



ANNUAL GENERAL MEETING
NOVEMBER 2020



KAIZEN GLOBAL
Investments

ANNUAL GENERAL MEETING 2020

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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 2020

	30 June 2020
Pre Tax (loss) dollars	115,832
Basic profit per share (cents per share)	3.687
Net tangible backing per share post tax (cents per share)	95.28

Recent Net tangible backing per share post tax (cents per share)

- 31 October 2020 (unaudited) 108.4 (cents per share)
- 91.36 (cents per share) June 30 2019 (+4.3% year on year)
- +18.7% increase in NTA since June 30 2019 (to latest October 31 NTA).

Dividends

- Board will consider dividends in FY 2021 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;

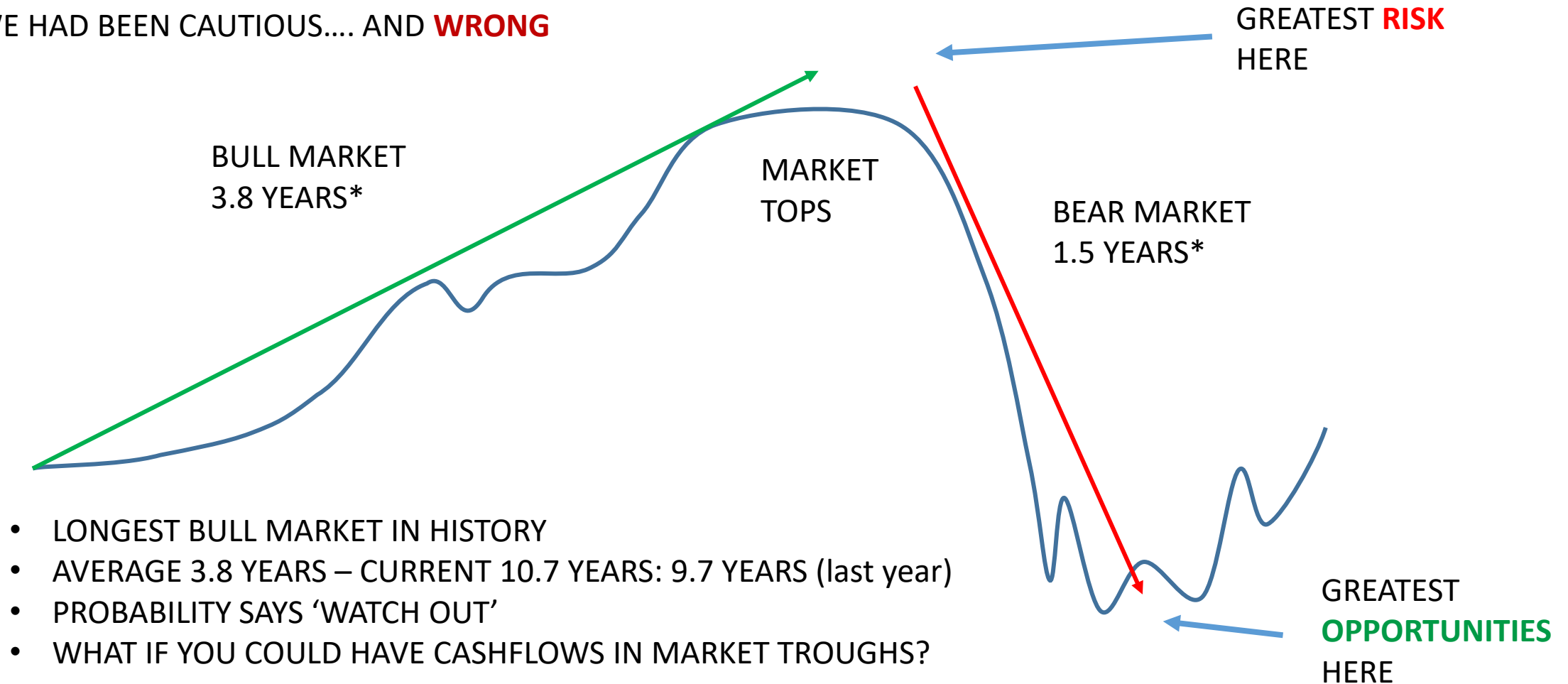
- Achieve a high real rate of return for Shareholders comprising both income and capital growth;
- Preserve capital of the Company; and,
- Deliver Shareholders a growing stream of fully franked dividends.

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 HAD BEEN CAUTIOUS.... AND **WRONG**

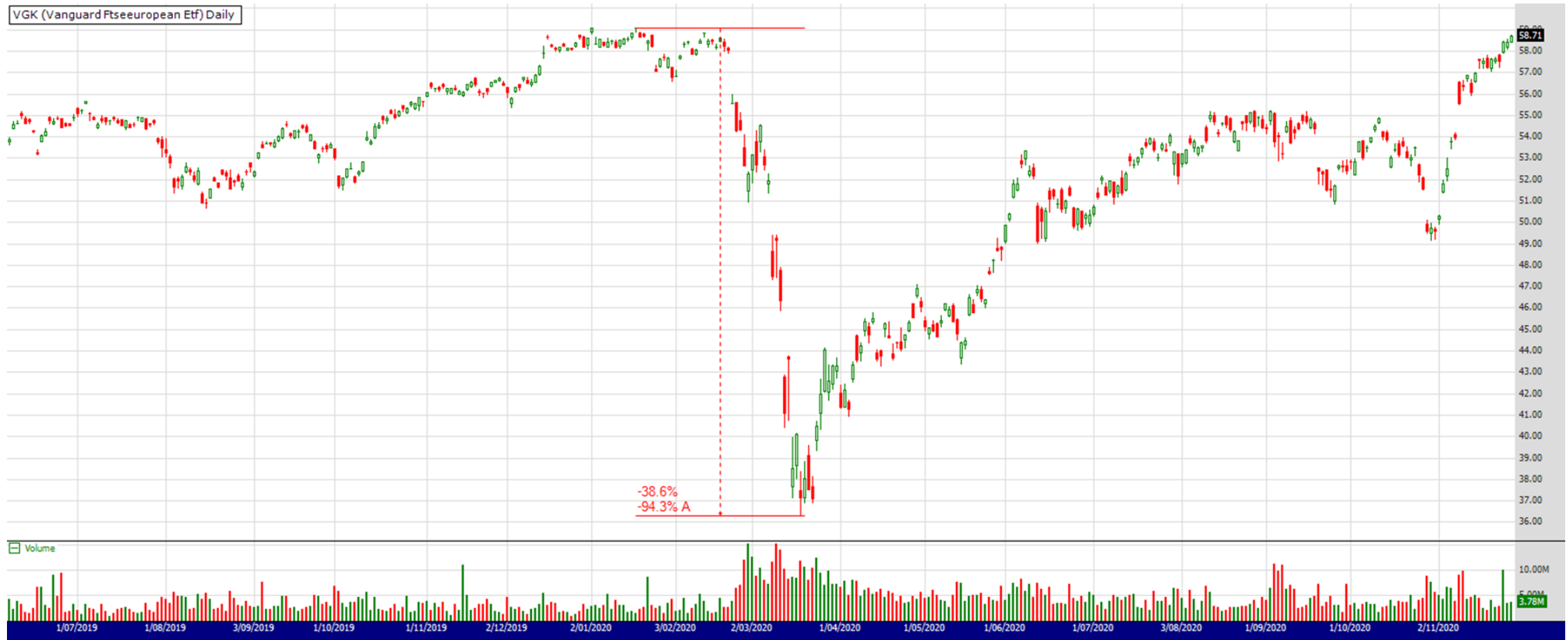


*On average. Source: Kaizen Global estimates, S&P 500, Dow Jones

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AN UNFORSEEN STORM APPEARED - KGI protected capital

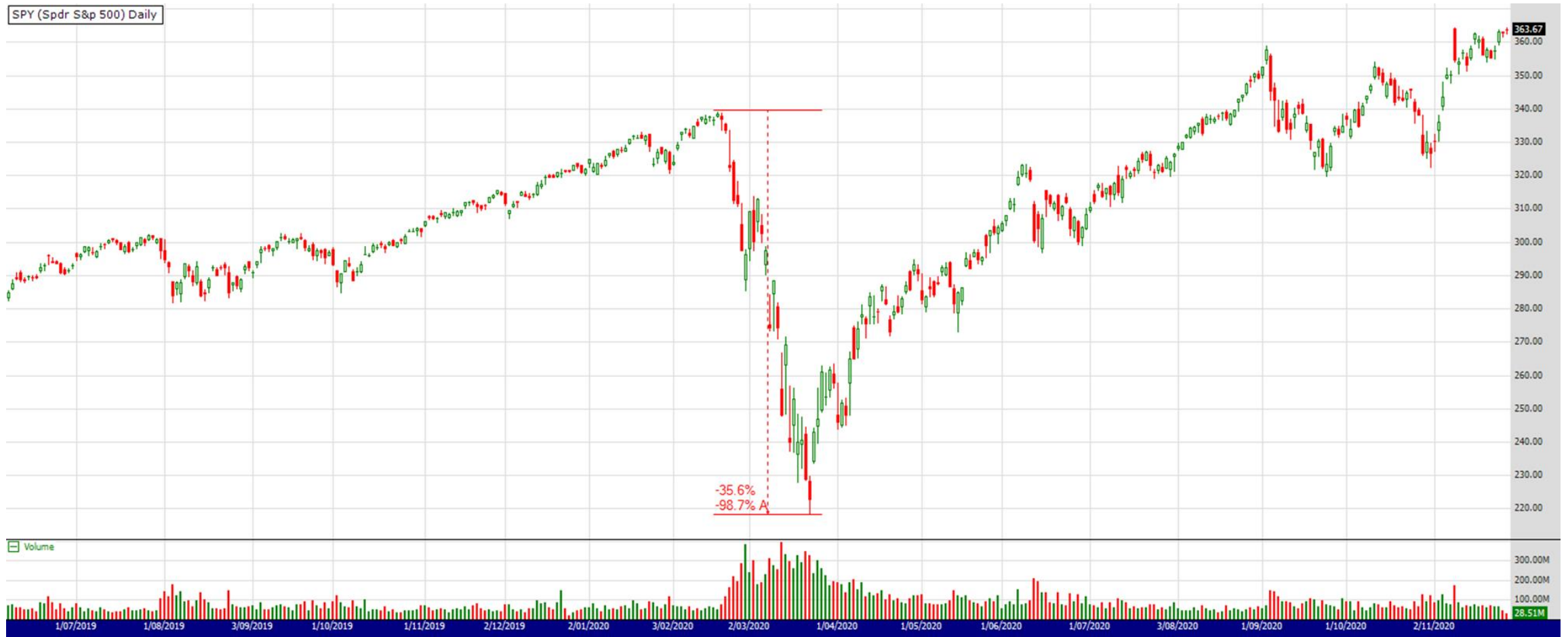
EUROPE: Down -38.6%: KGI peak to trough -7.3% (1/5th of fall)



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AN UNFORSEEN STORM APPEARED – KGI protected capital

UNITED STATES – S&P 500 Down -35.6%: KGI peak to trough -7.3% (1/5th of fall)



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



ANNUAL GENERAL MEETING 2020: A reminder and lesson learned

‘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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Takeout in October 2020: ~3X share price previous day

Post Spookfish and Dreamscape

- Kaizen Active behind scenes
- Painful lessons but we have learned a great deal
- Constructive input
- Recent takeout – likely board and C.E.O. lose their jobs

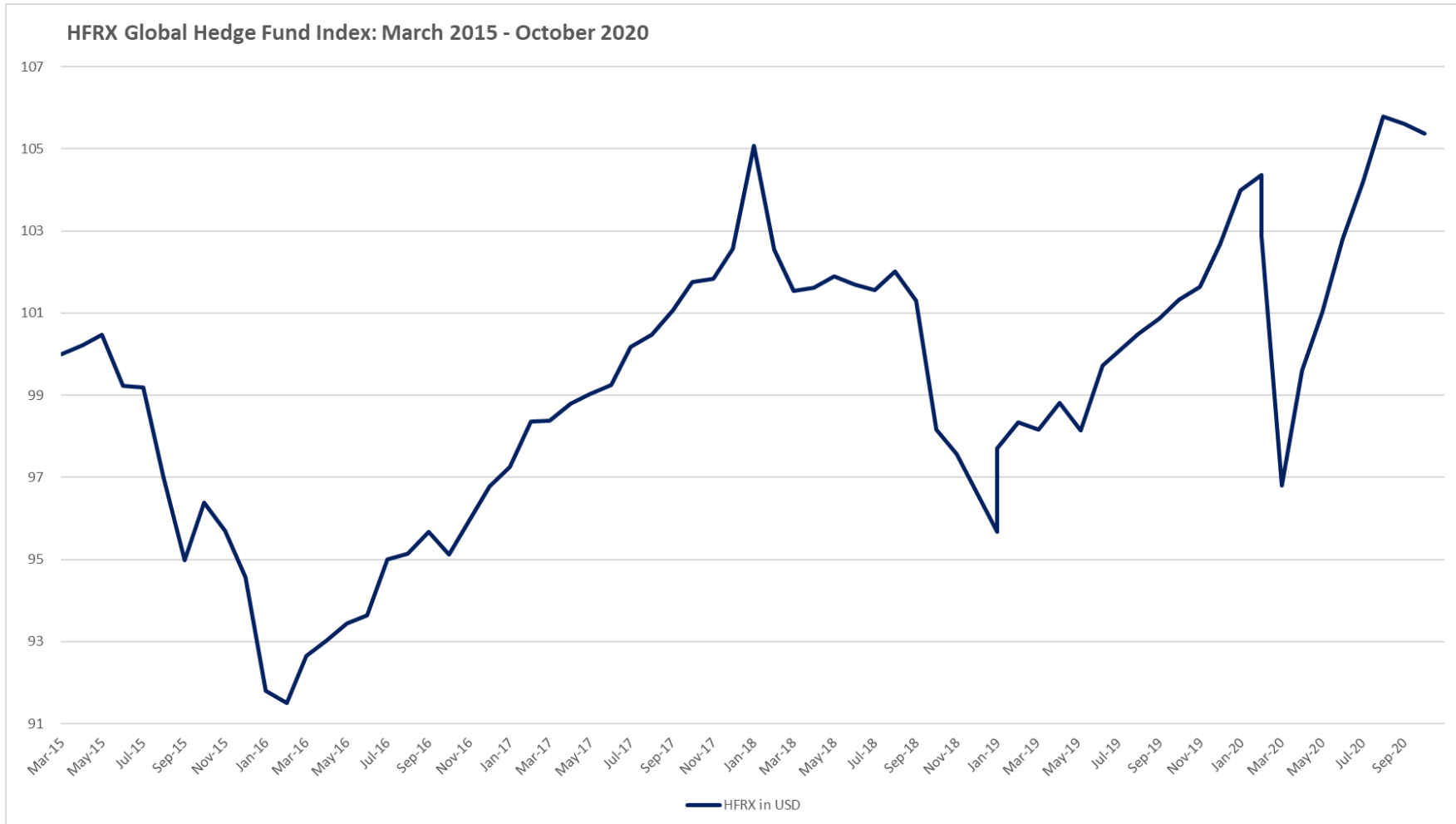
Lesson learned and acted upon

- We will continue to be more active.
- Pointless if we are only ones in stock market who see it.
- Recent job losses of executives a data point – protection with a high valuation

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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

KGI AND HEDGE FUNDS: +10.1% from NAV* +5.38% HFRX



*Post listing costs NAV

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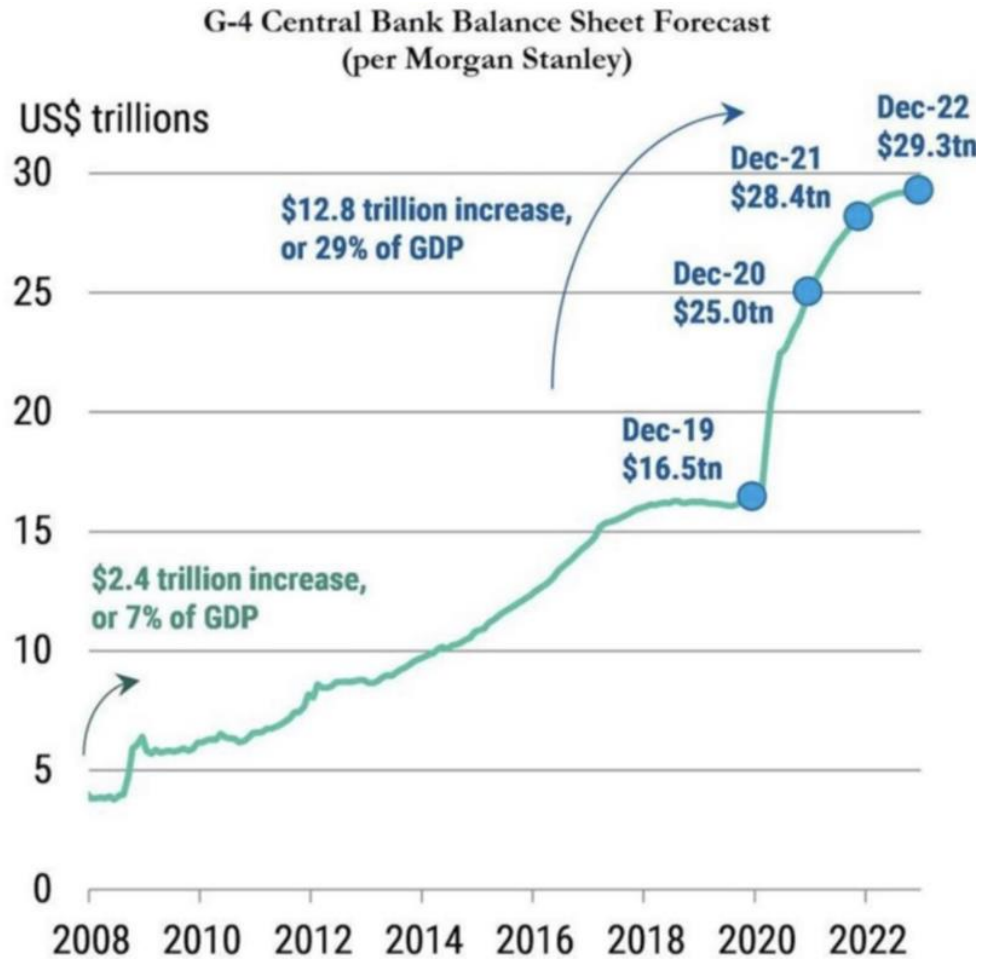
CAPITAL ALLOCATION

Buyback - ongoing

- Cash flows from private investment return to KGI
- We have bought back 85,578 to date
- Provided liquidity – we are ongoing buyers

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BIG PICTURE: CENTRAL BANK LIQUIDITY IS DRIVING ALL ASSET CLASSES



- Classic valuation difficult
- Have to stay nimble
- Watch out for bubbles

Source: Morgan Stanley

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WE ARE LOOKING FOR...

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

FMCG



SIG Weekly

- **Jewellery** company
- 50x
- 17 years

Or....Branded 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



ANNUAL GENERAL MEETING 2020: We were waiting with finger on trigger

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?

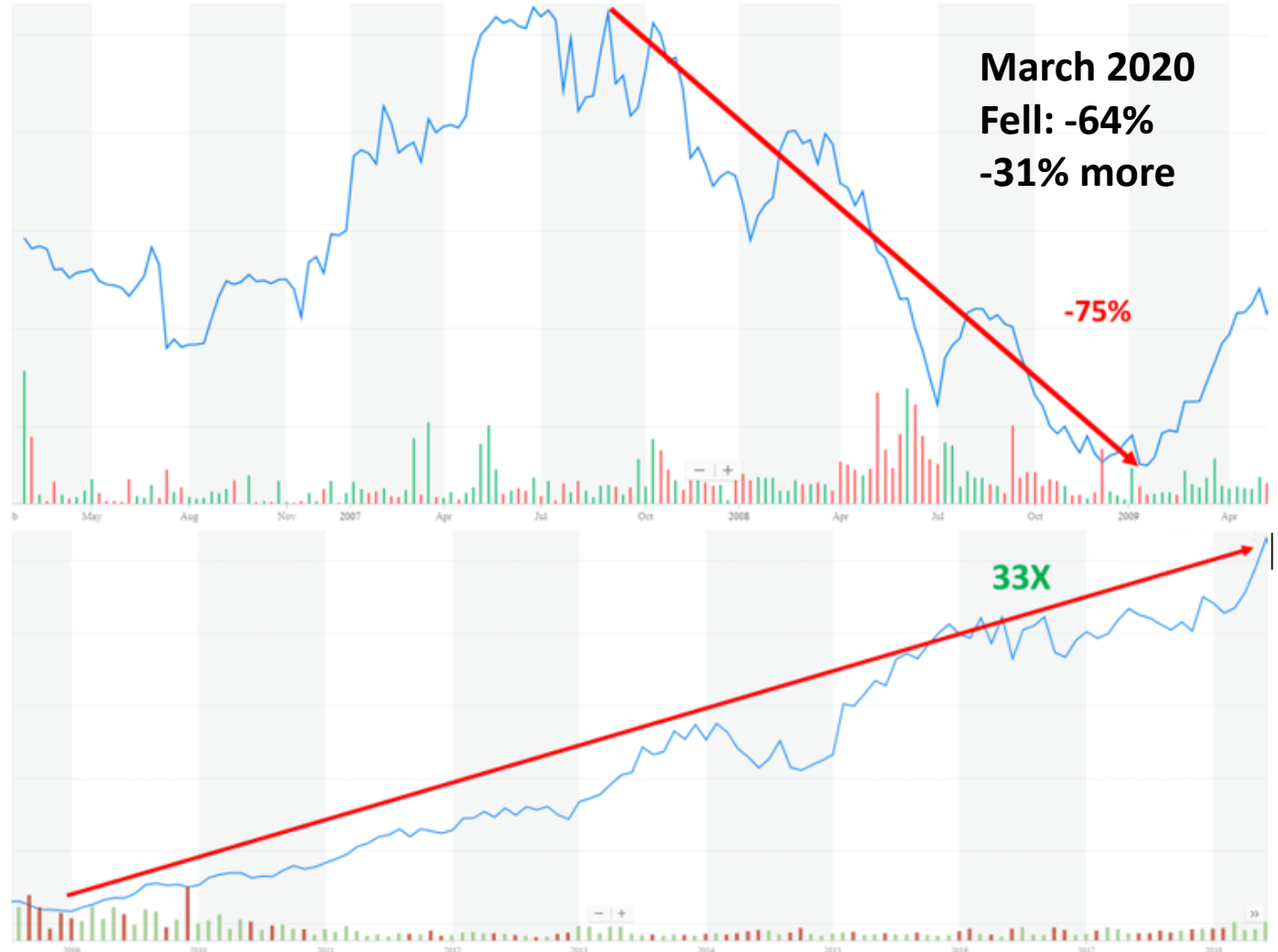
Stock A – HOUSING related

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***



ANNUAL GENERAL MEETING 2020: But didn't get there

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 21.54% of assets June 2020
- 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

ACTION: BUYING SHARES AT \$0.83 VS NTA OF \$0.915 and cancelling them

- 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 2020 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 2020.”

Summary of Proxy Instructions

For	Open	Against	Abstain
2,159,113	0	300,000	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
2,159,113	0	300,000	0

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RESOLUTION 3 – ISSUE OF FULLY PAID ORDINARY SHARES

Issue of fully paid ordinary shares

“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
2,109,113	0	350,000	0

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OUTLOOK – LONG-TERM ALWAYS OPPORTUNITIES

- Covid-19 a disruptive year with recovery opportunities;
- We were cautious into end of 2019 and protected capital in February/March 2020;
- We have performed better, one of our investments taken out at ~3X price;
- Optimistic about names in portfolio and ability to find new ones.
- Our best days lie ahead – we have multiple opportunities to compound our investors' capital.

