APL Results 1HFY20

Summary

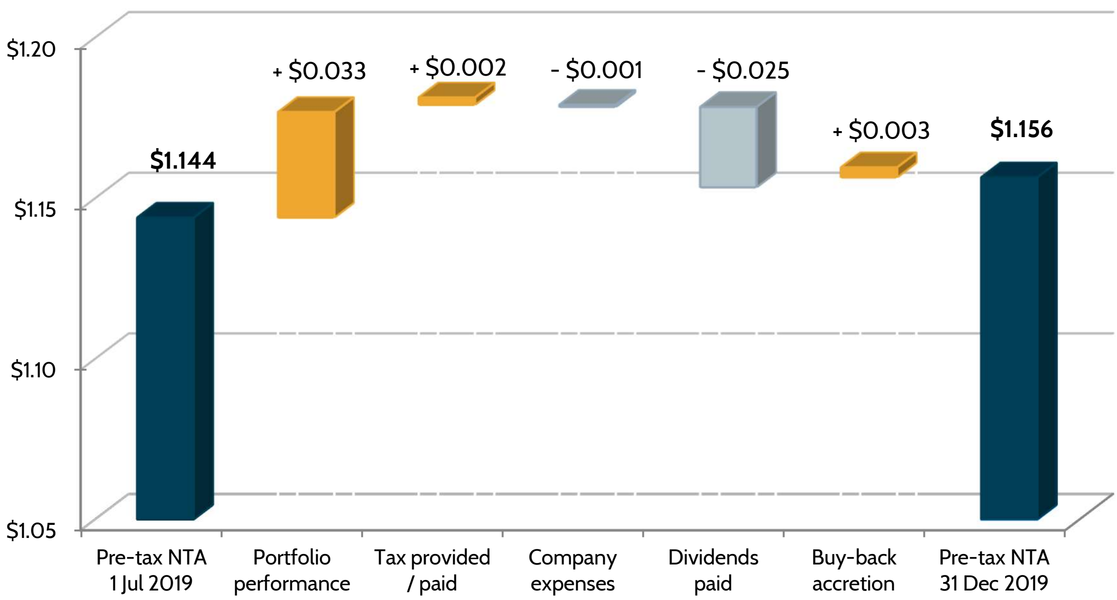
1HFY20 profit	Company[1] performance	Interim dividend	Yield[2]
$12.1m	+ 2.8%	2.0c	4.3%

- **Half-year net profit after tax of $12.1m**
- **Interim dividend of 2.0 cents per share (franked as to 50%), taking annual yield including FY19 final dividend to 4.3%[2]**
- **Company performance of 2.8%**
- **On-market share buy-back continues**
- **Board update on NTA discount**
- **EGM to approve additional 10% on-market buy-back authority**

Antipodes Global Investment Company Limited (**ASX:APL** or the **Company**) recorded an operating profit of $12.1m for the half-year ended 31 December 2019 (1HFY20).

While the net tangible assets (NTA) and profits of the Company increased over the period, the conservative net equity exposure of the Company's portfolio, managed by Antipodes Partners Limited (the **Manager**), in a strongly rising market and the value-style bias of the portfolio in an environment favouring growth-style investments resulted in Company performance of 2.8% for the half-year compared to the benchmark performance of 8.7%.

NTA performance breakdown for 1HFY20



[1] Movement in NTA before all income taxes, adjusted for dividends paid and the dilutionary effect of share capital related transactions, which we refer to as Company Performance. This measure incorporates underlying portfolio performance after fees, less administration costs of the Company
[2] Based on share price as at 31 December 2019 of $1.05.

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Interim dividend

The Board has resolved to pay an interim dividend of 2.0 cents per share, franked as to 50%, taking the full calendar year dividend to 4.5 cents per share including the FY19 final dividend of 2.5 cents per share. The dividend will be paid to APL shareholders on 27 March 2020, with a record date of 6 March 2020.

This equates to a dividend yield of 4.3%[2], a strong level of income for a global equity portfolio.

Dividend ex-date	Record date	Payment date
5 March 2020	6 March 2020	27 March 2020

Dividend Reinvestment Plan

The Company's dividend reinvestment plan ("DRP") will be operative for the interim dividend payment of 2.0 cents per share. The closing date to elect to participate in the DRP is 9 March 2020.

Shareholders who would like to find out more about the DRP can visit the company website: https://antipodespartners.com/wp-content/uploads/2019/10/Dividend-Re-investment-Plan.pdf

Shareholders who would like to participate in the DRP can enrol at www.investorserve.com.au, or alternatively please contact the Company's share registrar, Boardroom, for assistance on 1300 737 760 (in Australia) / +61 2 9290 9600 (International).

Board update on discount to NTA

APL shares currently trade at a 15.7%[3] discount to the 25 February 2020 pre-tax NTA ($1.163 per share). The Board is concerned about this unsatisfactory position and remains committed to addressing the discount to NTA. It is noted however, that APL is not in a unique position and the majority of ASX global equity LICs are currently trading at material discounts.

In an effort to reduce the discount to NTA, the Company has implemented a number of initiatives, including undertaking one of the largest on-market share buy-backs of any ASX LIC as well as moving from weekly to daily NTA to add a higher level of transparency, the only ASX global equity LIC to do so.

The Company continues to focus on increasing shareholder engagement and communication. During the period the Company embarked on a phone-based outreach campaign to the largest individual shareholders. The feedback was varied; while some shareholders expressed concern about performance relative to benchmark and/or the discount to NTA, significantly more expressed views to the effect that they were long term investors, understood that the Manager's investment approach has been at odds with the current market and expected that the portfolio's lower net exposure, which has been a drag on relative performance, should be a benefit as and when the market turns. The Company also ran a campaign encouraging shareholders to opt into electronic communications in order to stay better informed with more frequent and timely updates and invitations.

The Board has also actively engaged with the Manager on the continuing discount to NTA. The Board will continue to do so, as well as actively monitor the other initiatives to address the discount to NTA.

On-market share buy-back update

On 19 July 2019, the Company announced an on-market share buy-back of the Company's shares as a proactive measure to address the share price of the Company trading at a discount to NTA. The Company announced at the time that it may repurchase up to 10% of the Company's shares during the 12-month period commencing

[3] Based on share price at 25 February 2020 of $0.98

1 August 2019 and ending 31 July 2020 at the prevailing share price. In November 2019, the Company more than doubled the daily volume of the on-market share buy-back and continues with an accelerated buy-back within its current authority.

On 9 December 2019, the Company also informed shareholders that, as part of a decision to implement a more significant, long-term commitment to use the Company's substantial capital resources to seek to ensure the Company's share price trades close to its NTA, it will seek shareholder authority to repurchase up to 20% (i.e. an additional 10% above the existing authority) of the Company's shares on market and that the Board will seek this authority at the 2020 AGM at the latest, but may approach shareholders earlier, depending upon how quickly the current 10% buy-back authority is exhausted.

As at 26 February 2020, 28.5m shares have been repurchased under the current buy-back authority, leaving 25.4m shares remaining. At a daily buy-back rate of approximately 400,000 shares a day (average in 2020), this leaves approximately 65 business days of volume remaining which suggests the current buy-back authority would be fully utilised by the end of May 2020.

Extraordinary General Meeting (EGM) to approve additional 10% buy-back authority
The Board has decided, in light of the above progress of the existing on-market buy-back, to hold an Extraordinary General Meeting (EGM) of the Company to approve an increase in the existing buy-back authority by a further 10% of the shares on issue. The EGM will be held on 21 April 2020. Further details of the EGM will be communicated to shareholders over the next few weeks.

Investment by the Manager

The Manager continues to acquire shares in the Company. As at 31 December 2019, the aggregate holding by the Manager, directors and executives of the Manager (who are not acting in concert with each other) was in excess of 8 million shares. This aggregate holding constitutes a top 10 shareholding in the Company.

Shareholder webinar on results and portfolio

The Board invites you to the upcoming shareholder webinar on 5 March 2020 at 10:30am (Sydney time AEDT). The webinar will provide an update on the Company's results from Andrew Findlay, Director of the Company and Managing Director of the Manager, and on the portfolio from the Chief Investment Officer of the Manager, Jacob Mitchell.

Shareholders are invited to register at the following link:

https://pinnacleinvestment.zoom.us/webinar/register/WN_-XarVzHNSdGnVqc-isKqxw

Jonathan Trollip
Chairman
27 February 2020

Additional shareholder information

Company performance as at 31 December 2019

	Half-year ended 31 December 2019	Since inception % (Oct-16)
Company*	2.8%	9.4% p.a.
Benchmark**	8.7%	14.8% p.a.
Outperformance	(5.9)%	(5.4)% p.a.

*Calculated as the movement in NTA before all income taxes, adjusted for dividends paid and the dilutionary effect of options granted to shareholders upon the Company's initial listing, which we refer to as Company Performance. This measure incorporates underlying portfolio performance after fees, less administration costs of the Company
**MSCI All Country World Net Index in AUD (Manager's benchmark)

Manager's commentary

1HFY2020 review

At Antipodes we aim to build portfolios with a capital preservation focus. We have a flexible investment mandate and can invest both long and short as well as actively manage the portfolio's exposure to foreign currencies.

The first half of the 2020 financial year saw a continuation of trade uncertainty and deteriorating economic growth. However, the equity cycle was prolonged by the stimulatory effects of falling interest rates and a return to looser monetary policy by the world's major economies. The fall in interest rates has been of particular importance to equity market performance during this time as investors have herded into long duration assets in search of higher returns.

Against this backdrop the Company's portfolio appreciated by 2.8% over the half-year, underperforming the MSCI AC World Index which rose 8.7%. During the period, growth sectors such as Technology and Services, and bond proxies such as Consumer Staples outperformed the more cyclical and value orientated parts of the market. The US was the best performing market on a regional basis.

As a pragmatic value manager, our long positions faced significant headwinds in a market favouring yield, quality and "structural" growth – often at any price. The ongoing underperformance of value stocks relative to growth stocks is unprecedented in terms of both the duration and degree of the movement.

Our short positions detracted from performance over the period. 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 market periods but they can also act as a headwind in strong upward moving markets as experienced in the first half of the financial year.

Attribution summary 1HFY20

	Portfolio	Benchmark	Difference
Long positions	5.2%	8.7%	(3.5%)
Short positions	(1.7%)	-	(1.7%)
Currency	(0.1%)	-	(0.1)%
Total	3.5%	8.7%	(5.3%)

*For the purposes of calculating attribution, portfolio returns are gross of fees to Dec 19. As a result, the portfolio performance figures in this table will not reconcile with the Company performance table which is net of fees. Source: FactSet, Antipodes

Key contributors / detractors from performance 1HFY20

Top five	Bottom five
LINE	Tapestry
Alibaba	TechnipFMC
Samsung Electronics	Expedia
Microsoft	Cisco
Sony	Short position (Online Services)

Portfolio positioning and market outlook

Looking forward, we believe the biggest change in the landscape is not low interest rates but, rather, a rise in populism resulting from central bank policy which has inflated asset prices but has failed to deliver a sustainable recovery in economic growth. The protectionist policies and regulation associated with populism risk triggering further accommodative monetary policy.

Ultimately, economic reforms are required to generate enduring productivity growth but in the short term we believe it is inevitable that countries will look to fiscal stimulus, much like the US has done. Cyclical stocks, however, are priced for a severe outcome, not the potential of stimulus. Further, domestic cyclicals in the US trade at a 30-40% premium to domestic cyclicals elsewhere in the world, because the US has already stimulated, leaving Europe and China as the regions with the most dry powder to embark on a path of fiscal stimulus.

As we have observed this herding into long duration assets, we have added cheaper expressions of growth and defensive assets to the portfolio. Specifically, we have added to our exposures in Healthcare (e.g. Merck, Roche, Medtronic) and Consumer Defensives (e.g. Coca-Cola, Pepsi, Tiffany & Co). We believe these stocks are attractively priced relative to their growth profiles.

Furthermore, given the compelling valuations in the cyclical part of the market we have increased the weighting in industrial stocks that have a structural growth story (e.g. Siemens and Continental). This structural growth story makes these companies less dependent on the economic cycle to grow but they will also be a key beneficiary of any fiscal stimulus.

In summary, we are confident that our investment approach will generate attractive long-term returns for the Company while minimising risk.