

ANNUAL GENERAL MEETING
OCTOBER 2019



KAIZEN GLOBAL
Investments

ANNUAL GENERAL MEETING 2019

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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 2019

	30 June 2019
Pre Tax (loss) dollars	(139,826)
Basic loss per share (cents per share)	4.419
Net tangible backing per share post tax (cents per share)	91.36

Dividends

- Board will consider dividends in FY 2020 if profit and franking balances allow this, but also assess capital allocation options with share buybacks.

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KGI's business model aims to;

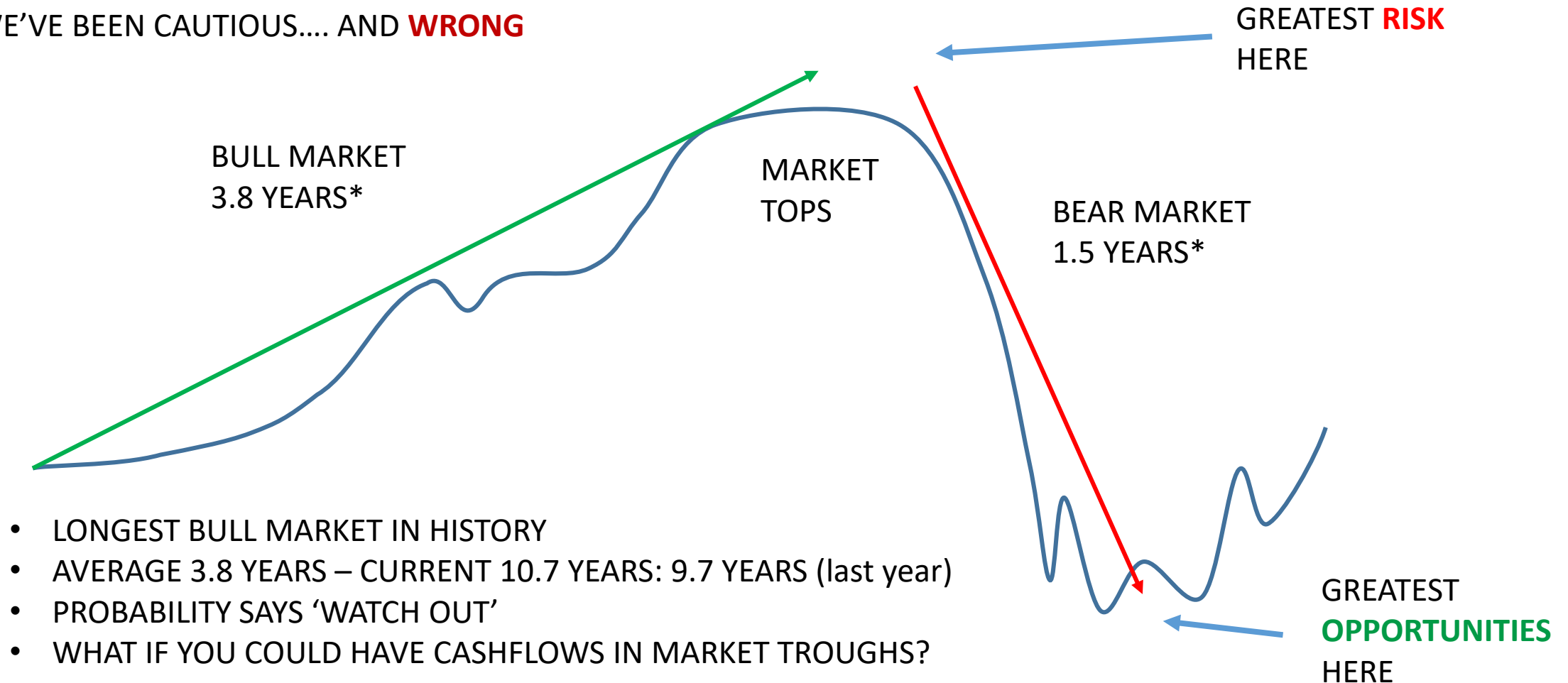
- Achieve a high real rate of return for Shareholders comprising both income and capital growth;
- Preserve capital of the Company; and,
- Deliver Shareholders a growing stream of fully franked dividends.

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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WE'VE BEEN CAUTIOUS.... AND **WRONG**



PROBABILITIES: LOOKING FOR BIGGEST RISK WEIGHTED OPPORTUNITIES

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TIFFANY & Co.

2008 – No-one would finance. Buffett last resort.

2019: LVMH bid. A top?



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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

NOT BROKEN



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‘Smart money’ take outs of two portfolio companies

MISSED BIG UPSIDE



Spookfish

Buyer Eagleview/Vista technology Private Equity

Takeout at 9 cents

Our target ~30 cents plus

Sized right

Lesson? More active. Pointless if we are only ones in stock market who see it. Private Equity see it.



Dreamscape

Buyer Private Equity/Management.

Takeout at \$0.27 cents

Our target \$1.0 plus

Sized right

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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

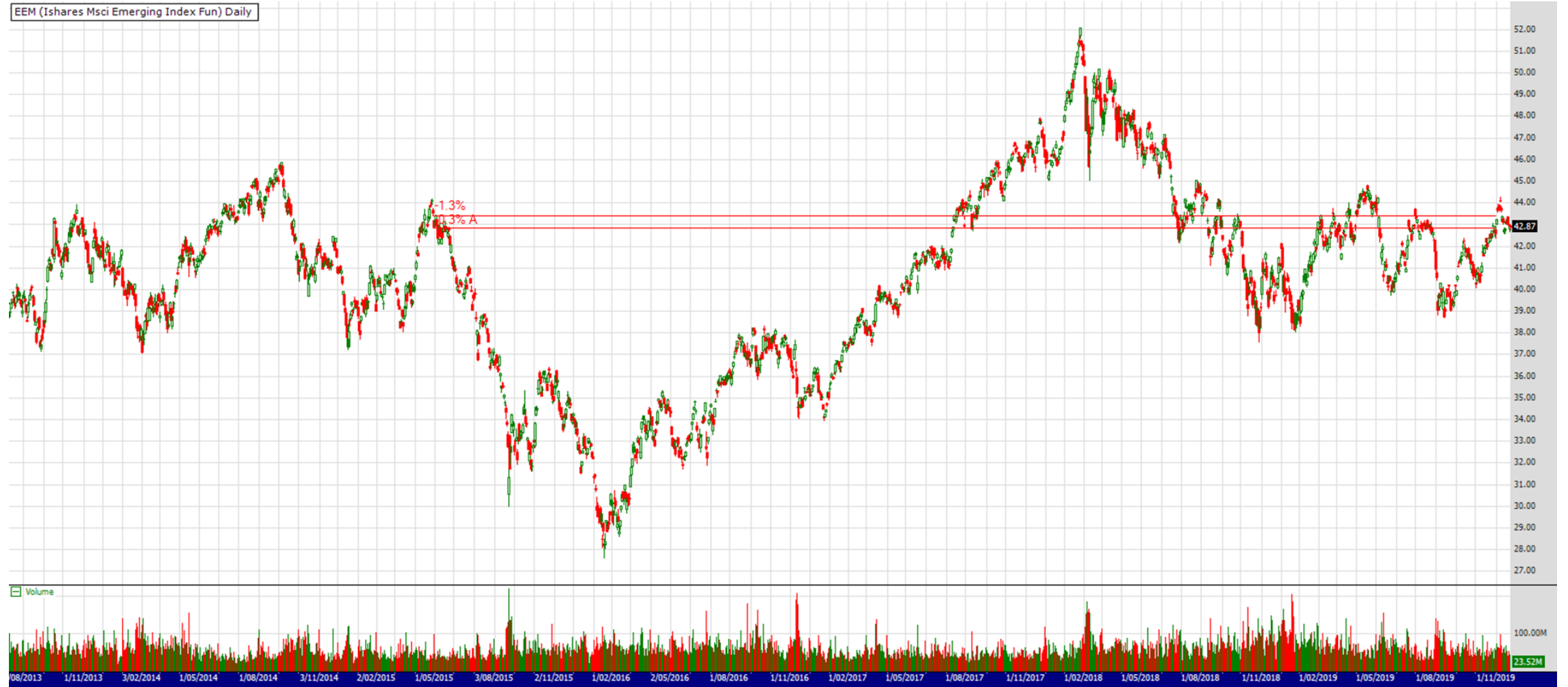
EUROPE



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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

EMERGING MARKETS



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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

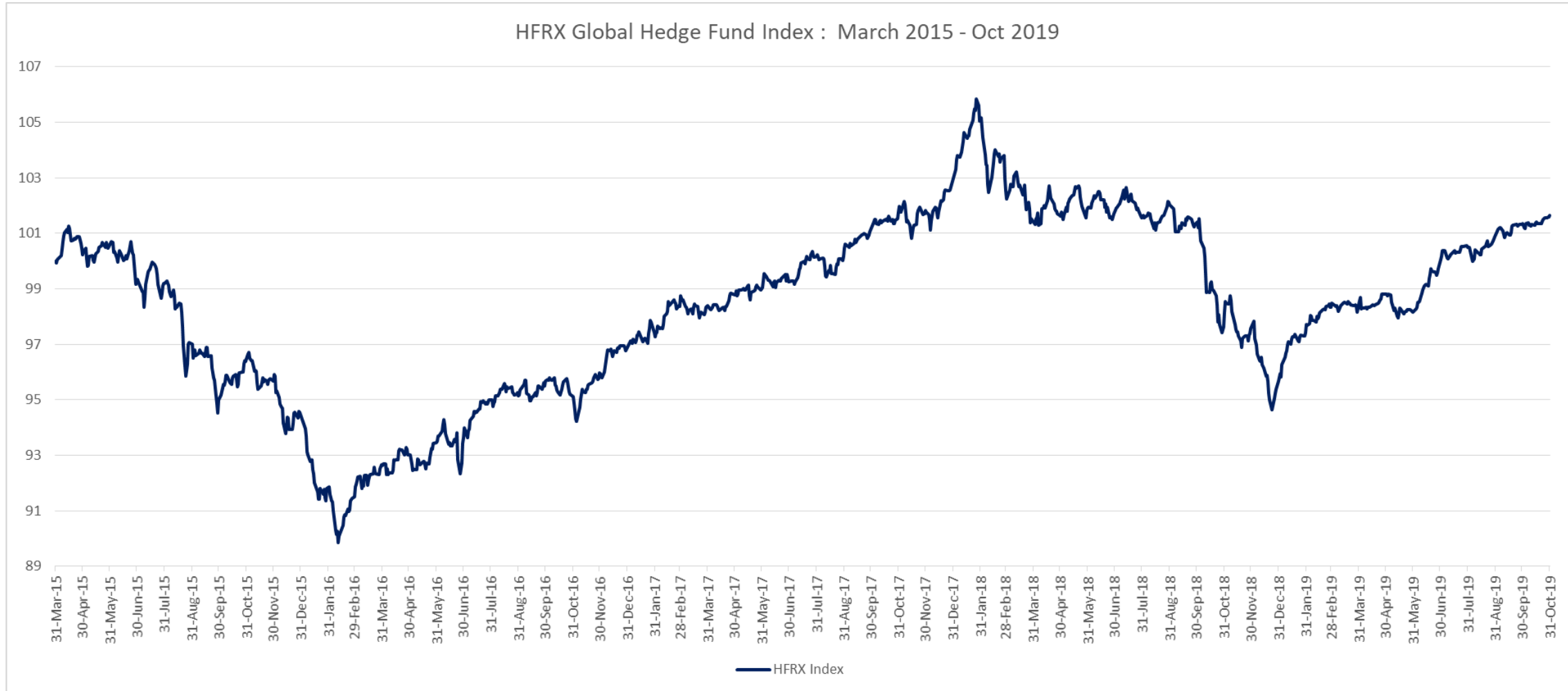
INDIA



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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

KGI AND HEDGE FUNDS: -7% from NAV* +1.57% HFRX



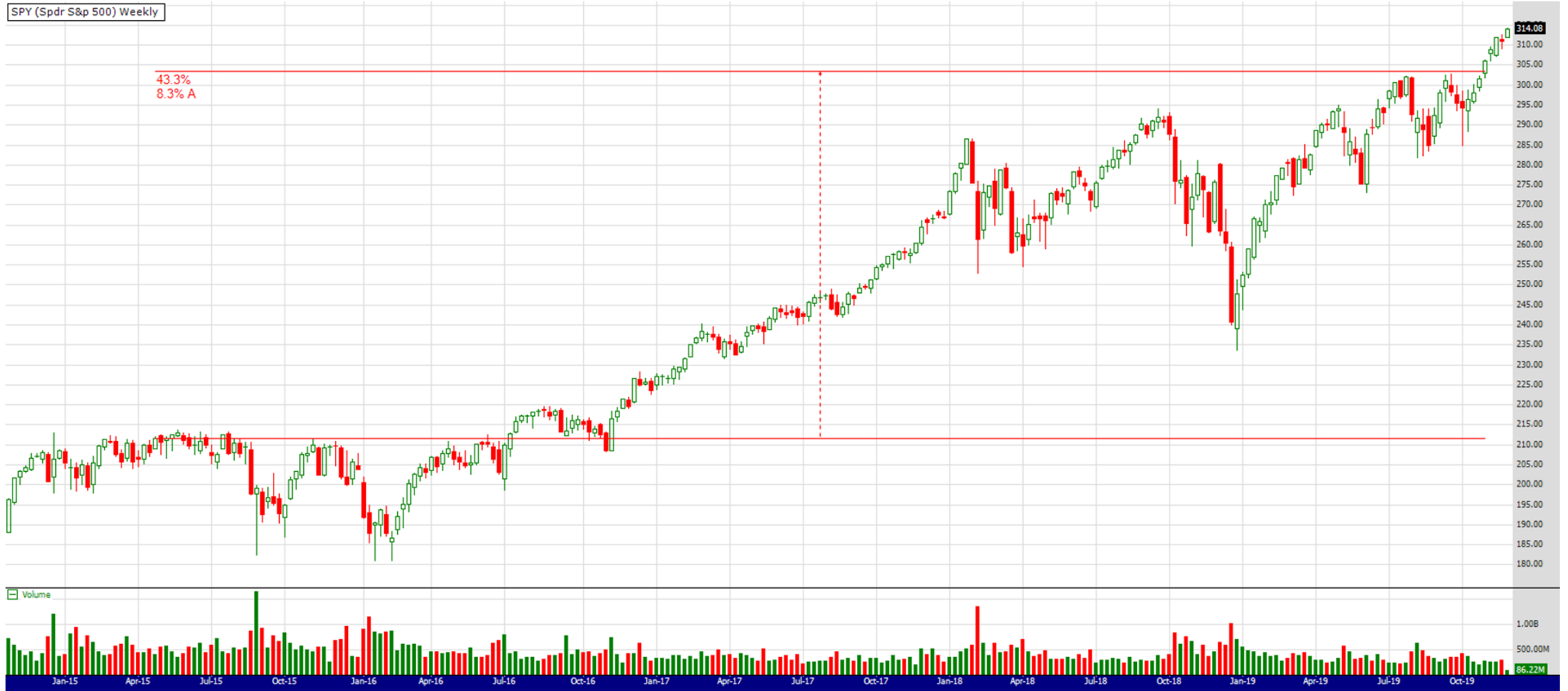
*Post listing costs NAV

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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

UNITED STATES – OUTSTANDING but also an outlier



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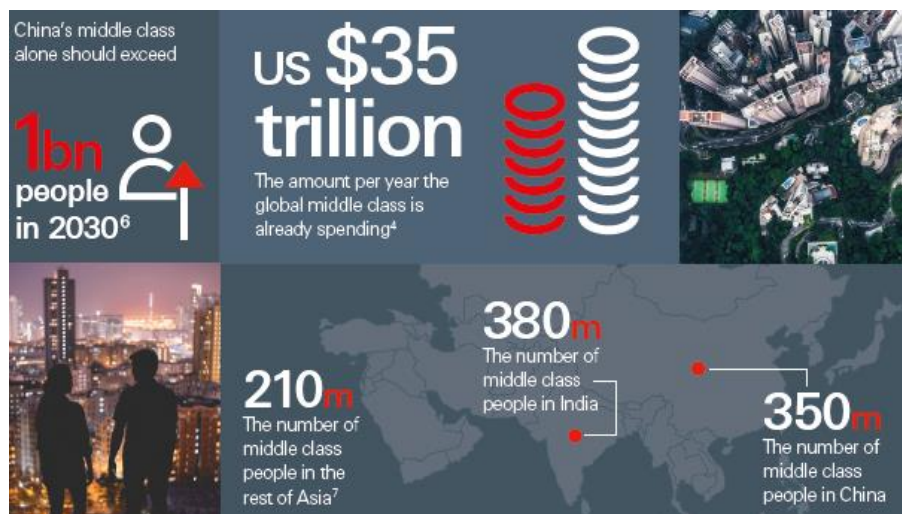
CAPITAL ALLOCATION

Buyback - ongoing

- Cash flows from private investment
- We have bought back and cancelled 8,660 shares
- Provided liquidity

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BIG PICTURE: LARGEST DEMAND GROWING IN EMERGING MARKETS



	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	5.8
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	5.1
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

Source: HSBC, World Bank

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WE ARE LOOKING FOR...

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



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MULTIPLE ARROWS IN OUR QUIVER

- LONGS;
- SHORTS AND CAPITAL PROTECTION;
- ABILITY TO POTENTIALLY CAPITALISE ON WEAK MARKETS (FOREWARNED/FOREARMED);and
- REDEPLOY CAPITAL FROM PRIVATE BUSINESS



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WEAK MARKET OPPORTUNITIES COMING

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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PREPARED MIND = OPPORTUNITY

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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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 21.97% of assets June 2019
- Cash flows coming back: used to buy back stock

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HOW BUYBACKS WORK

- BUFFETT ANALOGY: PIZZA BASE IS SHARE COUNT. CHEESE IS PROFIT OR ASSETS
- YOU WANT TO HAVE AS MUCH CHEESE PER SLICE AS POSSIBLE
- AS MUCH PROFIT/ASSET PER SHARE AS POSSIBLE

CAPITAL ALLOCATION

- IF WE CAN BUY A \$1 OF SHARES FOR A REASONABLE DISCOUNT AND CANCEL THE SHARES
- WE SHRINK THE PIZZA BASE – IN THE ANALOGY

RECENT BUYING AT \$0.83 VS NTA OF \$0.915

- AT FIRST THE \$0.83 PRICE PRINT vs NTA of approximately \$0.915
- WE'RE BUYING \$0.915 FOR \$0.83 – I.E. ALMOST 10% DISCOUNT – AT NO RISK
- CASHFLOWS COMING BACK FROM PRIVATE BUSINESS CAN BE USED TO SHRINK THE SHARE COUNT

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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 2019 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 2019.”

Summary of Proxy Instructions

For	Open	Against	Abstain
1,146,223	0	0	0

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RESOLUTION 2 – RE-ELECTION OF MR SIMON WINFIELD AS DIRECTOR

Election of Directors

“That Simon Winfield, 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
993,867	0	0	0

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RESOLUTION 3 – ISSUE OF FULLY PAID ORDINARY SHARES

Election of Directors

“That for the purpose of NSX Listing Rule 6.25, and other purposes, approval is given for the issue and allotment of up to 10,526,315 fully paid ordinary shares at a price of \$0.95 per share as detailed in the Explanatory Statement.”

Summary of Proxy Instructions

For	Open	Against	Abstain
1,146,223	0	0	0

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OUTLOOK – LONG-TERM ALWAYS OPPORTUNITIES

- We've been cautious and wrong;
- Nothing we see makes us less cautious;
- Two positions that we were very optimistic on: taken out too early by smart money;
- Optimistic about names in portfolio and ability to find new ones.

