

ANNUAL GENERAL MEETING
OCTOBER 2018



KAIZEN GLOBAL
Investments

ANNUAL GENERAL MEETING 2018

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AGM Agenda

1. Chairman's welcome and address
2. Results
3. Investment outlook
4. Portfolio and investment process
5. Resolutions

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Name	Position	Independence	Prior experience
Simon Winfield MBA	Executive Chairman	Not independent	Credit Suisse, Bank of America Merrill Lynch
Connor Grindlay MEng (Hons)	Managing Director	Not independent	Credit Suisse, WestLB Panmure, Trafelet, Millennium Capital Partners, Caledonia Investments.
Andre Edmunds BEng (Hons)	Non-executive Director	Independent	AMP General insurance, CSC Australia, Deloitte UK, Barclays, Toyota, Volkswagen, Cazenove Capital, Orange Sweden, Hutchinson 3G, VirginMedia, Optus, Telstra, Downer, Foxtel, News Ltd and Transport for NSW.

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Financial results for the year ended 30 June 2018

	30 June 2018
Pre Tax (loss) dollars	(33,674)
Basic loss per share (cents per share)	1.064
Net tangible backing per share post tax (cents per share)	95.78

Dividends

- Board intends to pay dividends in FY 2019 if profit and franking balances allow this.

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PERFORMANCE: NTA

Performance	23 March* 2015-30 June 2018
Net KGI returns post tax	-2.76%
HFR Hedge Fund index	4.67%
FTSE Global All-Cap Index	9.93%
RBA cash rate (current)	5.72%

Performance (Total track record)	31 Jan** 2010-31 October 2018
Net KGI composite return post tax	66.4%
HFR Hedge Fund index	32.2%
FTSE Global All-Cap Index	67.7%
RBA cash rate (current)	27.4%

PERFORMANCE: SHARE PRICE

Performance	23 March* 2015-31 October 2018
Net KGI returns post tax	0.46%
RBA cash rate	6.25%

* Listing date 23/03/2015, unaudited returns, starting NTA \$0.9805 ** Inception of track record Jan 31 2010

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KGI's business model aims to;

- Achieve a high real rate of return for Shareholders comprising both income and capital growth;
- Preserve capital of the Company; and,
- Deliver Shareholders a growing stream of fully franked dividends.

KGI's Investment Strategy

- Invest majority of assets in diverse portfolio consisting 30-60 internationally listed equities (shares).
- Invest with long-term horizon (3-5 years plus).
- Utilise a fundamental, stock-picking approach.
- Invest in companies with thematic tailwinds.
- Can utilise strategies, such as shorting, to protect downside risk.
- May also invest part of the portfolio in unlisted Australian companies and re-invest excess cash flows.

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PERFORMANCE OF THE 'WORLD' INDEX IS VERY DIFFERENT FROM THE US INDEX: **UNITED STATES 93.4%: WORLD 38.4%**



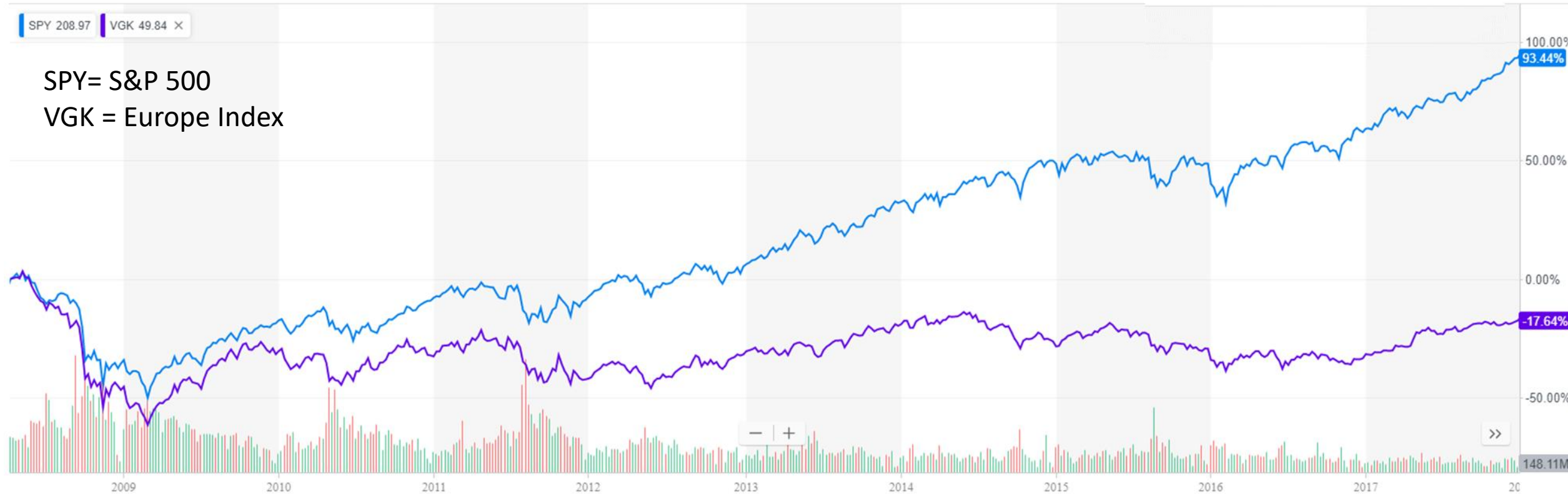
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THE 'US' INDEX IS DISTORTING PERCEPTIONS OF PERFORMANCE: **EMERGING MARKETS -3.58%**



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THE 'US' INDEX IS DISTORTING PERCEPTIONS OF PERFORMANCE: **EUROPE -17.6%**



TRUE GLOBAL INVESTING HAS BEEN DIFFICULT OUTSIDE THE UNITED STATES

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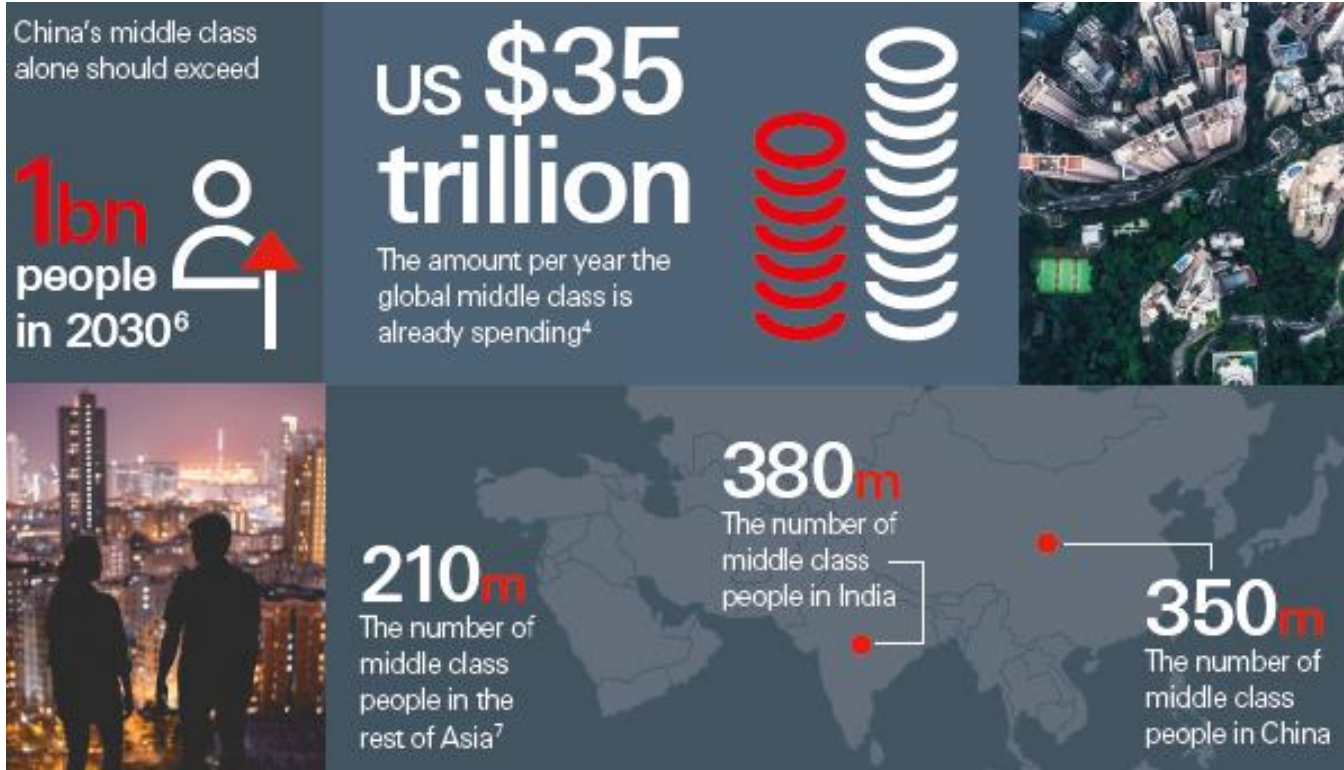
WE ARE LOOKING FOR...

- LONG-TERM (5,10,15 YEARS)
- THEMATIC
- COMPOUNDERS



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LARGEST DEMAND GROWING IN EMERGING MARKETS



Source: HSBC

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GROWTH CITIES MOSTLY NOT DEVELOPED MARKETS

Top 20 hot spots for growth by 2025

Cityscope rankings by growth, 2010–25

Emerging regions

Developed regions

Rank	Elderly, higher-income consumers ¹	Young entry-level consumers ²	Laundry care products ³	Commercial floor space ⁴	Municipal water demand
1	Shanghai	Lagos	São Paulo	New York	Mumbai
2	Beijing	Dar es Salaam	Beijing	Beijing	Delhi
3	Tokyo	Dhaka	Rio de Janeiro	Shanghai	Shanghai
4	Tianjin	Ouagadougou	Shanghai	Los Angeles	Guangzhou
5	Mumbai	Khartoum	Mexico City	Tokyo	Beijing
6	São Paulo	Ghaziabad	Moscow	Washington, DC	Buenos Aires
7	Osaka	Sanaa	Bangkok	Dallas	Kolkata
8	Chongqing	Nairobi	Istanbul	São Paulo	Khartoum
9	Delhi	Luanda	Manila	Guangzhou	Dhaka
10	Nanjing	Baghdad	Johannesburg	Chicago	Istanbul
11	Guangzhou	Kampala	Belo Horizonte	Houston	Dallas
12	New York	Ibadan	Porto Alegre	Tianjin	Pune
13	Seoul	Lusaka	Buenos Aires	Moscow	Las Vegas
14	Hong Kong	Kinshasa	Tianjin	Atlanta	Karachi
15	Wuhan	Kano	Tehran	Miami	São Paulo
16	Kolkata	Abidjan	New York	Hong Kong	Hyderabad, India
17	Shenyang	Abuja	Foshan	Mexico City	Lagos
18	Los Angeles	Bamako	Santiago	Shenzhen	Moscow
19	Toronto	Chittagong	Shenzhen	Phoenix	Wuhan
20	Ahmedabad	Port Harcourt	London	Istanbul	Manila

Source: McKinsey Global Institute

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	2015	2016	2017e	2018f	2019f	2020f
World	2.8	2.4	3.1	3.1	3.0	2.9
Advanced economies	2.3	1.7	2.3	2.2	2.0	1.7
United States	2.9	1.5	2.3	2.7	2.5	2.0
Euro Area	2.1	1.8	2.4	2.1	1.7	1.5
Japan	1.4	1.0	1.7	1.0	0.8	0.5
Emerging market and developing economies (EMDEs)	3.7	3.7	4.3	4.5	4.7	4.7
Commodity-exporting EMDEs	0.5	0.8	1.8	2.5	3.0	3.0
Other EMDEs	6.1	5.9	6.2	5.8	5.8	5.7
Other EMDEs excluding China	5.2	4.9	5.3	5.1	5.1	5.1
East Asia and Pacific	6.5	6.3	6.6	6.3	6.1	6.0
China	6.9	6.7	6.9	6.5	6.3	6.2
Indonesia	4.9	5.0	5.1	5.2	5.3	5.4
Thailand	3.0	3.3	3.9	4.1	3.8	3.8
Europe and Central Asia	1.1	1.7	4.0	3.2	3.1	3.0
Russia	-2.5	-0.2	1.5	1.5	1.8	1.8
Turkey	6.1	3.2	7.4	4.5	4.0	4.0
Poland	3.8	2.9	4.6	4.2	3.7	3.5
Latin America and the Caribbean	-0.4	-1.5	0.8	1.7	2.3	2.5
Brazil	-3.5	-3.5	1.0	2.4	2.5	2.4
Mexico	3.3	2.9	2.0	2.3	2.5	2.7
Argentina	2.7	-1.8	2.9	1.7	1.8	2.8
Middle East and North Africa	2.8	5.0	1.6	3.0	3.3	3.2
Saudi Arabia	4.1	1.7	-0.7	1.8	2.1	2.3
Iran	-1.3	13.4	4.3	4.1	4.1	4.2
Egypt ²	4.4	4.3	4.2	5.0	5.5	5.8
South Asia	7.1	7.5	6.6	6.9	7.1	7.2
India ³	8.2	7.1	6.7	7.3	7.5	7.5
Pakistan ²	4.1	4.6	5.4	5.8	5.0	5.4
Bangladesh ²	6.6	7.1	7.3	6.5	6.7	7.0
Sub-Saharan Africa	3.1	1.5	2.6	3.1	3.5	3.7
Nigeria	2.7	-1.6	0.8	2.1	2.2	2.4
South Africa	1.3	0.6	1.3	1.4	1.8	1.9
Angola	3.0	0.0	1.2	1.7	2.2	2.4

World bank 2020 forecast growth rates

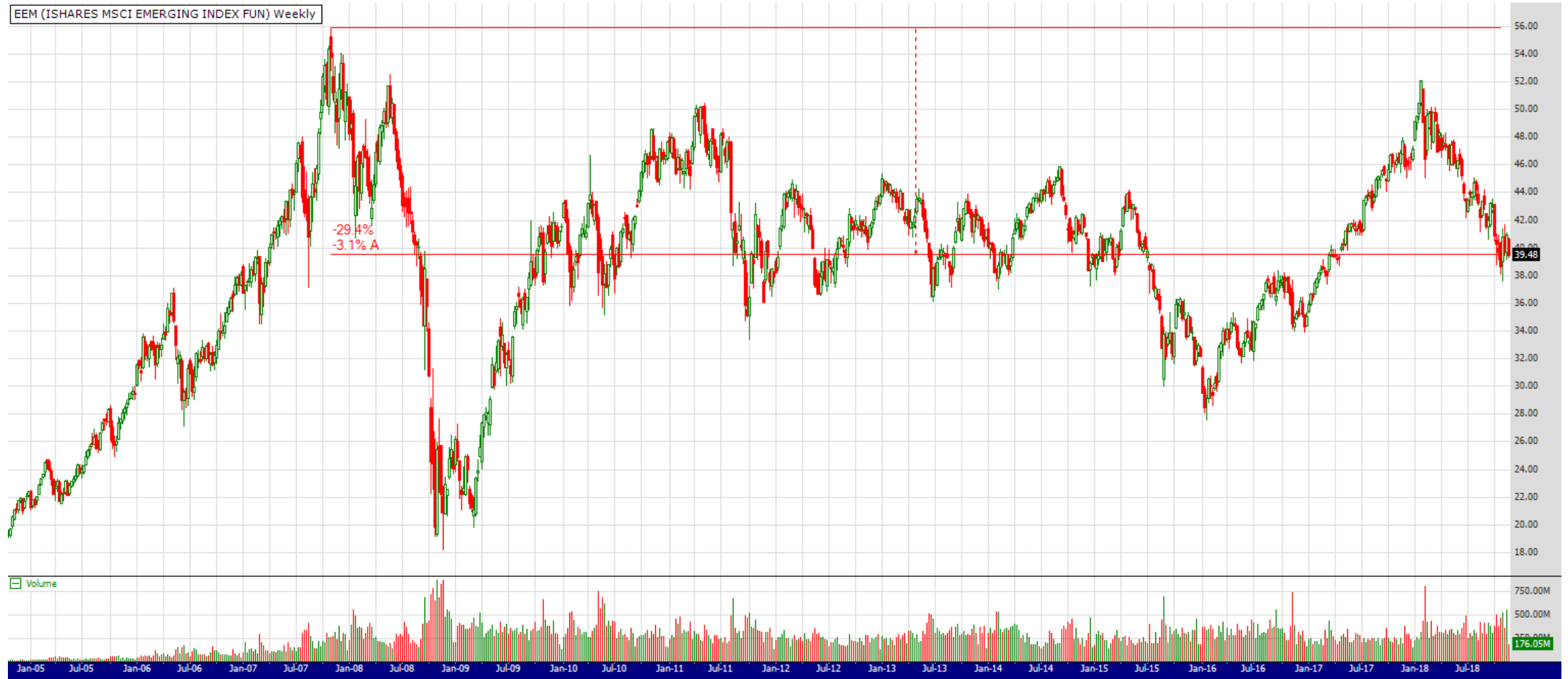
Advanced economies 1.7%

East Asia and Pacific 6.0%

South Asia 7.2%

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YET EMERGING MARKETS DOWN 30% SINCE PEAK IN 2008



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INVESTING ISN'T MEANT TO BE EASY – BUT IT HAS BEEN IN U.S. 'QUALITY'

*We must **SELL** when fundamentals are at their **peak** and emotions are **most positive***

*We must **BUY** when fundamentals are at their **trough** and emotions are **most negative***

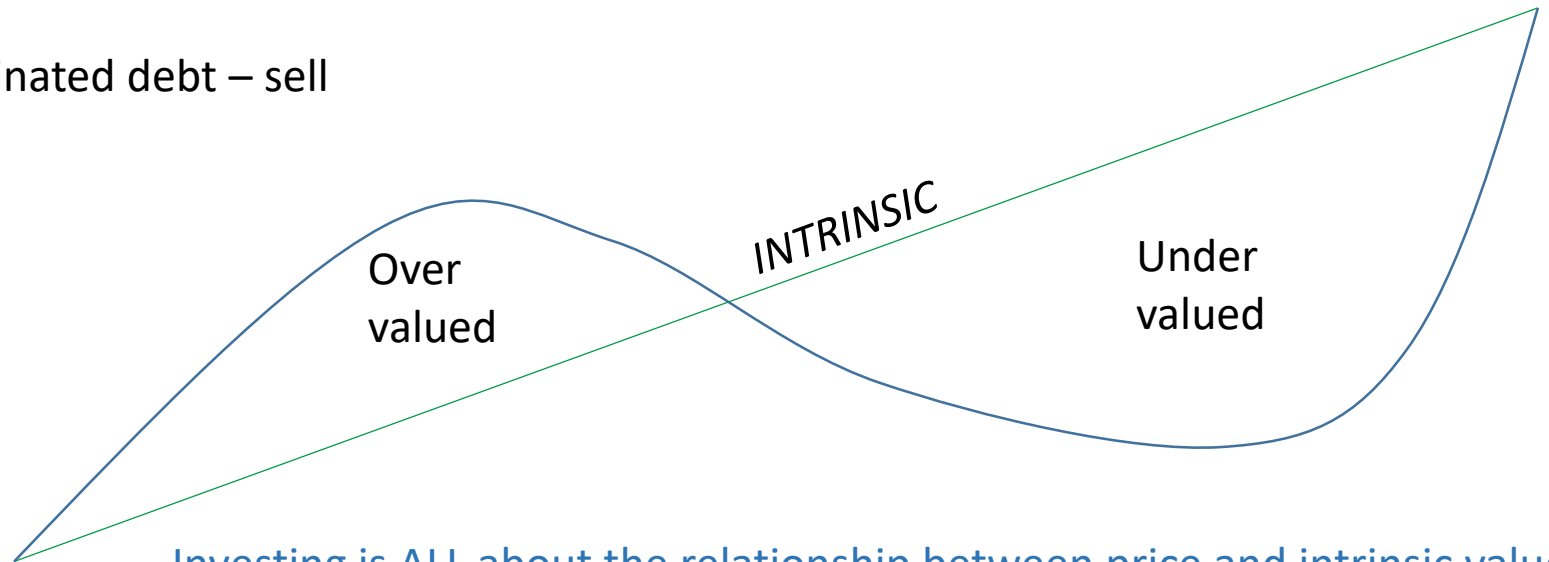
Howard Marks

Where is most positive/close to a peak? Where is negative/emotions most negative?

US companies offer global growth – just invest there - Nifty 50 – nothing could go wrong. A lot did.

U.K. Brexit a disaster – sell

E.M. – mountains of U.S. dollar denominated debt – sell



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SKEWING THE ODDS IN YOUR FAVOUR

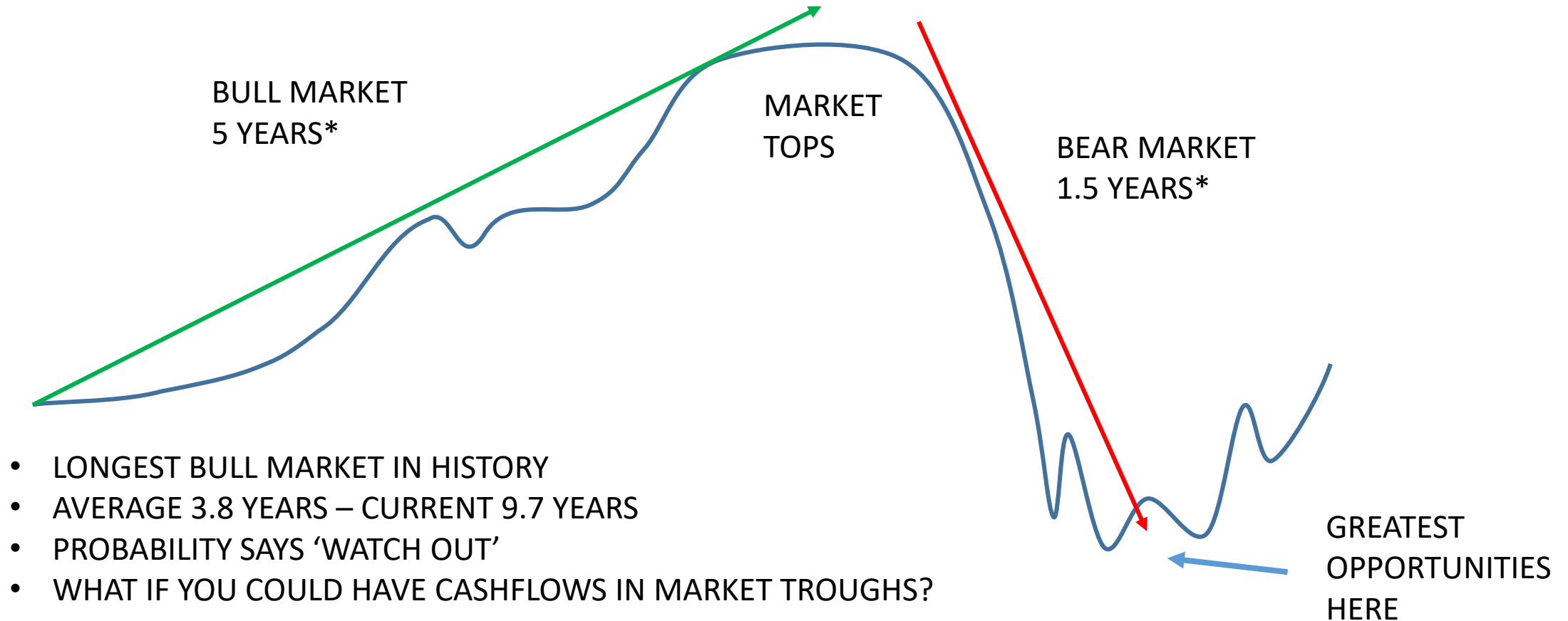
- MARKETS WORK IN CYCLES
- MUST THINK IN **PROBABILITIES**
- TEMPERAMENT IS KEY – UNEMOTIONAL, LOGICAL INVESTING

ARE WE HERE?



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PROBABILITIES: LOOKING FOR BIGGEST RISK WEIGHTED OPPORTUNITIES



*On average. Source: Kaizen Global estimates, S&P 500, Dow Jones

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SKEWING PROBABILITIES IN YOUR FAVOUR

Have an extensive shopping list
Understand WHAT can go down a lot
Understand WHY

WHY would institutional investors sell in a panic?
WHY does this pattern rhyme/repeat?

Stock A – HOUSING related

We do not own it
It is a great company but....
Price reflects cheery outlook

In last storm

Smart investors were rewarded with 33X
No guarantee history will rhyme/repeat



*We must **BUY** when fundamentals are at their **trough** and emotions are **most negative***

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SKEWING PROBABILITIES IN YOUR FAVOUR

Have an extensive shopping list
Understand WHAT can go down a lot
Understand WHY

WHY would institutional investors sell in a panic?
WHY does this pattern rhyme/repeat?

Stock B – AGING DEMOGRAPHIC

We do not own it
It is a great company but....
Price reflects cheery outlook

In last storm

Smart investors were rewarded with 23.5X
No guarantee history will rhyme/repeat

*We must **BUY** when fundamentals are at their **trough** and emotions are **most negative***



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HOW WE INVEST – OUR PROCESS

LOGICAL - REPEATABLE

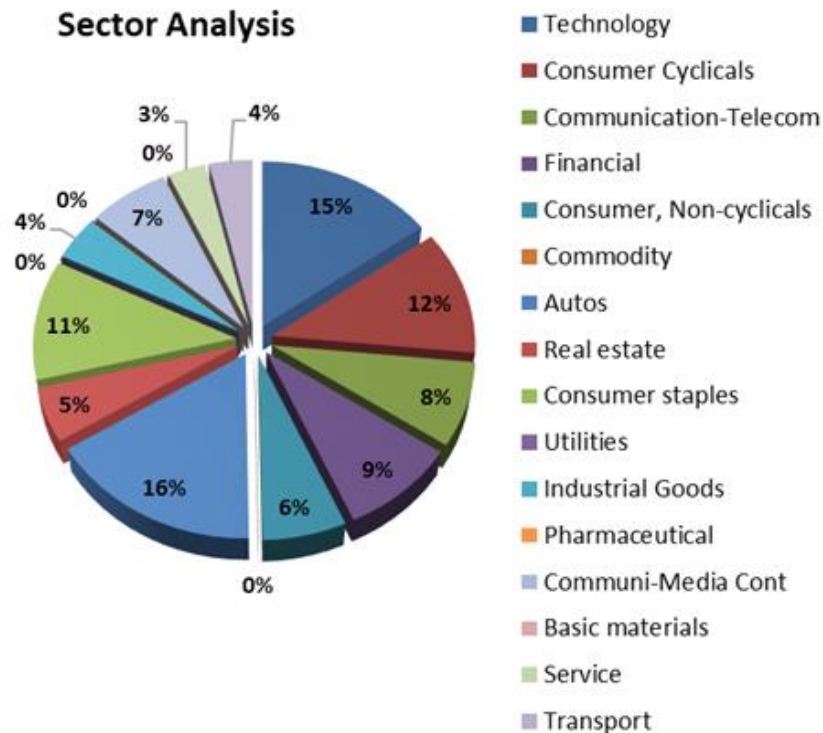
- Identify investment opportunities
- Complete fundamental analysis
- Quantify Investment thesis
- Consider macro-economic environment
- Determine portfolio weighting
- Maintain selling discipline



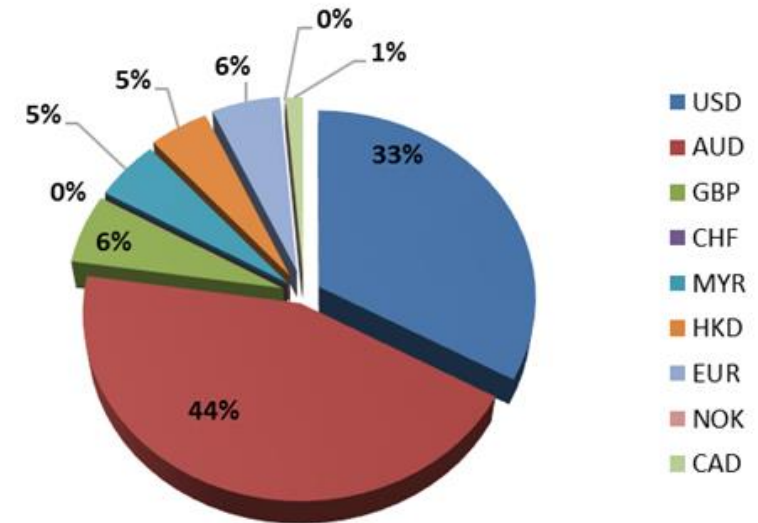
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PORTFOLIO POSITIONING*

- Fully invested
- Diversified holdings
- Global



Currency Exposure



AUD exposure includes two listed companies that have US operations
Private business 19.79% of NTA

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PRIVATE INVESTMENT

- Operations going to plan, optimistic about investment
- Strong tailwinds in non-invasive medical aesthetics services, aging populations
- A platform company with unique insight into the Health sector globally
- Creates insight and options into the industry as an operator
- Investment was 19.79% of assets June 2018

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ORDINARY BUSINESS

Financial Statements and Reports

“To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2018 together with the declaration of the Directors, the Directors’ Report, the Remuneration Report and the Auditor’s Report for that financial year.”

Summary of Proxy Instructions

No vote required.

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RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Remuneration Report

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2018.”

Summary of Proxy Instructions

For	Open	Against	Abstain
1,320,960	0	513,560	0

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RESOLUTION 2 – RE-ELECTION OF MR ANDRE EDMUNDS AS DIRECTOR

Election of Directors

“That Andre Edmunds, a Director who retires by rotation in accordance with the Company’s Constitution, and being eligible offers himself for re-election, is re-elected as a Director of the company.”

Summary of Proxy Instructions

For	Open	Against	Abstain
1,158,604	0	513,560	0

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OUTLOOK – LONG-TERM ALWAYS OPPORTUNITIES

- *‘There are seven billion people in the world – there will always be opportunities’* Jim Rogers
- Our outlook - per investment - is based on finding company specific ideas, not on a macro view of the world.
- We invest on a 3-5 year horizon, each investment has to have a **large margin of safety** to reduce the chance of **permanent loss of capital**.
- **In bear markets, when people are most fearful, there are the best investment opportunities.**
- Certain markets are quite fully-valued, particularly U.S. ‘quality’ companies acting as bond proxies.
- We believe the Australian dollar will zig-zag down to 50 cents against the US dollar on a 5-10 year view – staging rallies along the way.

