

ANNUAL GENERAL MEETING
NOVEMBER 2021



KAIZEN GLOBAL
Investments

ANNUAL GENERAL MEETING 2021

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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, Lazard, 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 2021

	30 June 2021
Pre Tax (loss) dollars	924,443
Basic profit per share (cents per share)	29.86
Net tangible backing per share post tax (cents per share)	1.2514

Recent Net tangible backing per share (cents per share)

- 31 October 2021 (unaudited) 1.1076 (pre tax, cents per share)
- 125.14 (post tax cents per share) June 30 2021 (+31.3% year on year)
- 13.39% decrease in post tax NTA since June 30 2020 (to October 31 NTA*).

Dividends

- Board will consider dividends in FY 2022 if profit and franking balances allow this, but also assess capital allocation options with share buybacks.

* June 30 post tax NTA \$1.2514 (audited) October 31 post tax NTA \$1.0838

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KGI's business model aims to;

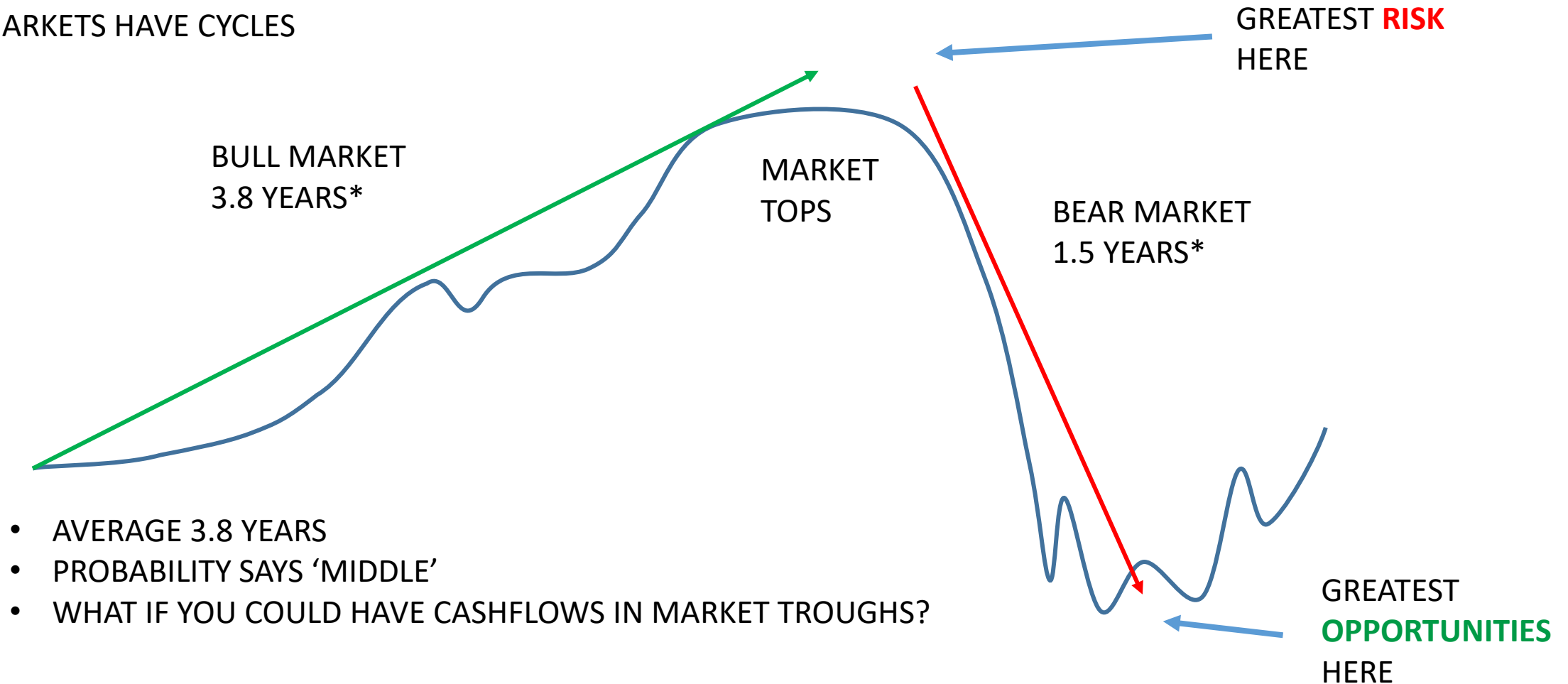
- Achieve a high real rate of return for Shareholders comprising both income and capital growth;
- Preserve capital of the Company; and,
- Deliver Shareholders a growing stream of fully franked dividends.

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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MARKETS HAVE CYCLES



PROBABILITIES: LOOKING FOR BIGGEST RISK WEIGHTED OPPORTUNITIES

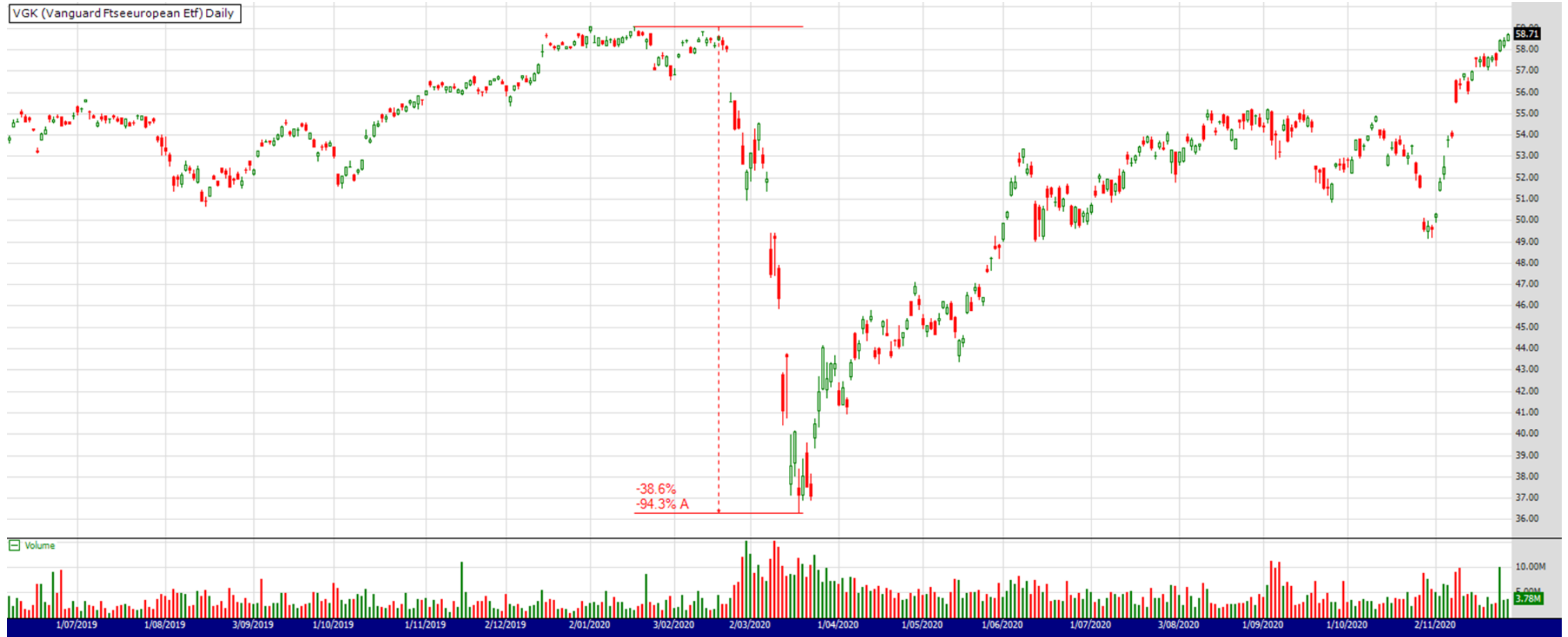
*On average. Source: Kaizen Global estimates, S&P 500, Dow Jones

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AN UNFORSEEN STORM APPEARED - KGI protected capital

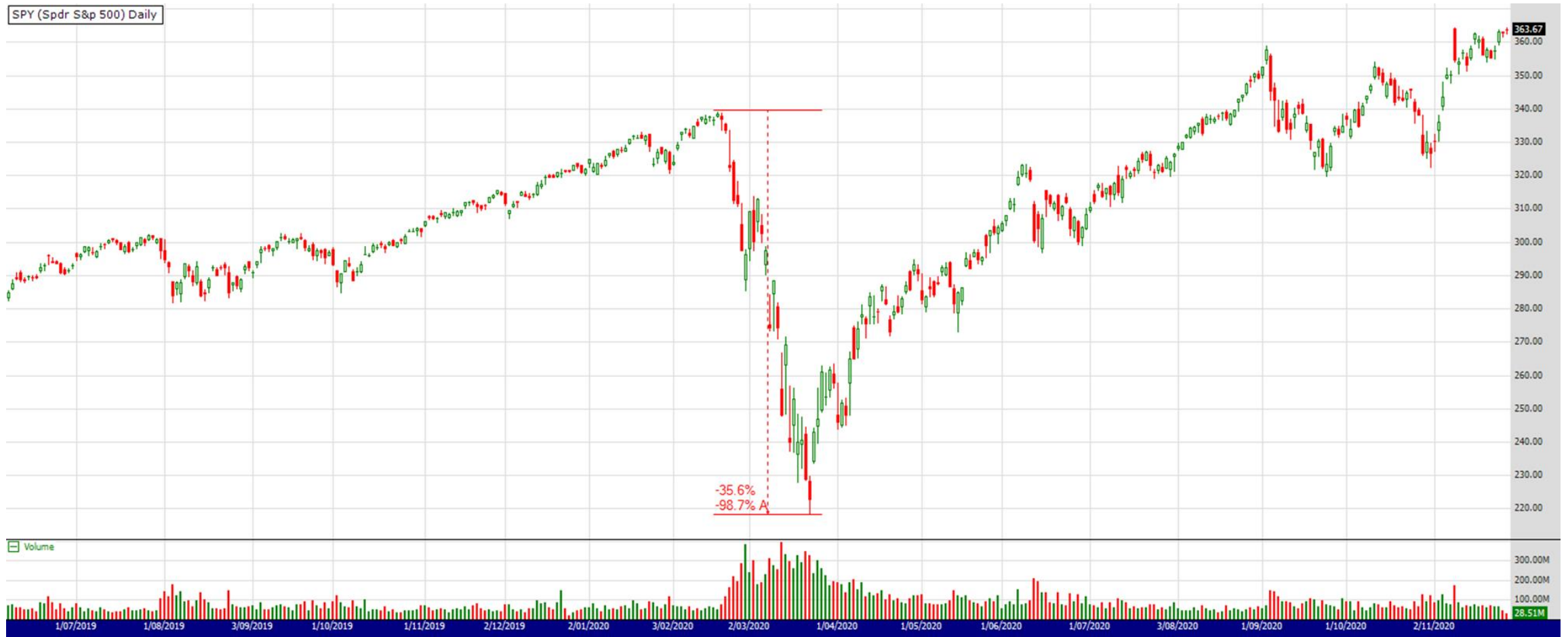
EUROPE: Down -38.6%: KGI peak to trough -7.3% (1/5th of fall)



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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)



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Asset class winners and losers by year since 1999

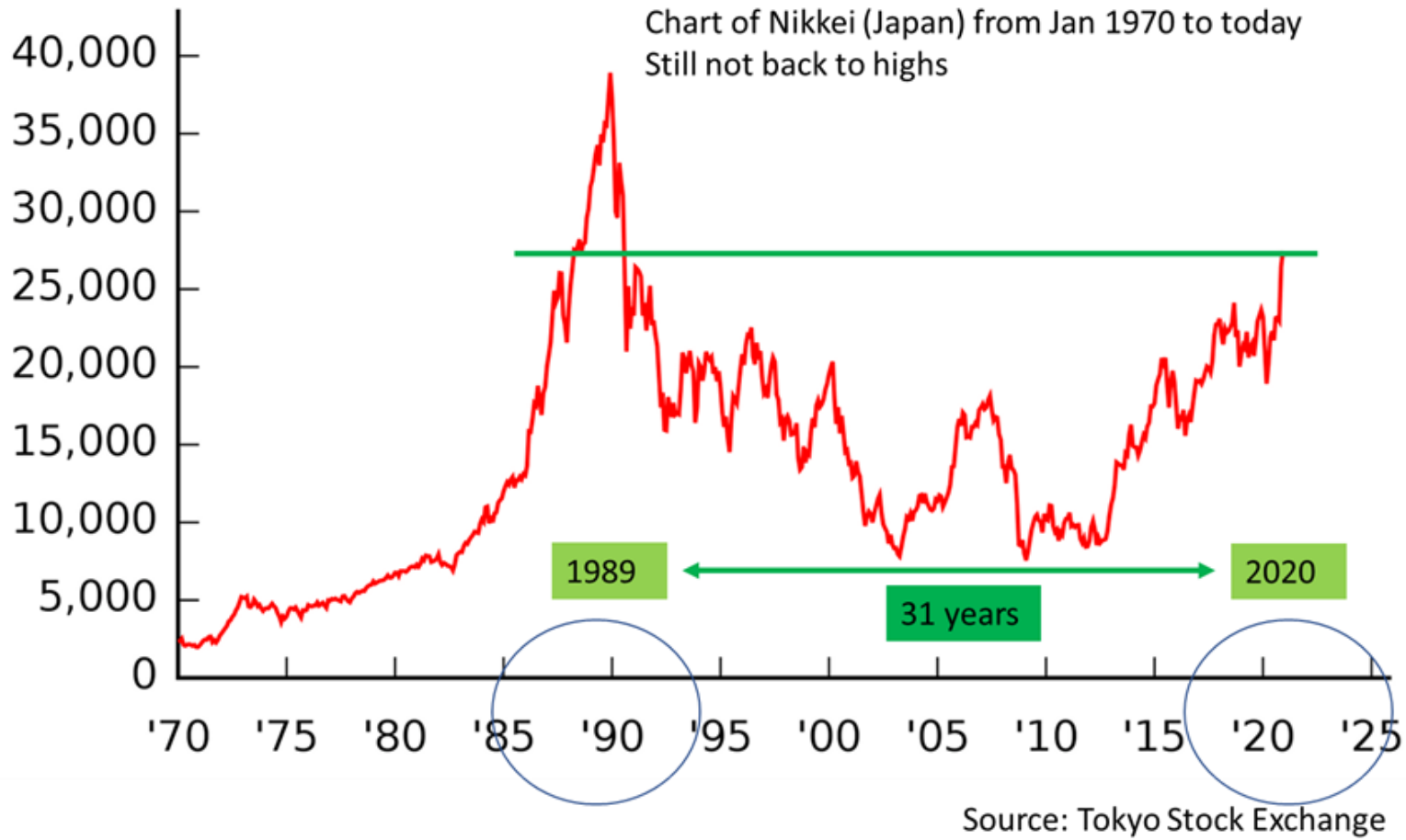
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Highest return (%)	29.8	21.5	22.8	17.8	60.7	20.7	14.0	26.9	11.6	25.9	32.5	31.3	27.1	18.2	45.1	24.7	1.4	25.6	25.6	1.8
	27.3	5.9	3.8	1.6	39.2	18.4	7.8	16.2	9.9	1.6	28.1	15.1	2.9	17.9	32.4	13.7	0.0	12.0	21.8	-0.6
	21.0	0.1	3.7	-6.3	28.7	11.9	7.1	15.8	5.5	-17.9	26.5	13.0	2.1	16.0	23.3	7.4	-0.4	8.2	13.1	-4.4
	14.8	-3.6	-0.6	-13.3	26.2	10.9	5.7	13.0	5.3	-36.7	14.4	10.1	0.0	11.1	17.6	2.9	-0.6	1.8	11.2	-5.6
	4.7	-9.1	-11.9	-15.7	1.4	8.5	4.9	4.8	4.7	-37.0	0.1	8.2	-3.3	3.4	0.0	0.0	-0.7	1.5	6.2	-11.6
Lowest return (%)	-9.0	-14.0	-21.2	-22.1	1.0	1.2	3.0	1.2	-5.2	-43.1	-14.9	0.1	-11.7	0.1	-12.8	-4.5	-3.6	0.2	0.8	-13.4
	• Small stocks	• Large stocks	• International stocks	• Long-term government bonds	• Treasury bills	• Diversified portfolio														

Different asset classes top the leader board each year

Source Morningstar

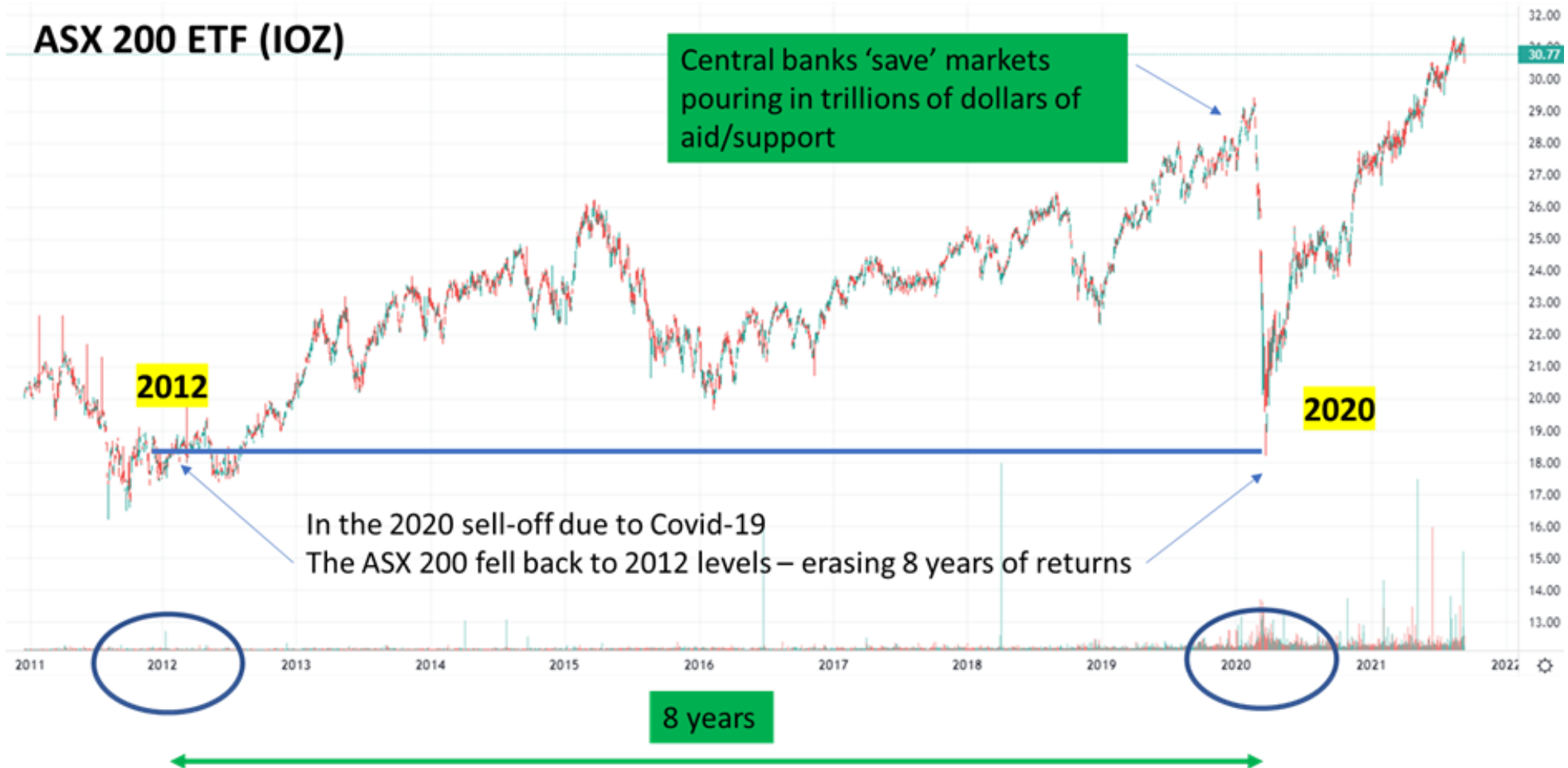
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Nikkei peaked in 1989 – after 20 years of enormous performance



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Multi-year Returns can evaporate very quickly in bear markets



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HOW WE INVEST – OUR PROCESS

LOGICAL - REPEATABLE

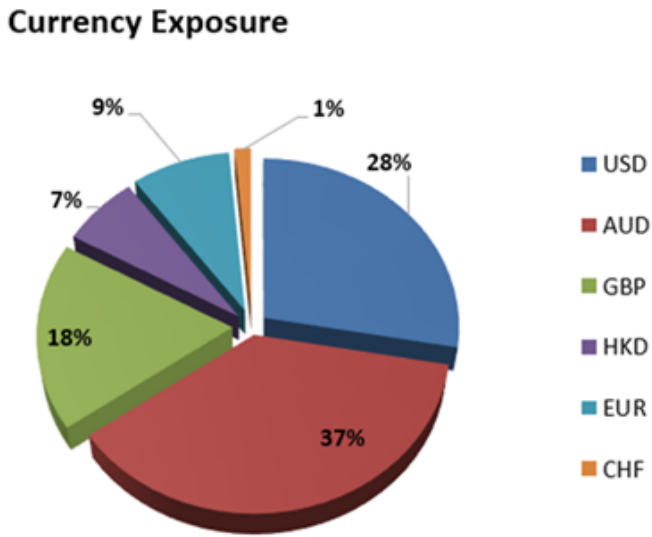
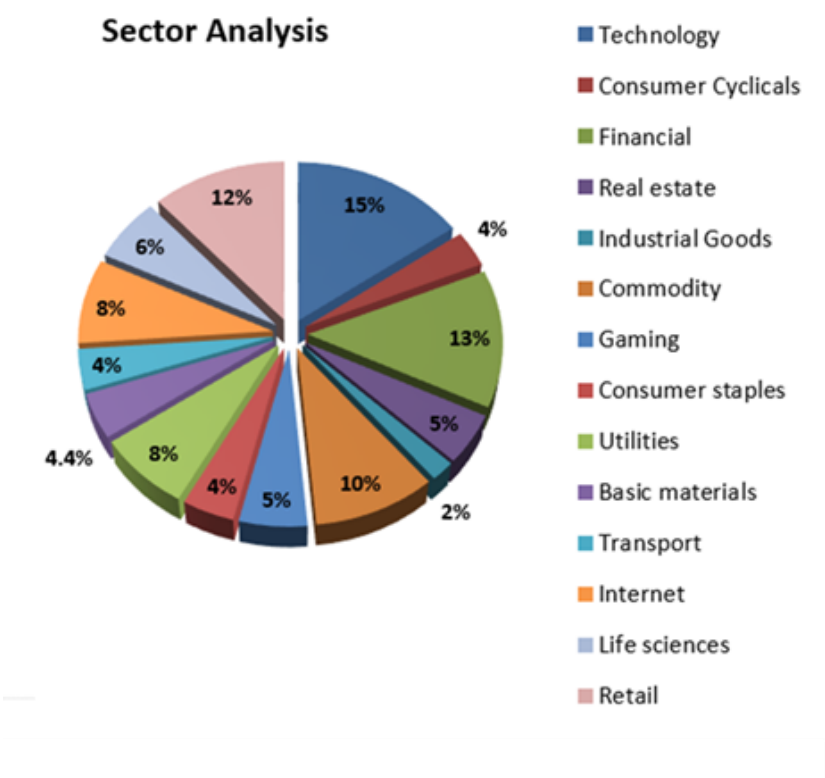
- Identify investment opportunities
- Complete fundamental analysis
- Quantify Investment thesis
- Consider macro-economic environment
- Determine portfolio weighting
- Maintain selling discipline

NOT BROKEN



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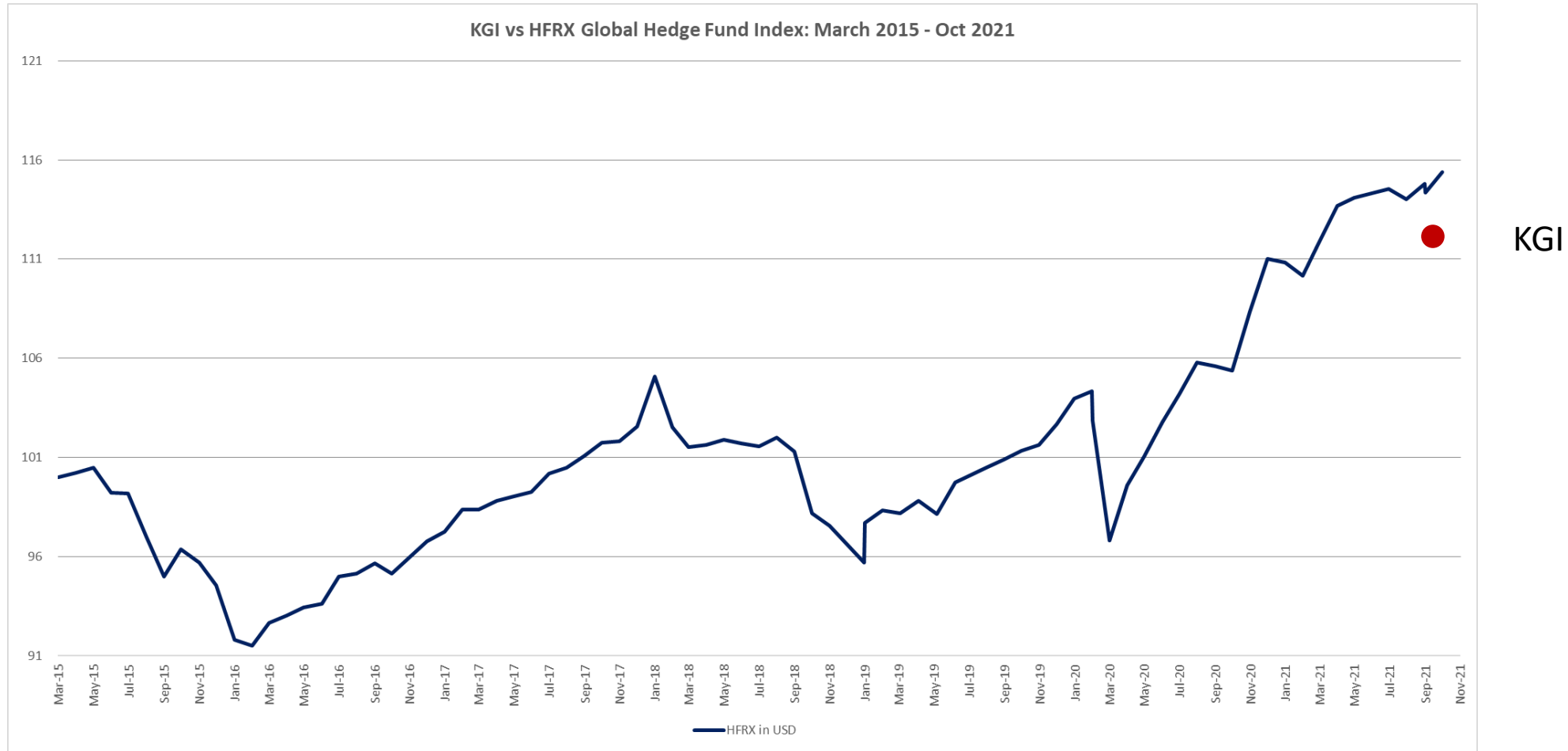
Sector and regional allocation



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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

KGI AND HEDGE FUNDS: + 12.4 % from NAV* + 15.4 % HFRX



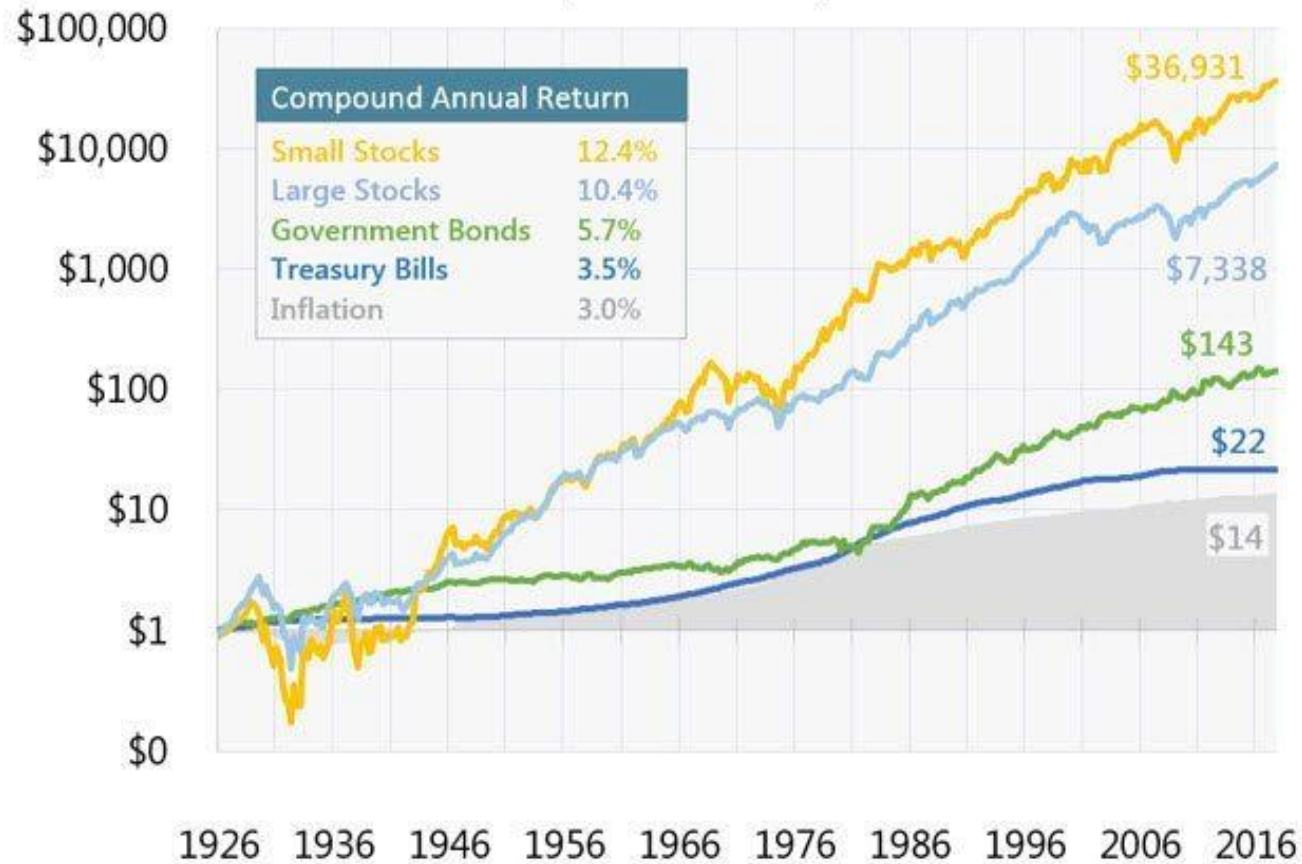
*Post listing costs NAV

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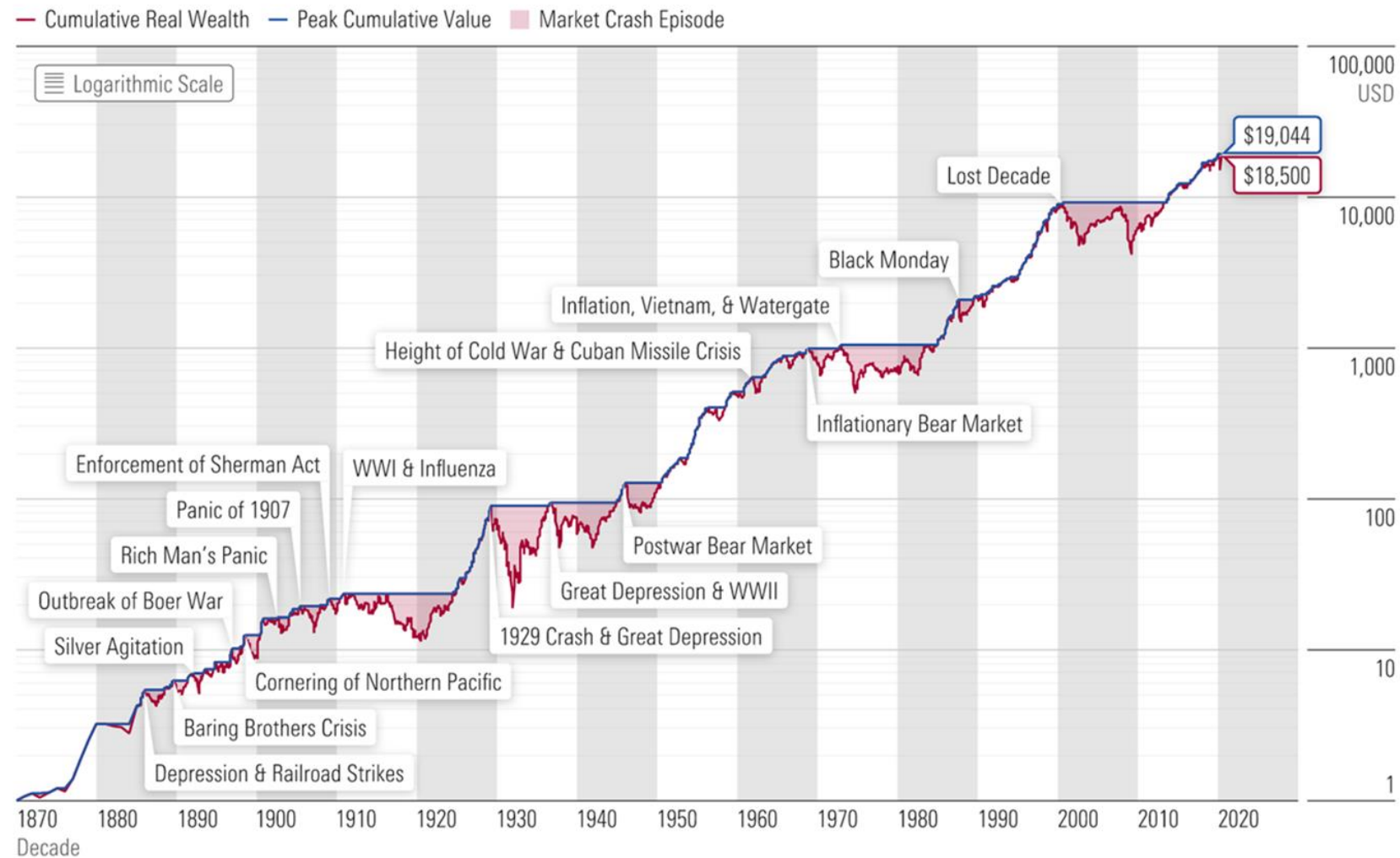
Long term returns: Large stocks 10.4% CAGR Inflation 3.0%

Ibbotson SBBI Stocks, Bonds, Bills, and Inflation
(1926-2017)



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Cumulative 'Real' Wealth CAGR: 1870-20206.8%



Data as of Jun 30, 2020. Sources: Kaplan et al. (2009); Ibbotson (2020); Morningstar Direct; Goetzmann, Ibbotson, and Peng (2000); Pierce (1982); www.econ.yale.edu/~shiller/data.htm, Ibbotson Associates S&P US Large-Cap Stock Inflation Adjusted Total Return Extended Index.

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Could one increase the PROBABILITY* of beating a 10% return?

Study market models

- Seek asymmetric minorities (Taleb)
- Outsider CEOs – Berkshire Hathaway
- Public and Private assets – capital reallocation from public

Capital reallocation options

Invest in other listed shares;

But other private businesses;

Invest in existing controlled business;

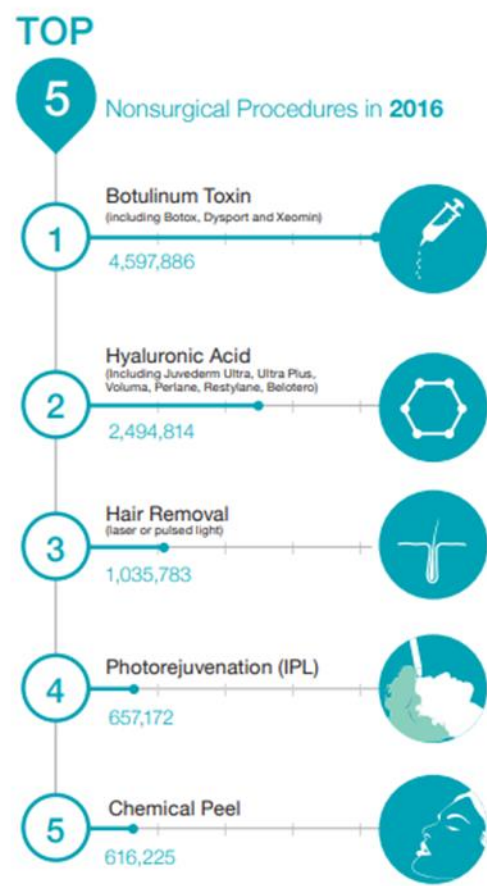
Share buybacks

Pay dividends

*Never a guarantee, but investing is about increasing the probabilities in favour of success

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Non-invasive anti-aging products and services are interesting



Quick Facts

- The Top 5 surgical procedures in 2016 are the same as in 2015, with increases in the number performed of each across the board.
- Photorejuvenation wiped Microdermabrasion off the list of Top 5 nonsurgical procedures in 2016.
- Botulinum Toxin has been the #1 nonsurgical procedure since 2000, and surpassed the 4.5 million mark for number of procedures performed for the first time this year.

Americans Spent More Than

\$15 Billion +

on **Cosmetic Procedures** in 2016.

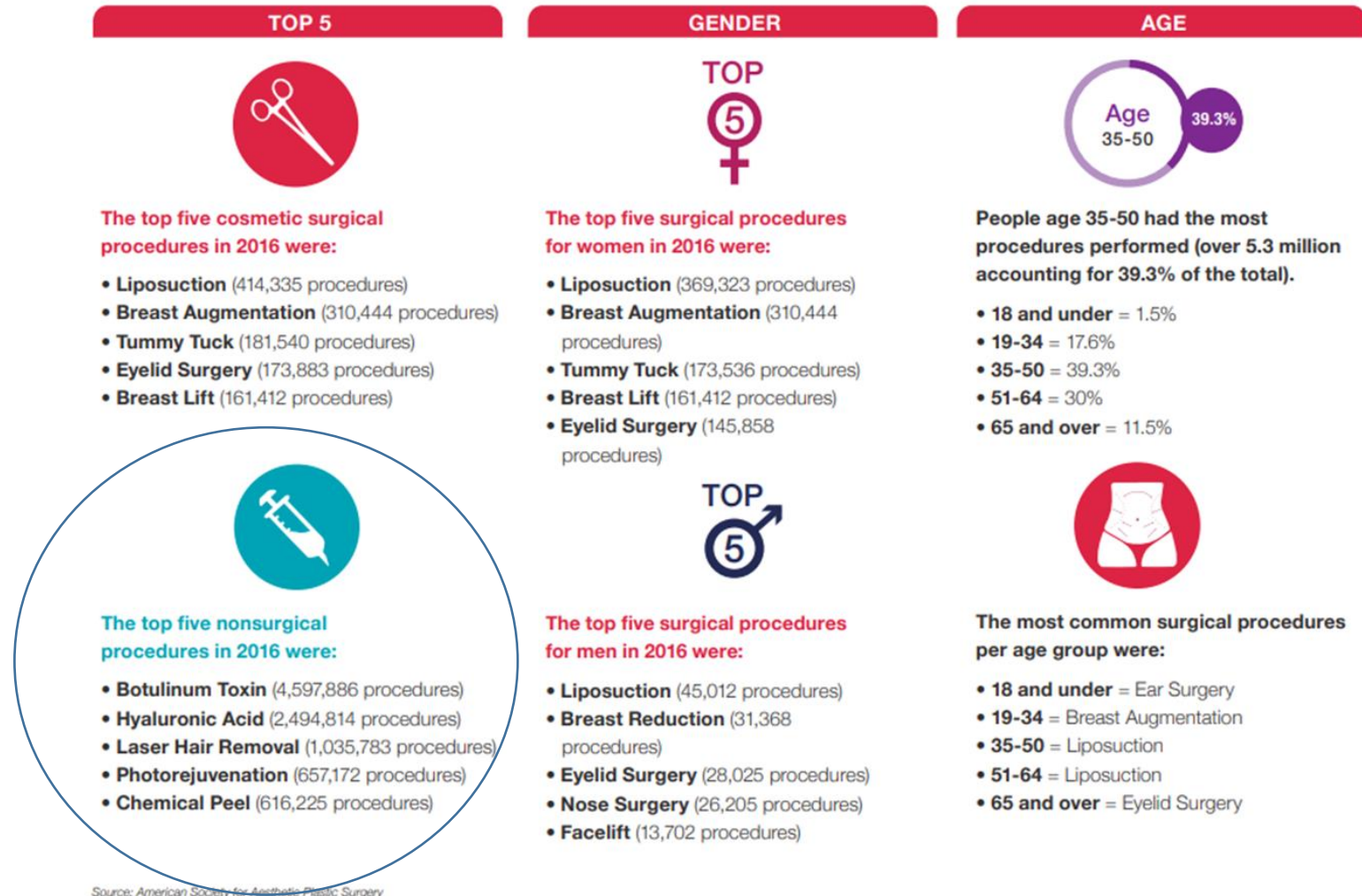


• \$ in billions

Source: American Society for Aesthetic Plastic Surgery

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Platform companies and areas of interest



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Platform companies and areas of interest

2016 Age Distribution for Cosmetic Procedures



Total population (rounded) = 100%
Source: American Society for Aesthetic Plastic Surgery

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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 ~9% of assets June 2021
- Cash flows coming back: used to buy back stock
- Post 30 June 2021 \$90,000 was returned to KGI from the private company holding

We 'see' multiple opportunities in the anti-aging space

Our private investment has given us deep insight into these areas, consumer demand, product and service pricing and the opportunity

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CAPITAL ALLOCATION

Buyback - ongoing

- Cash flows from private investment return to KGI
- We have bought back 43,482 shares back to 30 June 2021 at \$1.01
- Provided liquidity – we are ongoing buyers

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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



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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?

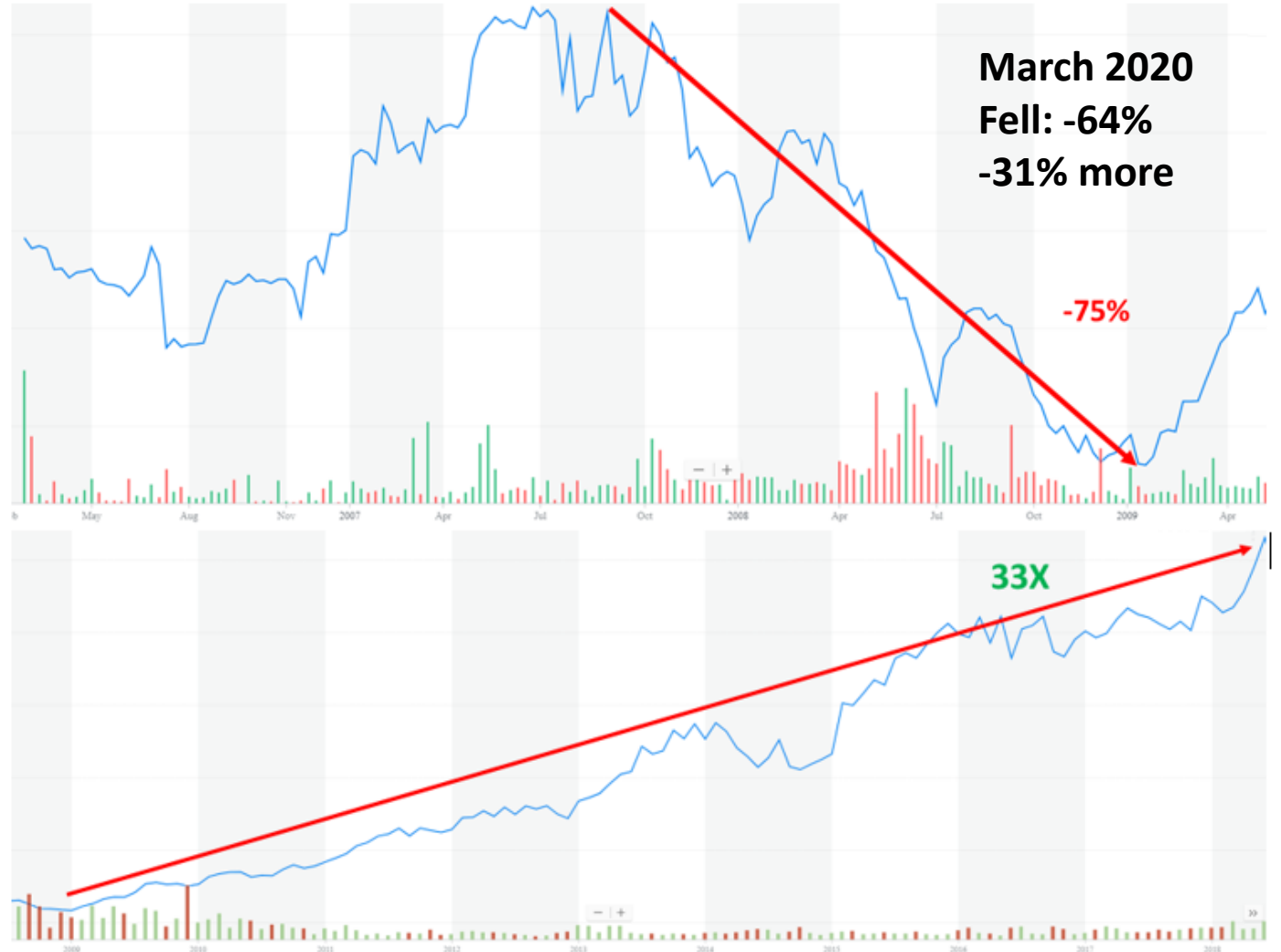
Stock A – HOUSING related

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***



ANNUAL GENERAL MEETING 2021: 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: travel today?***



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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 2021 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 2021.”

Summary of Proxy Instructions

For	Open	Against	Abstain
2,213,235	0	278,449	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
2,213,235	0	278,449	0

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RESOLUTION 3 – INCREASE THE PERCENTAGE INVESTMENT IN PRIVATE INVESTMENTS

Increase the percentage limit on private investments from “up to 25%” to “up to 50%”

Summary of Proxy Instructions

For	Open	Against	Abstain
2,213,235	0	278,449	0

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RESOLUTION 4 – 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 8,695,652 fully paid ordinary shares at a price of \$1.15 per share as detailed in the Explanatory Statement.”

Summary of Proxy Instructions

For	Open	Against	Abstain
2,163,235	0	328,449	0

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OUTLOOK – LONG-TERM ALWAYS OPPORTUNITIES

- Covid-19 a disruptive year, and is ongoing, with recovery opportunities;
- We have performed better in year to June 2021;
- 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.

