

Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

UPDATE AS AT 31 AUGUST 2019

COMPANY COMMENTARY

- Company performance for the month was -1.5%, while the benchmark returned -0.1% for the month. The key contributors and detractors are detailed under the Portfolio Commentary section below.
- During the month the Company reported results for the financial year to June 2019. Highlights included a net profit after tax (NPAT) of \$7.7 million and a final dividend of \$0.025 per share (franked at 50%), bringing the full year dividend to \$0.045 per share, a yield of 4.8% based on the 30 June share price. The Company has activated its dividend reinvestment plan (DRP) for the FY2019 final dividend.
- In addition, the on-market buy-back of the Company's shares continued during the month. As at 18 September, the Company had purchased 4.99 million shares.

PORTFOLIO COMMENTARY

Key contributors:

- Gold cluster, as the gold price continued to run over the month.
- Healthcare, notably Merck and Roche as the companies reported solid results and defensive parts of the market outperformed with the escalation in US-China trade war over the month.
- Online services Asia, notably Alibaba and LINE. Alibaba reported a strong result in their core e-commerce business, growing market share without sacrificing profitability. LINE announced an online brokerage joint venture in Japan which gives confidence ahead of planned joint venture banking launches next year, as well as the ability for the company to more broadly build strong finance and e-commerce platforms.
- Currency contributed to performance.

Key detractors:

- Consumer Defensive, notably Tapestry as results disappointed with the slower than anticipated turnaround at Kate Spade, which was expected to be the growth driver for the company.
- Industrials, which were impacted by the escalation in the US-China trade war.
- Software, notably Cisco which indicated a deceleration in orders from China as the company has been cut off from tendering for new business, the latest victim in the US-China trade war. Further, guidance for next quarter fell short of the market's expectations on concerns of a slowdown in global growth. While Cisco is not immune from the business cycle, it continues to benefit from significant product refresh and profitability is rising on lower component costs.
- Consumer Cyclical cluster, notably European and Asian financials including ING Groep, UniCredit and KB Financial which were impacted by concerns of slowing global growth with the escalation in the US-China trade war.
- Shorts were a small detractor to performance.

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 ⁷
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
\$1.121	\$1.126

The NTA values shown above are before the 2019 final dividend of 2.5 cents per share payable on 14 October 2019. The ex-date of the dividend is 6 September 2019. 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 \$1.120 as at 31 August 2019. This represents the NTA excluding all income tax related assets and liabilities. Company tax of \$0.004 per share was paid during the month.

PERFORMANCE (%)

	Company ⁶	Benchmark ⁷
1 month	-1.5	-0.1
3 months	2.6	7.3
CYTD	4.1	18.9
1 year	-1.6	7.0
2 year p.a.	6.3	14.4
Inception p.a.	8.7	14.1
Inception	27.3	46.4

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)	89.9	1.1	-21.2	-4.7
Count	64	1	54	7
Avg. weight	1.4	1.1	-0.4	-0.6
Top 10 (% NAV)	26.7	-	-6.8	-
Top 30 (% NAV)	64.1	-	-15.6	-

⁸ Index futures and other non-single stock

TOP 10 EQUITY LONGS (%)

Name	Country	Weight
Microsoft	United States	3.3
Facebook	United States	3.3
Ping An Insurance	China/HK	2.9
Merck	United States	2.7
Siemens	Germany	2.7
Samsung Electronics	Korea	2.4
SAP	Germany	2.4
Alibaba	China/HK	2.4
Roche	Switzerland	2.3
Electricite de France	France	2.3

CURRENCY EXPOSURE⁹ (%)

ISO	Cash equity	Currency	Difference
USD	32.0	39.1	7.1
JPY	11.6	15.1	3.5
AUD	1.7	4.2	2.5
SEK	0.0	2.3	2.3
CHF	3.5	5.7	2.2
NOK	0.0	2.0	2.0
GBP	0.1	1.2	1.2
BRL	0.0	0.7	0.7
INR	1.8	2.0	0.2
MXN	0.4	0.4	0.1
TWD	0.8	0.4	-0.3
EUR	17.3	16.3	-1.0
KRW	6.9	5.4	-1.5
HKD	0.6	-1.1	-1.7
SGD	0.0	-2.6	-2.6
CNY	13.3	8.7	-4.6

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
Internet	11.2	-0.8	10.4
Banks	10.7	-2.2	8.5
Healthcare	9.4	-1.9	7.5
Industrial	8.2	-4.1	4.1
Hardware	7.7	-2.3	5.4
Software	7.6	-2.1	5.5
Communications	5.1	-1.1	4.1
Energy	4.2	-0.6	3.6
Staples	3.8	-1.0	2.9
Other	23.0	-9.9	13.1

¹⁰ Antipodes Partners classification

REGIONAL EXPOSURE^{9, 10} (%)

Region	Long	Short	Net
North America	32.0	-13.6	18.4
Developed Asia	20.2	-3.3	16.8
Korea/Taiwan	7.7	-0.7	7.0
Japan	12.5	-2.7	9.8
Developing Asia	14.9	-1.0	13.9
China/Hong Kong	13.1	-1.0	12.0
India	1.8	0.0	1.8
Western Europe	20.8	-3.2	17.5
Eurozone	17.3	-1.8	15.5
United Kingdom	0.0	-0.6	-0.6
Rest Western Europe	3.5	-0.8	2.6
Australia	1.7	0.0	1.7
Rest of World	0.4	0.0	0.4
Total Equities	89.9	-21.2	68.8
Other	1.1	-4.7	-3.7
Cash	9.0	-	-
Totals	100.0	-25.9	65.1

MARKET CAP EXPOSURE (%)

Band	Long	Short	Net
Mega (>\$100b)	31.0	-7.7	23.3
Large (>\$25 <\$100b)	29.6	-5.7	23.9
Medium (>\$5 <\$25b)	27.6	-11.2	16.4
Small (<\$5b)	2.9	-1.3	1.6

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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