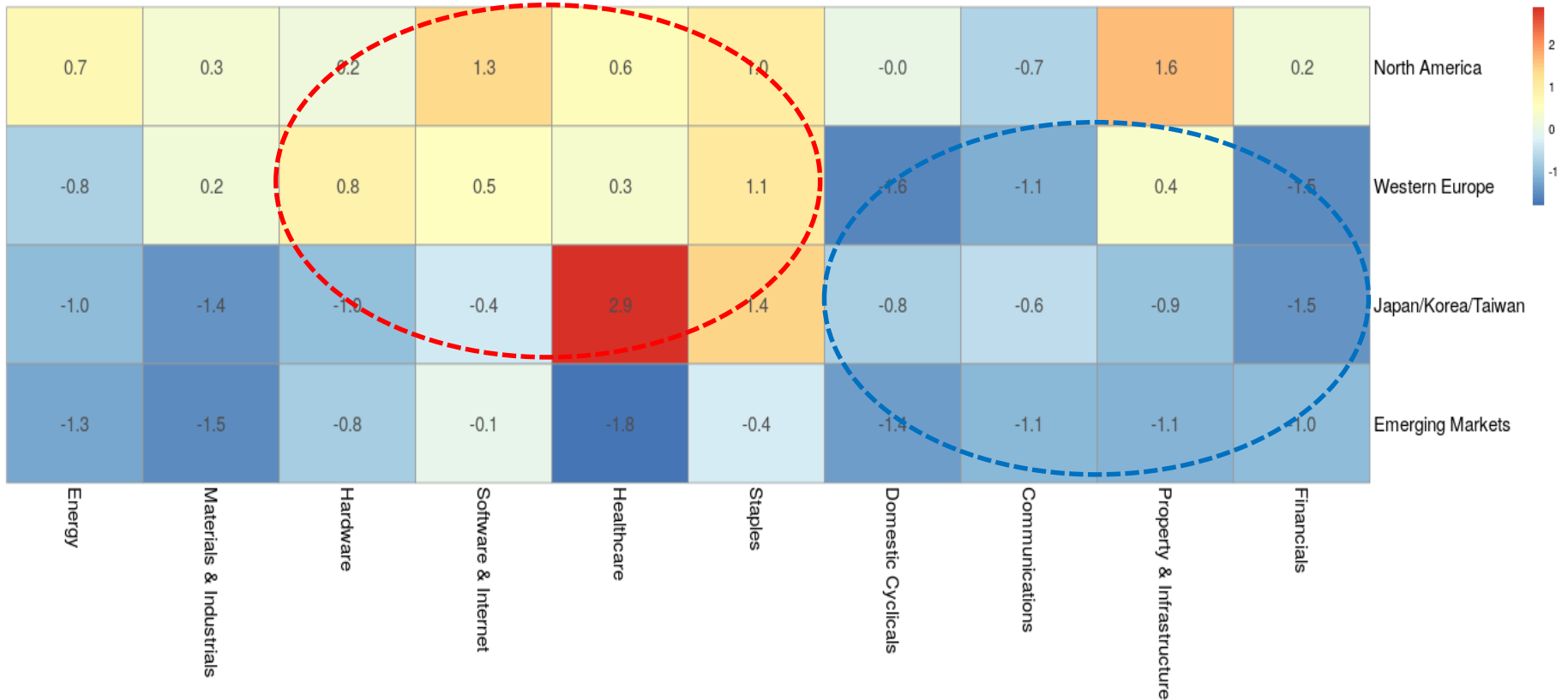


Source: Antipodes Partners

# Global valuation clustering

Crowding into multinationals/quality to escape geopolitical concerns

22Y Z Score of EV/Sales relative to World (Price/Book for Financials)



Source: Antipodes Partners



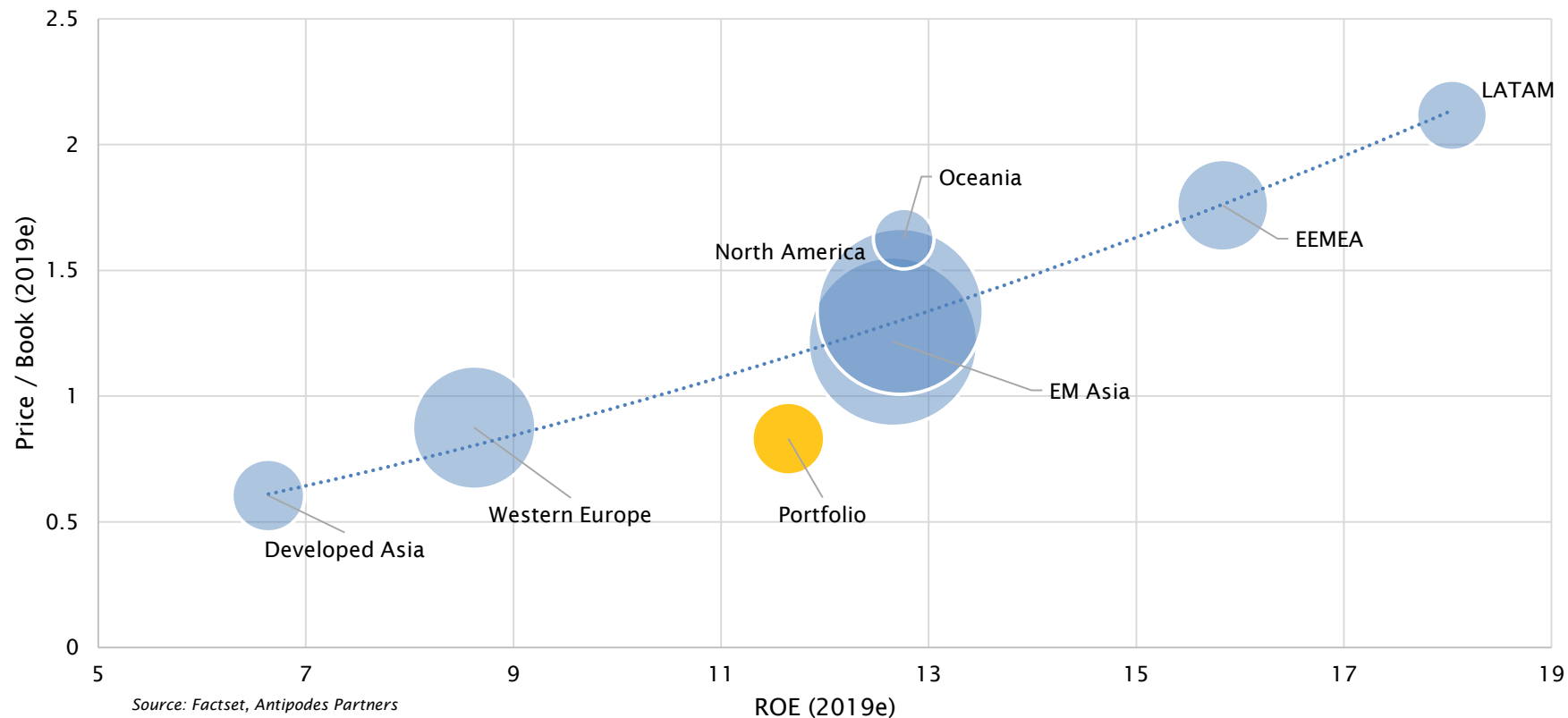
# Diversified alpha clusters

Long clusters	Weight	Examples
Global Cyclical	14.9%	GE, Samsung Electronics, Siemens
Consumer Incumbent	14.4%	Ping An, Sony, Tapestry
Domestic Cyclical Recovery	13.2%	ING, KB Financial, UniCredit
Online Services	9.3%	Facebook, Baidu, Expedia
Software Incumbent	9.0%	Cisco, Microsoft
Natural Gas	8.7%	Electricite de France, Range Resources Corporation
Telco. Incumbent	5.9%	KT Corporation, China Telecom, China Unicom
Connectivity	5.8%	Qualcomm, Nokia
Healthcare	5.5%	Roche, Novartis
Low Cost Oil	3.6%	Technip FMC, Saipem
Gold	2.7%	Barrick Gold, Newcrest Mining
<b>Total</b>	<b>92.9%</b>	
Short clusters	Weight	
Global Cyclical Shakeout	-8.7%	
Overhyped Growth	-7.1%	
Bond Proxy	-4.0%	
Domestic Cyclical Shakeout	-3.8%	
Domestic Defensive Shakeout	-2.1%	
High Cost Oil	-0.5%	
Global Defensive Shakeout	-0.4%	
<b>Total</b>	<b>-27.4%</b>	



# Global financials

## Entrenched retail franchises



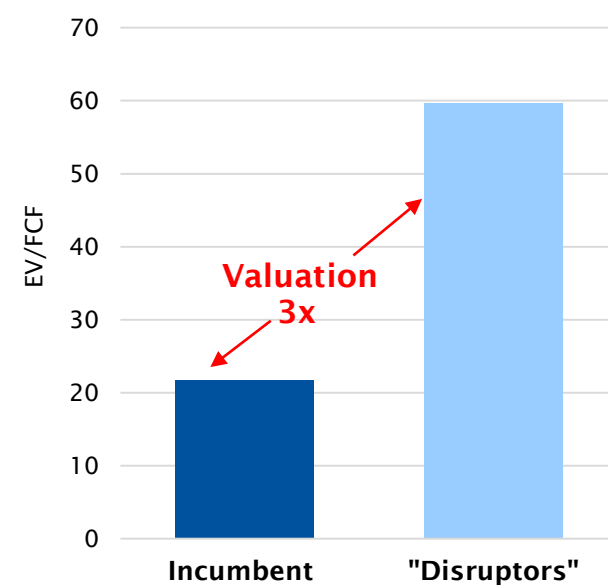
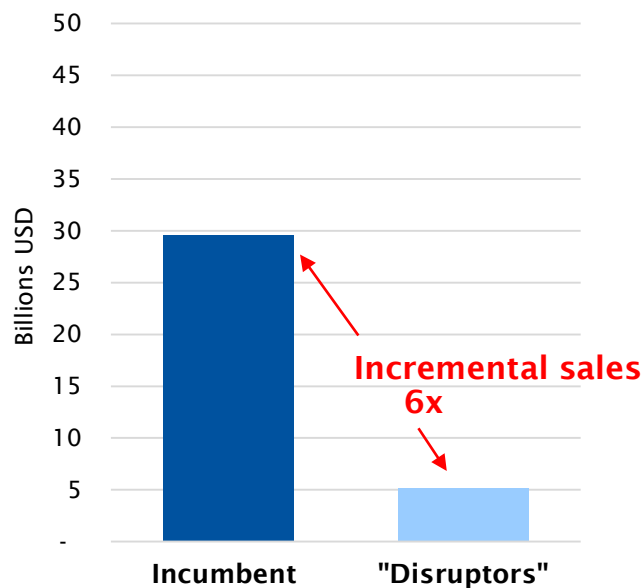
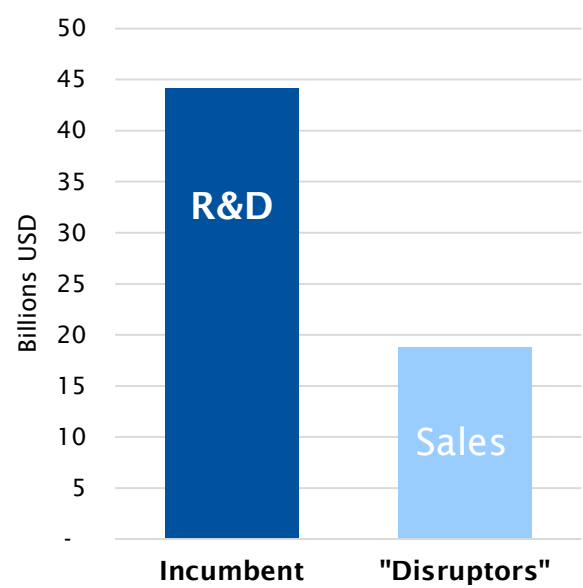
### Domestic Cyclical cluster examples

Developed markets: Unicredit, ING Groep, Capital One Financial

Emerging markets: KB Financial, China Construction Bank, ICICI

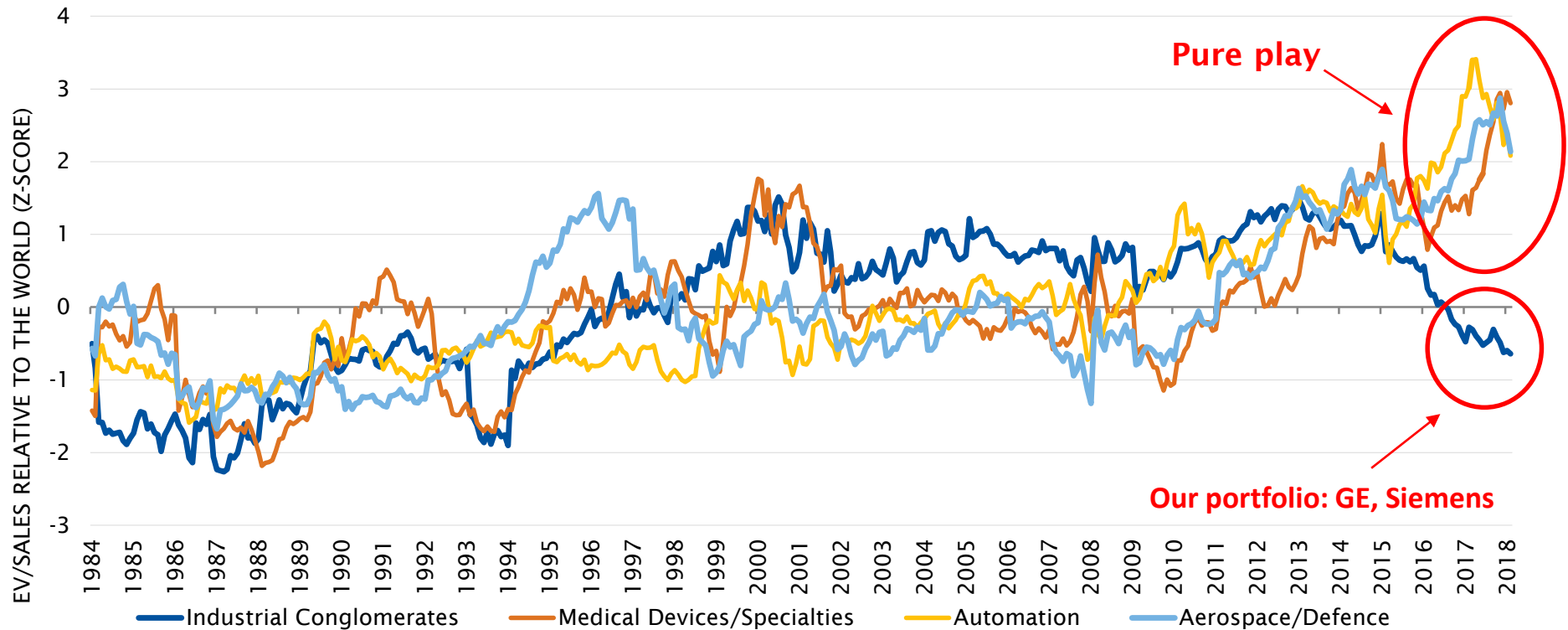
# Enterprise software

“Disruptors” no match for the scale of incumbents



Source: Factset, Antipodes Partners

## “Some” of the parts Conglomerates simplifying



Source: Factset, Antipodes

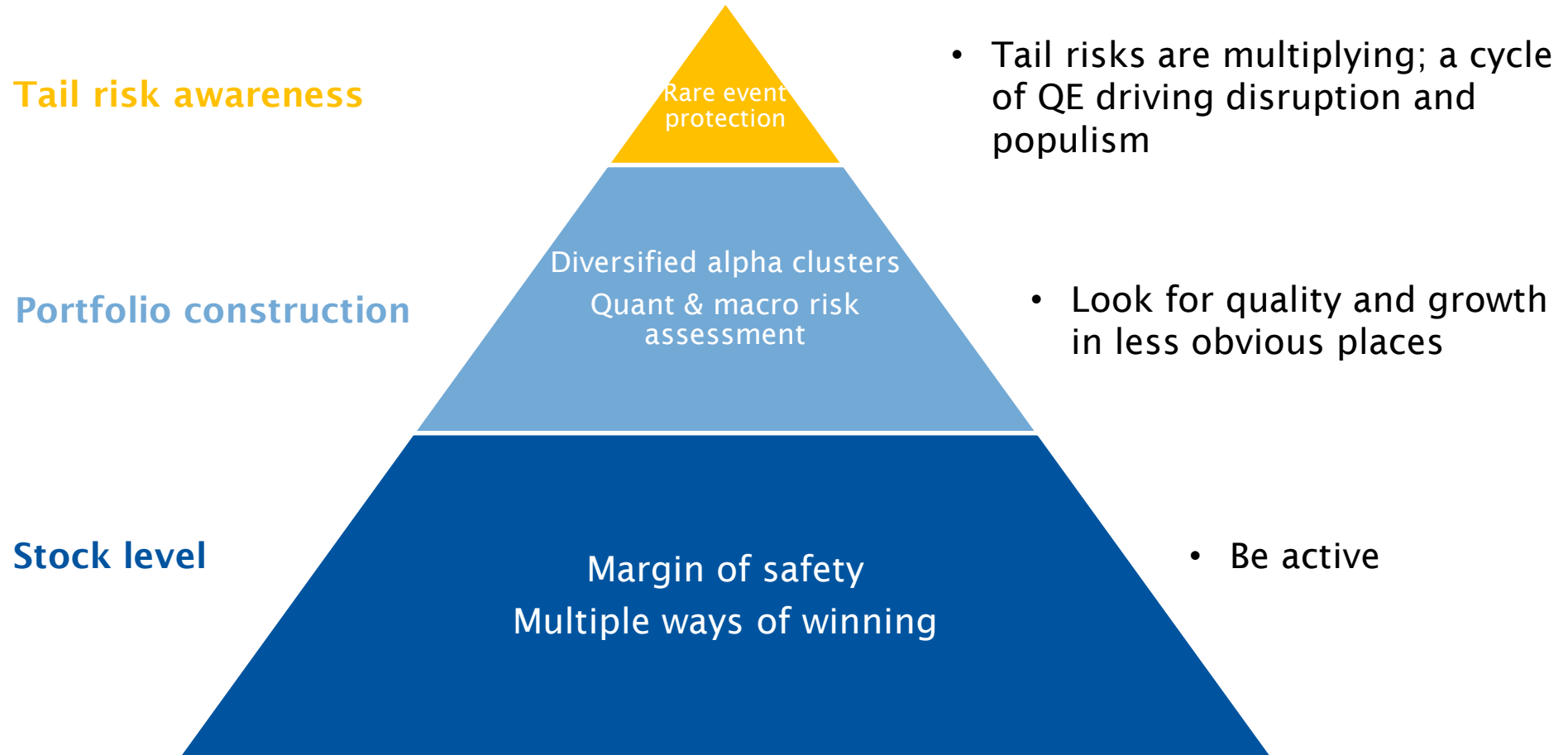
### Global Cyclical cluster breakdown

Conglomerates: GE, Siemens

Memory: Samsung Electronics, SK Hynix

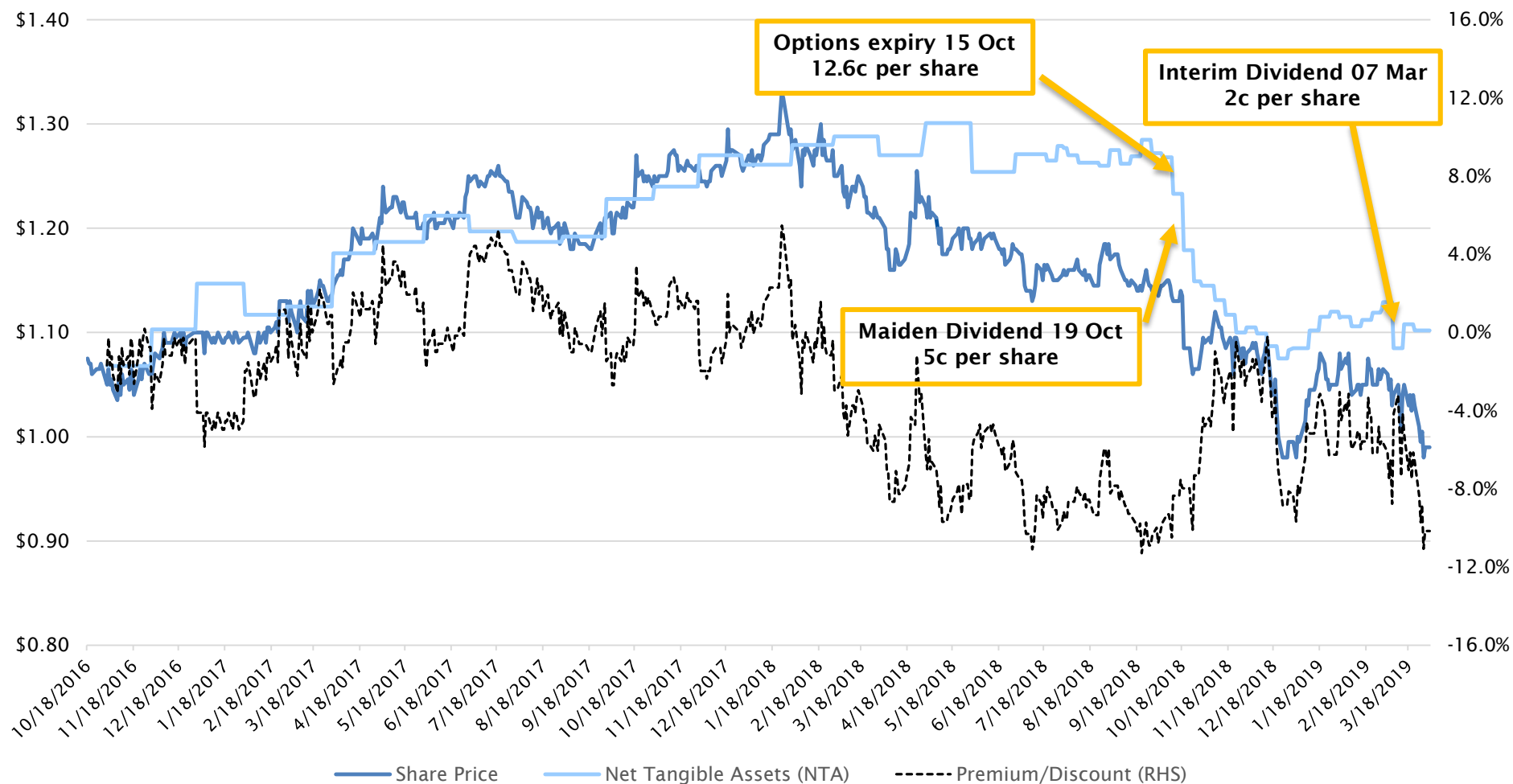
Autos: Honda Motor

# Investment summary



# NTA and share price performance

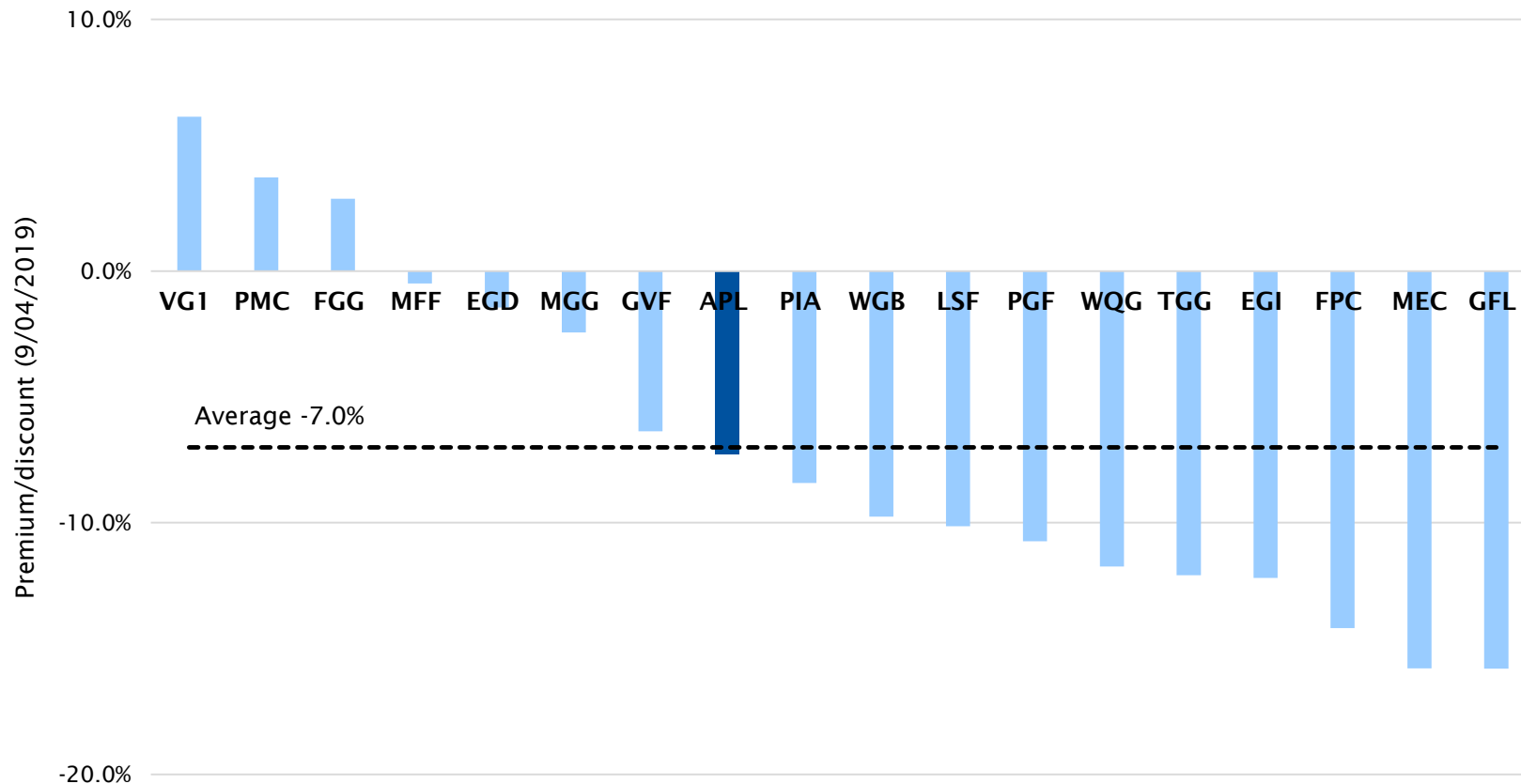
## Antipodes Global Investment Company



Source: Bloomberg & Company

Dividend dates are ex dates; Option expiry impact is total impact on per share NTA since inception

# Global Equity LICs - share price vs NTA 09/04/19



Source: Bloomberg

# Initiatives to close discount to NTA

## Portfolio positioning

- Tail Risk awareness – Risks are multiplying and have not gone away
- Portfolio construction – Look for quality and growth in less obvious places
- At a stock level – Be active, have margins of safety and multiple ways of winning

## Shareholder engagement

- Investor communication - Quarterly portfolio and company shareholder call; 2 minute monthly portfolio update videos; Pinnacle listed products / investor relations team
- Investor Events - Pinnacle Listed Products Summit (July); Manager roadshows; Industry events
- Transparency - Weekly NTA; NTA history chart on website
- Independent research – Recommended ratings from Zenith & IIR; Bronze rated by Morningstar

## Alignment of Interest with Shareholders

- Ownership - Antipodes Partners and staff; APL board; Pinnacle
- Scale – \$600m+ NTA allows for reduced operating cost per share, improved liquidity and a more diverse shareholder base
- Independence - Majority independent board



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