

Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

UPDATE AS AT 30 JUNE 2019

COMPANY COMMENTARY

- Company performance for the month was up a strong 4.6%, turning the 1 year return to a positive 2.7% and the NTA per share to \$1.144, excluding the dividends paid of 7c per share since the listing of the Company. This is above the IPO price and the option exercise price of \$1.10 per share. The benchmark returned 5.2% for the month. The key contributors and detractors are detailed under the Portfolio Commentary section below.
- On 1 July the Company announced that the Manager (Antipodes Partners), directors and executives of the Manager, held 6.5 million shares as at 30 June 2019 following the acquisition of shares by a number of those parties. This aggregate holding constitutes a top 10 shareholding in the company indicating significant commitment by the Manager as well as their view that the current discount to NTA represents an attractive investment opportunity.

PORFOLIO COMMENTARY

- Key contributors include:
 - Consumer Defensive cluster in Asia, notably Ping An and Yum China. Both rebounded following weaker performance in May where these companies were weighed down by trade concerns. In addition Ping An commenced a \$1b share buyback.
 - Connectivity/Compute cluster, notably Qualcomm and Samsung Electronics. Semiconductor stocks were hit particularly hard in May with the escalation in the US-China trade war and they rebounded in June as headlines around trade turned positive in the lead up to the G20 summit.
 - Industrial cluster including GE, Siemens and Honda Motors as the market rotated into cyclical stocks spurred on by dovish commentary from central banks and trade tensions easing.
 - Oil & Natural Gas cluster, notably Technip which benefited from the rise in oil price over the month but importantly continues to report an improvement in fundamentals from a growing orderbook and improving profitability.
 - Gold exposures Barrick Gold and Newcrest both benefited from the rally in the gold price.
- Key detractors include:
 - Electricite de France, in our infrastructure cluster. The market is disappointed with the expectation that EDF will receive a fixed price for generating power, as the market perceives this will reduce EDF's sensitivity to rising power prices in France. Our view, however, is that the proposed re-regulation of the nuclear fleet and subsequent reorganisation of EDF group will unlock significant value for shareholders.
 - Our short positions detracted from performance. The portfolio is short businesses that we believe are vulnerable to competition and in many cases have highly geared balance sheets. The market, however, is overly optimistic about the near-term growth projections for these businesses and is prepared to pay a significant premium. Short positions protect the portfolio in down markets but they can act as a headwind in strong upward moving markets as experienced in June.

COMPANY FACTS

Investment manager	Antipodes Partners
ASX code share price	APL \$0.930
Inception date	11 October 2016
Listing date	18 October 2016
Management fee	1.10% p.a. ¹
Performance fee	15% ¹ of net return in excess of benchmark ⁸
Market capitalisation	\$513m

¹ Inclusive of the net impact of GST and RITC

NET TANGIBLE ASSETS (NTA)^{2,5}

Pre-tax NTA ³	Post-tax NTA ⁴
\$1.144	\$1.140

² NTA calculations exclude Deferred Tax Assets relating to capitalised cost deductions of \$0.002 per share. ³ Pre-tax NTA includes tax on realised gains/losses and other earnings, but excludes any provision for tax on unrealised gains/losses ⁴ Post-tax NTA includes tax on realised and unrealised gains/losses and other earnings ⁵ NTA before tax was \$1.148 as at 30 June 2019. This represents the NTA excluding all income tax related assets and liabilities. Company tax of \$0.005 per share was paid during the month

PERFORMANCE (%)

	Company ⁶	Benchmark ⁷
1 month	4.6	5.2
3 months	4.0	4.9
CYTD	6.1	16.6
1 year	2.7	11.3
2 year p.a.	7.3	13.1
Inception p.a.	10.0	14.2
Inception	29.8	43.6

Past performance is not a reliable indicator of future performance. ⁶ Movement in NTA before tax for the period, adjusted for dividends and income taxes paid and the dilutionary effect of options granted to shareholders upon the Company's initial listing. This figure incorporates underlying portfolio performance net of portfolio related fees and costs, less administration costs of the Company ⁷ MSCI All Country World Net Index in AUD (underlying portfolio benchmark)

ASSET ALLOCATION

	Long		Short	
	Equities	Other ⁸	Equities	Other ⁸
Weight (% NAV)	89.4	1.6	-24.8	-3.0
Count	63	2	55	7
Avg. weight	1.4	0.8	-0.5	-0.4
Top 10 (% NAV)	26.1	-	-7.4	-
Top 30 (% NAV)	63.9	-	-17.0	-

⁸ Index futures and other non-single stock

TOP 10 EQUITY LONGS (%)

Name	Country	Weight
Facebook	United States	3.1
Ping An Insurance	China/HK	2.9
Microsoft	United States	2.8
Siemens	Germany	2.7
Samsung Electronics	Korea	2.5
KB Financial	Korea	2.5
General Electric	United States	2.5
Qualcomm	United States	2.4
Cisco Systems	United States	2.4
SAP	Germany	2.4

CURRENCY EXPOSURE⁹ (%)

ISO	Cash equity	Currency	Difference
USD	30.7	36.0	5.3
JPY	11.9	16.3	4.3
CHF	3.5	7.2	3.7
SEK	0.0	3.3	3.3
NOK	0.0	2.5	2.5
AUD	1.6	3.5	2.0
GBP	0.0	1.1	1.1
BRL	0.0	0.7	0.7
MXN	0.4	0.5	0.1
INR	1.9	1.9	0.0
KRW	7.4	5.9	-1.4
EUR	18.0	16.0	-1.9
HKD	2.1	-0.3	-2.4
SGD	0.0	-2.5	-2.5
CNY	12.0	7.7	-4.2

⁹ Where possible, regions, countries and currencies classified on a look through basis

FURTHER INFORMATION

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SECTOR EXPOSURE¹⁰ (%)

Sector	Long	Short	Net
Banks	11.6	-2.7	8.9
Internet	10.0	-0.4	9.5
Industrial	9.6	-5.4	4.1
Healthcare	7.8	-1.5	6.2
Software	7.5	-2.2	5.3
Hardware	7.2	-2.1	5.2
Communications	6.6	-0.7	6.0
Retail	4.9	-2.0	2.9
Energy	3.8	-0.3	3.5
Other	22.2	-10.5	11.7

¹⁰ Antipodes Partners classification

REGIONAL EXPOSURE^{9, 10} (%)

Region	Long	Short	Net
North America	30.7	-16.1	14.6
Developed Asia	19.3	-2.9	16.4
Korea/Taiwan	7.4	-0.7	6.7
Japan	11.9	-2.3	9.7
Developing Asia	16.0	-1.9	14.1
China/Hong Kong	14.1	-1.9	12.2
India	1.9	0.0	1.9
Western Europe	21.5	-4.2	17.3
Eurozone	18.0	-1.4	16.6
United Kingdom	0.0	-0.8	-0.8
Rest Western Europe	3.5	-2.0	1.5
Australia	1.6	0.0	1.6
Rest of World	0.4	0.0	0.4
Total Equities	89.4	-25.1	64.3
Other	1.6	-2.7	-1.0
Cash	8.9	-	-
Totals	100.0	-27.8	63.3

MARKET CAP EXPOSURE (%)

Band	Long	Short	Net
Mega (>\$100b)	29.7	-4.9	24.9
Large (>\$25 <\$100b)	32.8	-8.9	23.9
Medium (>\$5 <\$25b)	25.7	-12.3	13.4
Small (<\$5b)	2.9	-1.8	1.1

Antipodes Partners	<ul style="list-style-type: none"> • Global pragmatic value manager, long only and long-short • We take advantage of the market's tendency for <i>irrational extrapolation</i>, identify investments that offer a high <i>margin of safety</i> and build portfolios with a <i>capital preservation</i> focus
Company features	<ul style="list-style-type: none"> • Aims to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years) • In the absence of finding individual securities that meet minimum risk-return criteria, cash may be held • Equity shorts and currency positions used to take advantage of attractive risk-return opportunities, offset specific long portfolio risks and provide some protection from negative tail risk. Derivatives may also be used to amplify high conviction ideas • Typical net equity exposure of 50% to 100%; maximum allowable gross exposure limit of 150% of NAV

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