

ANNUAL GENERAL MEETING
NOVEMBER 2022



KAIZEN GLOBAL
Investments

ANNUAL GENERAL MEETING 2022

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AGM Agenda

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

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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 2022

	30 June 2022
Pre tax profit (loss) dollars	27,081
Basic profit per share (cents per share)	3.12
Net tangible backing per share post tax (cents per share)	127.08

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

- 31 October 2022 (unaudited) 121.80 (cents per share)
- 127.08 (cents per share) June 30 2022 (+1.55% year on year)
- 2.67% decrease in NTA since June 30 2021 (to latest October 31 NTA).

Dividends

- **Board will consider dividends in FY 2023** if profit and franking balances allow this, but also assess capital allocation options with share buybacks.

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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 2022 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 2022.”

Summary of Proxy Instructions

For	Open	Against	Abstain
2,478,094	0	0	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
2,478,094	0	0	0

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RESOLUTION 3 – INCREASE THE PERCENTAGE INVESTMENT LIMIT IN PRIVATE INVESTMENTS

Increase the percentage investment limit in private investments

“This resolution seeks Shareholder approval to increase the percentage limit on private investments from ‘up to 50%’ to ‘up to 85%’. Nothing has changed in terms of strategy, target companies, logic for acquiring the businesses etc”.

Summary of Proxy Instructions

For	Open	Against	Abstain
2,428,094	0	50,000	0

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RESOLUTION 4 – ADOPT SHARE AWARD SCHEME AS AN INCENTIVE TO MANAGER

Share award scheme as an incentive to manager

This resolution seeks Shareholder approval to award shares to Kaizen Capital Pty Ltd, after hurdles, as detailed in the First or Second Awards in the Explanatory Statement.

Summary of Proxy Instructions

For	Open	Against	Abstain
2,428,094	0	50,000	0

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RESOLUTION 5 – ADD A 10 YEAR TERM TO THE MANAGEMENT AGREEMENT TO MARCH 2035

Add a 10 year term to the management agreement to March 2035

To add an additional 10 year term to the management agreement to 2035.

Summary of Proxy Instructions

For	Open	Against	Abstain
2,428,094	0	50,000	0

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RESOLUTION 6 – ISSUE OF FULLY PAID ORDINARY SHARES IN THE COMPANY

Issue of fully paid ordinary shares

“That for the purposes of NSX Listing Rule 6.25, and all other purposes, approval is given for the issue and allotment of up to 9,425,040 fully paid ordinary shares at an issue price of \$1.50 per share as detailed in the Explanatory Statement.”

Summary of Proxy Instructions

For	Open	Against	Abstain
2,473,094	0	5,000	0

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KGI's business model aims to;

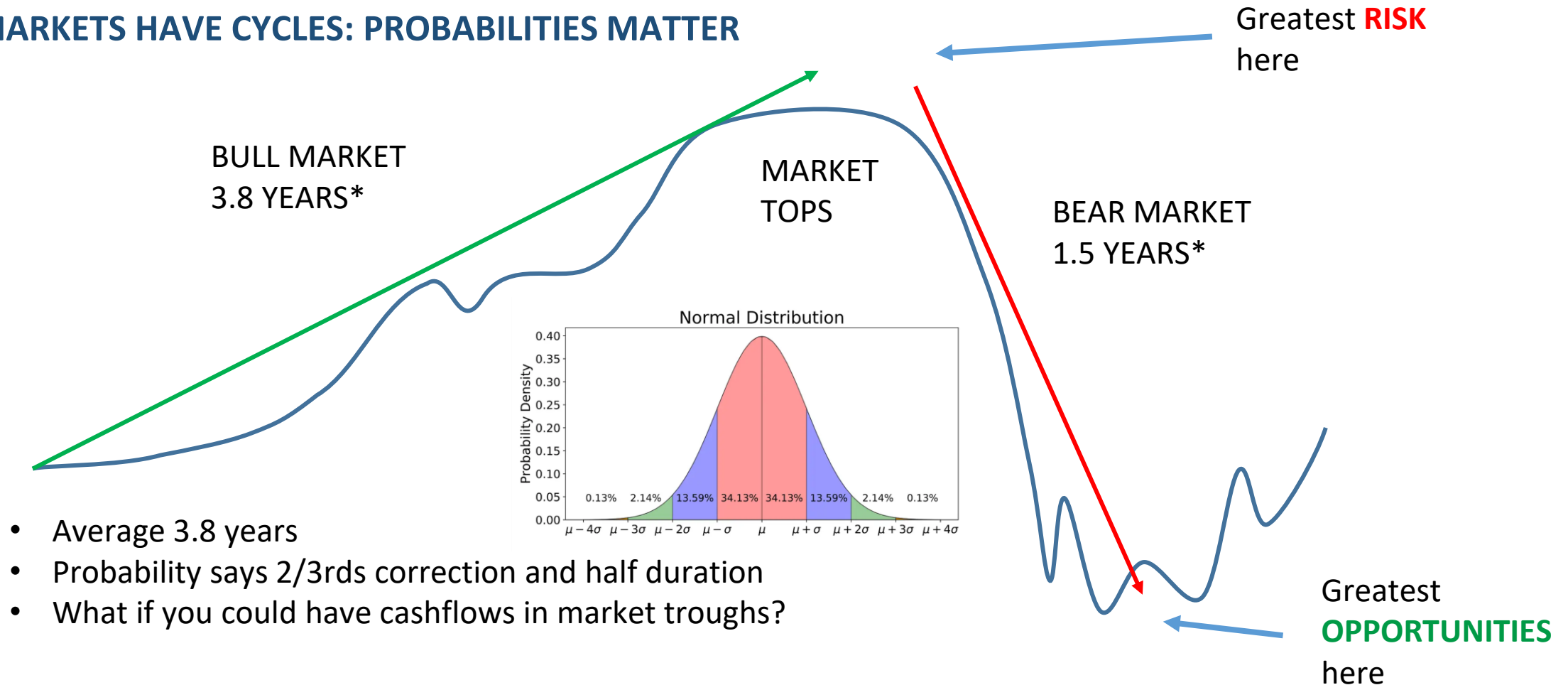
- Achieve a high real rate of return for Shareholders comprising both income and capital growth;
- Preserve capital of the Company; and,
- Deliver Shareholders a growing stream of fully franked dividends.

KGI's Investment Strategy

- Invest majority of assets in diverse portfolio consisting of 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.
- Utilise strategies, such as shorting, to protect downside risk.
- Invest part of the portfolio in unlisted Australian companies and re-invest excess cash flows.

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MARKETS HAVE CYCLES: PROBABILITIES MATTER



PROBABILITIES: LOOKING FOR TIME TO MAKE BIGGEST RISK WEIGHTED INVESTMENTS

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S&P 500 off 27.3% to trough this year

Average Bear market (Kaizen analysis) -35% (ex 1929)

Duration 1.5 years

If history a guide

Approx. June '23 would be typical end of this bear

A data point to consider – but not invest using



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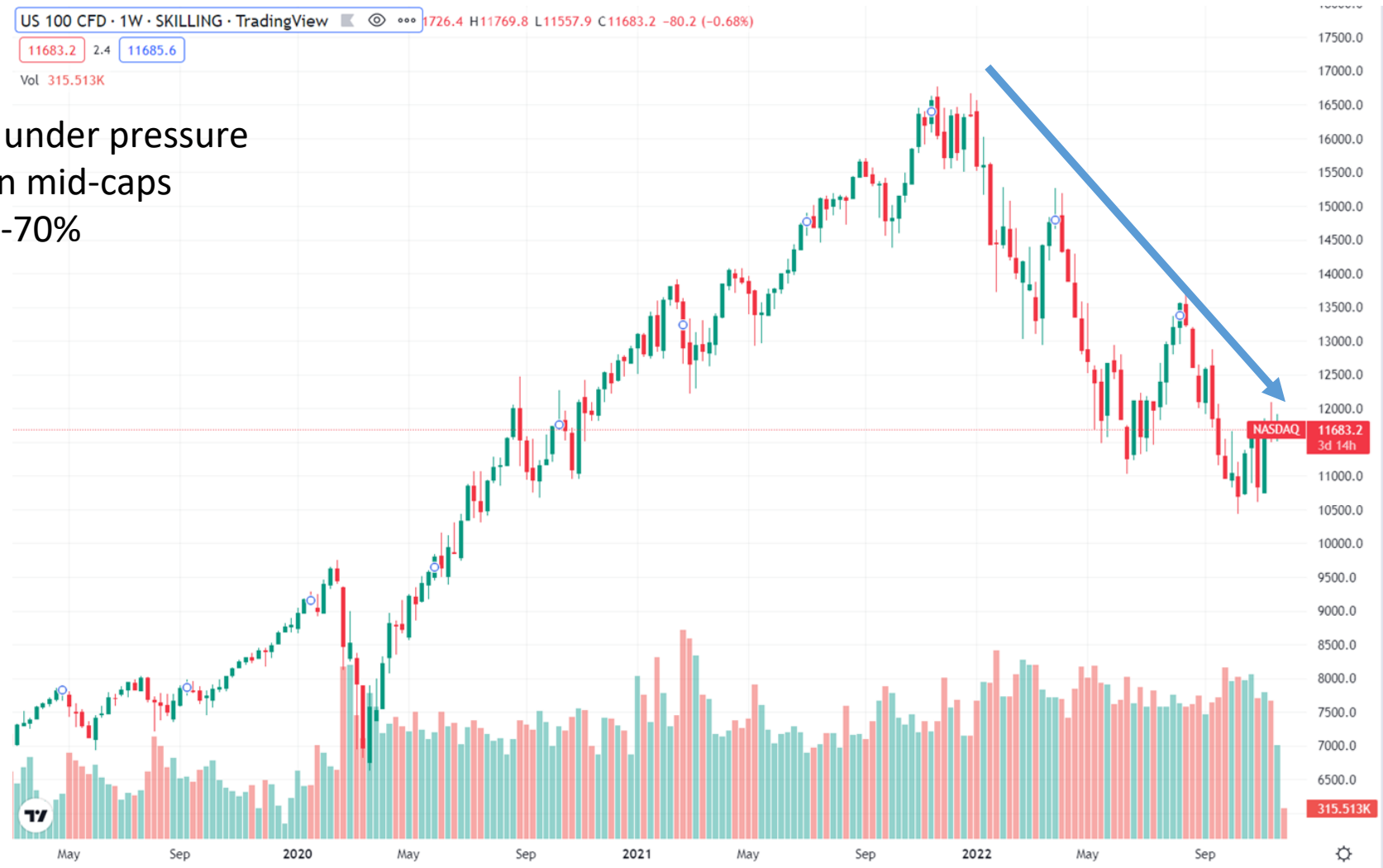
NASDAQ

Deflating

Tech consensus 'long' under pressure

Index hiding carnage in mid-caps

Many names down 50-70%



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How everything can change in 1-2 years

Tech investing success: ARK Funds (smart money)

Huge Tesla bet

Investing is hard and **humbling**



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BITCOIN

Deflating fast

Contagion into other assets as 'good' assets sold to cover margin on crypto?



BlockFi



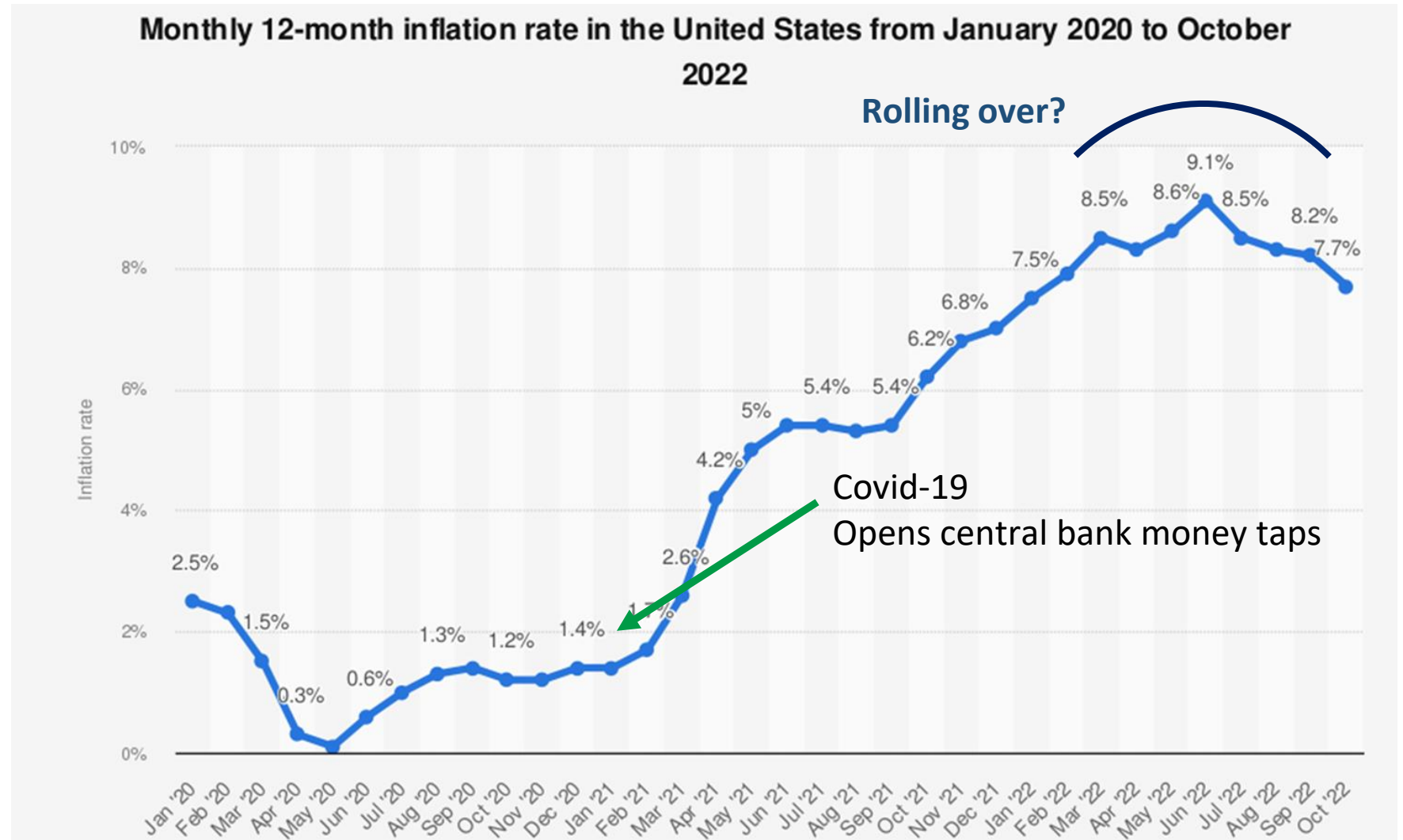
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Inflation

All eyes on inflation 'peaking'?
Central banks hawkish

IF

inflation peaks
could we see a great
opportunity to invest in
'growth' again?



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How we invest – our **PROCESS**

Logical – Repeatable

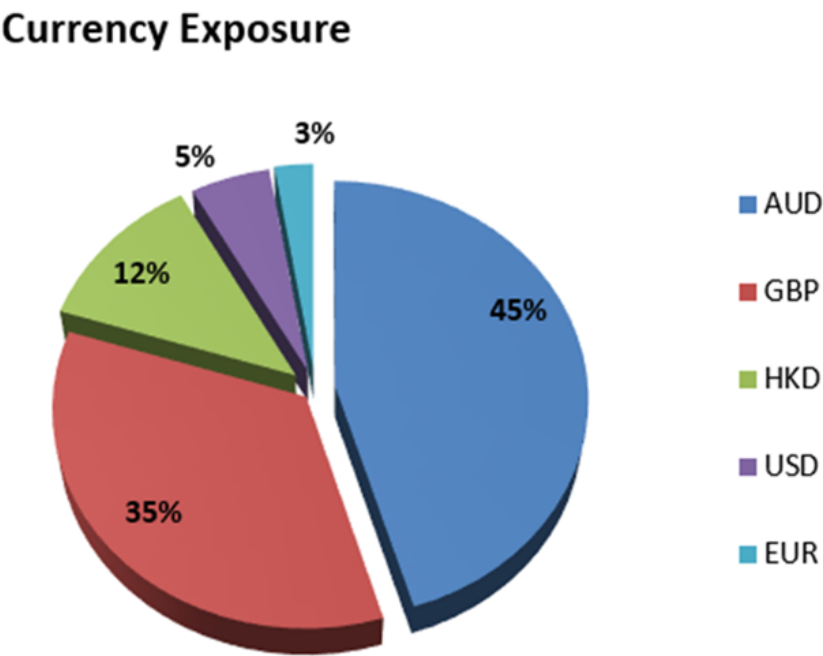
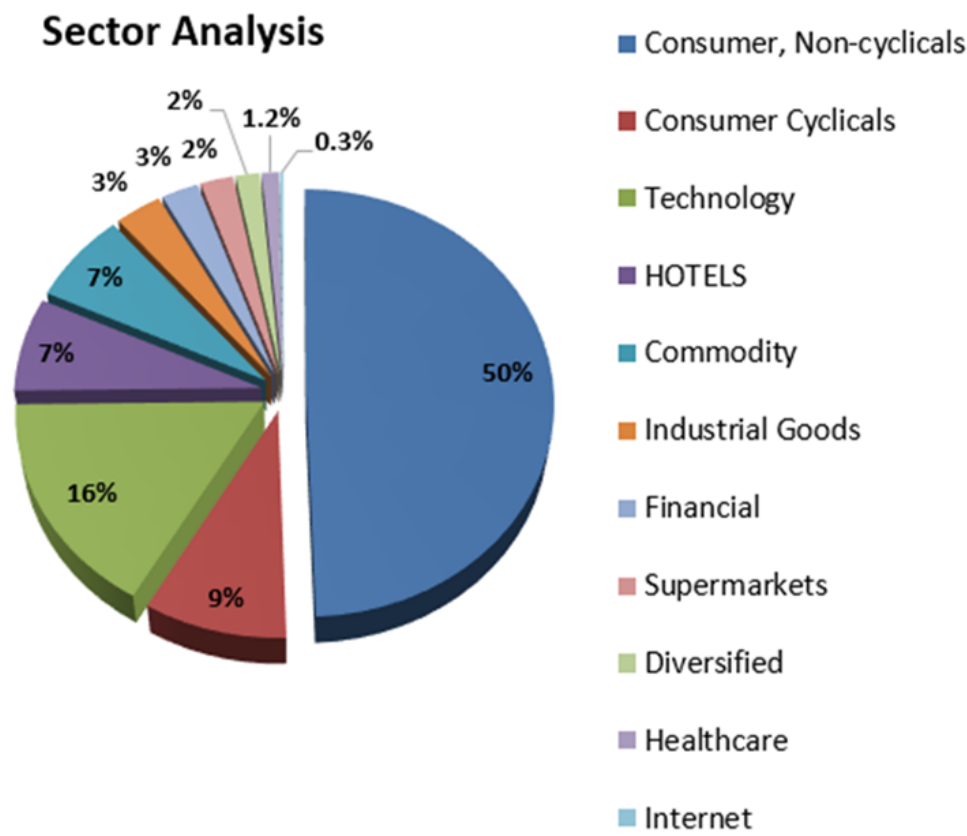
- Identify investment opportunities
- Complete fundamental analysis
- Quantify Investment thesis
- Consider macro-economic environment
- Determine portfolio weighting
- Maintain selling discipline

Unchanged



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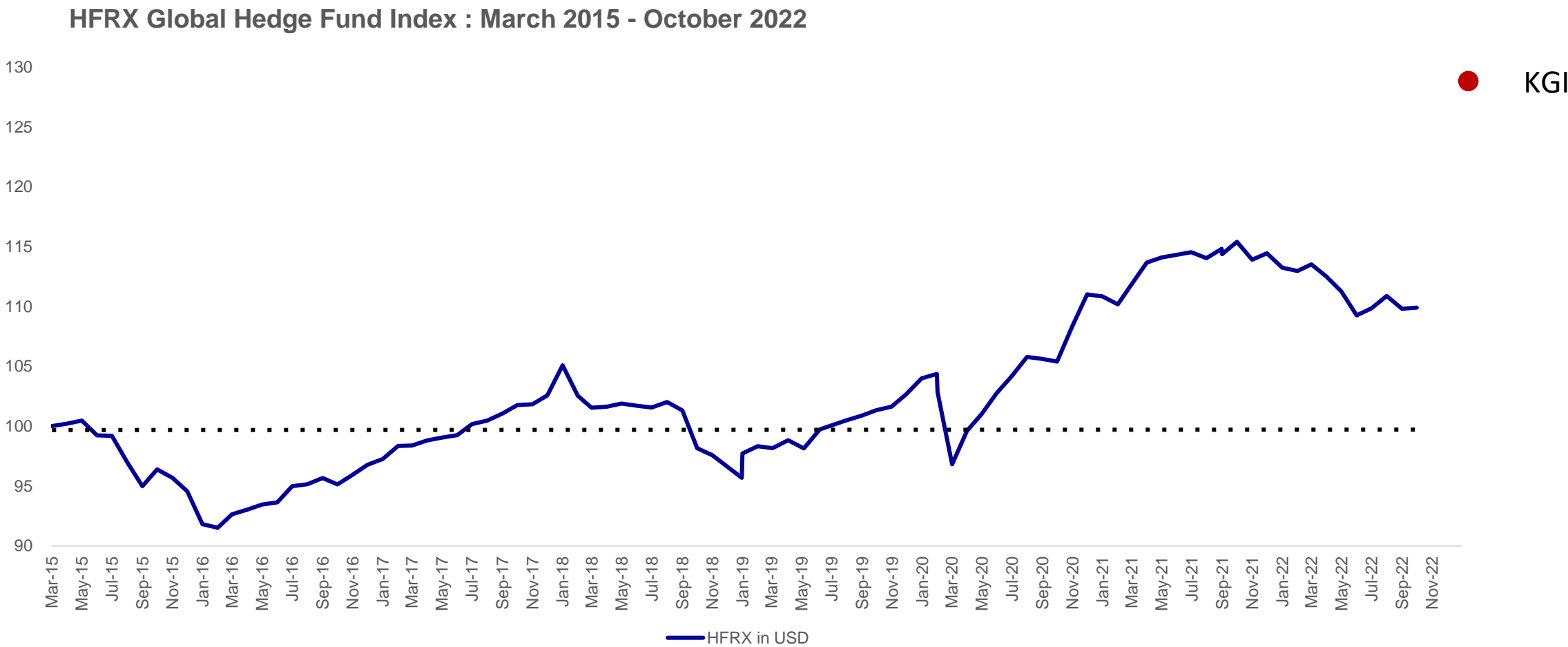
Portfolio composition (30 June 2022)



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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

KGI AND HEDGE FUNDS: + 28.0 % from NAV* : + 9.9% HFRX

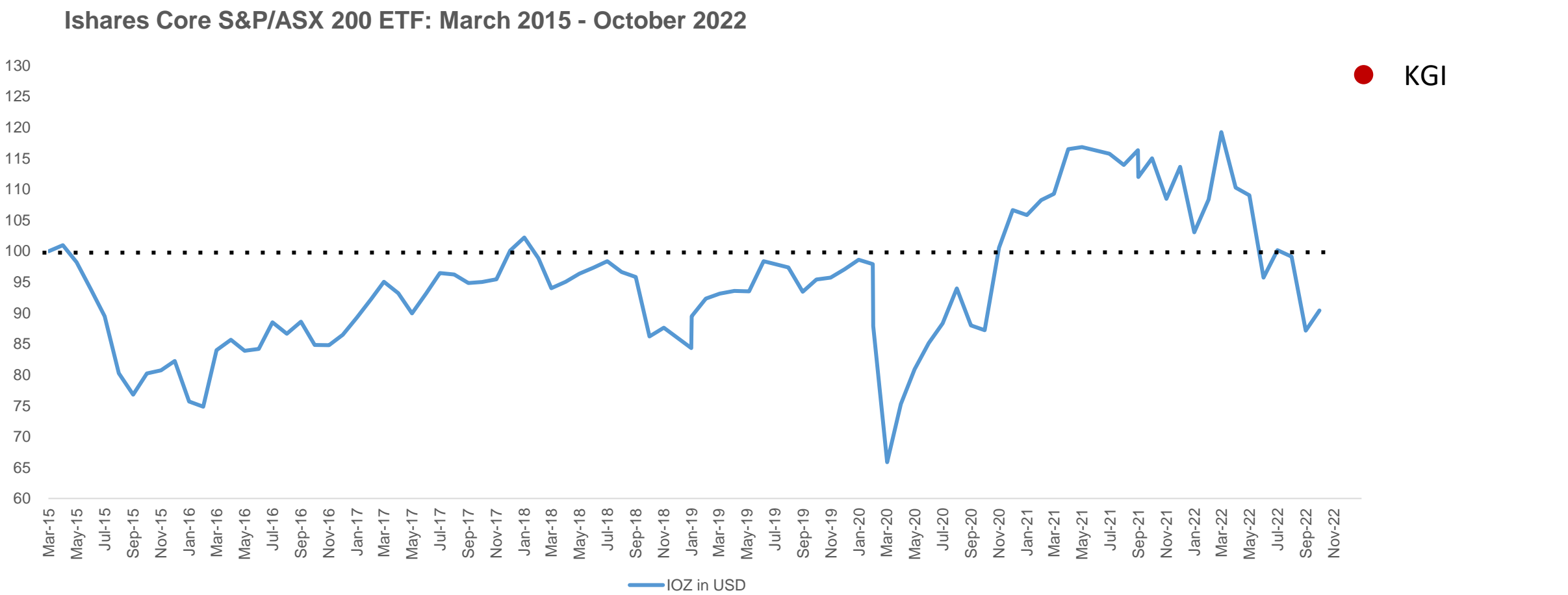


*Post listing costs NAV

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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

KGI AND ETFs: + 28.0 % from NAV* : - 9.6% IOZ

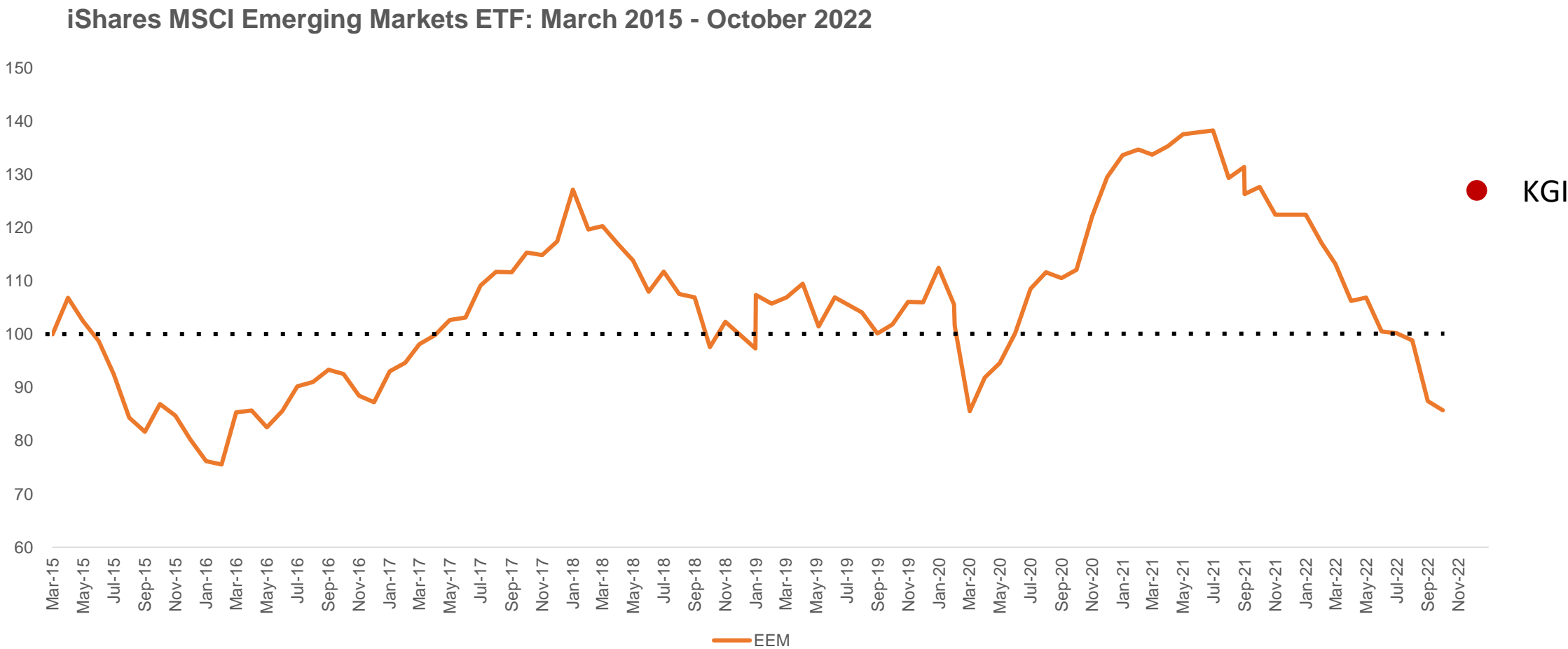


*Post listing costs NAV

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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

KGI AND ETFs: + 28.0 % from NAV* : - 14.2% EEM



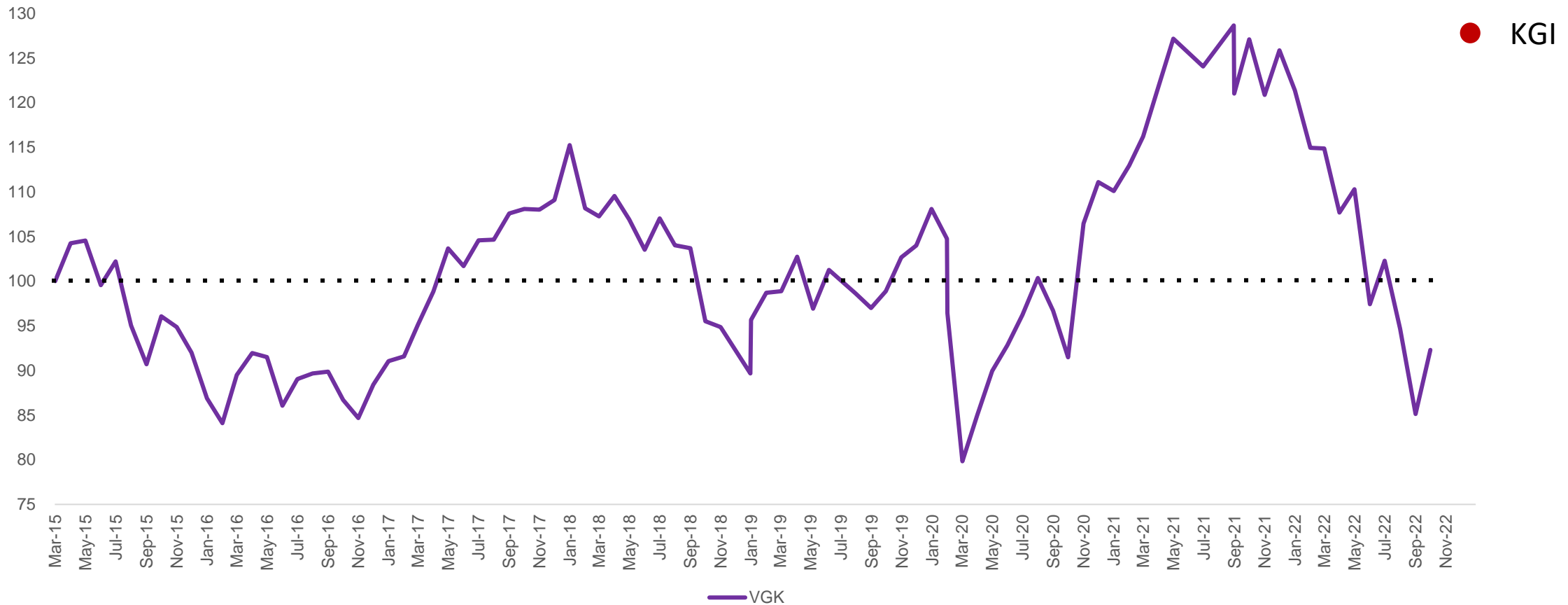
*Post listing costs NAV

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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

KGI AND ETFs: + 28.0 % from NAV* : -7.7% VGK

Vanguard FTSE Europe Index Fund ETF : March 2015 - October 2022



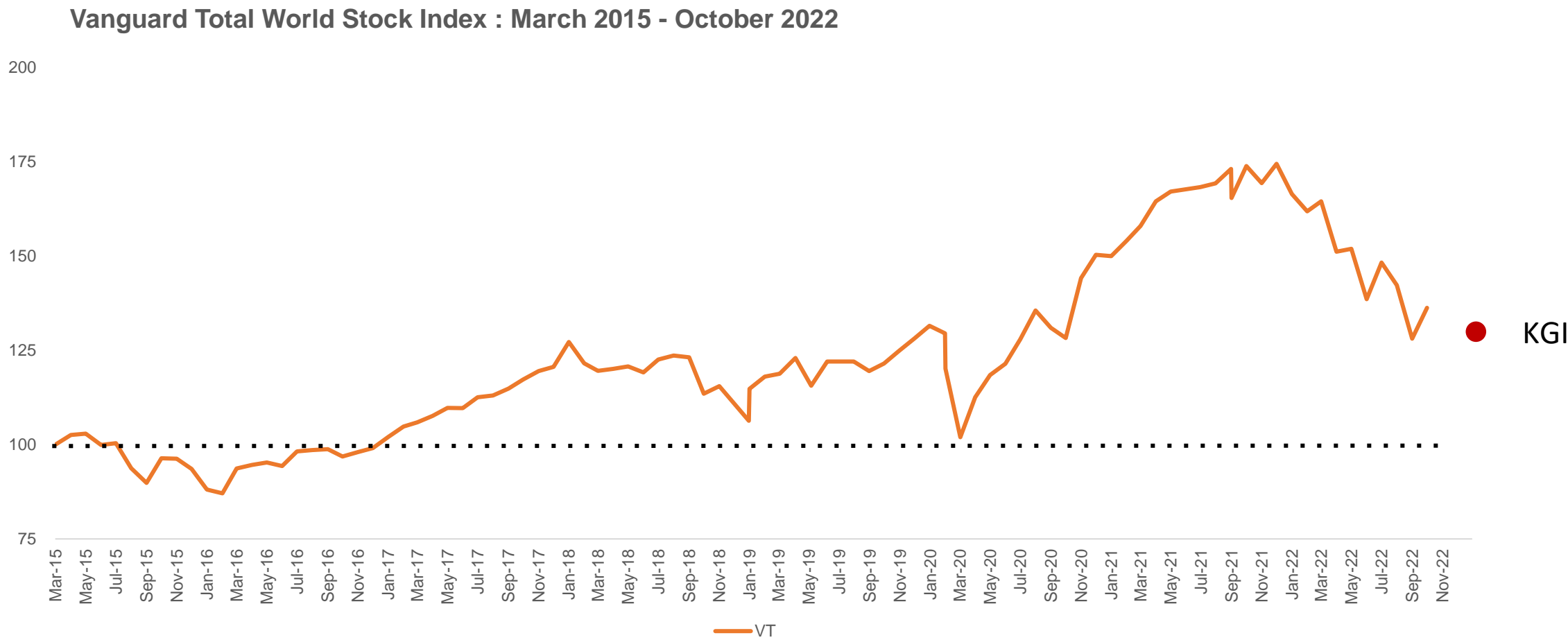
*Post listing costs NAV

KAIZEN GLOBAL INVESTMENTS

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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

KGI AND INDEX: + 28.0 % from NAV* : + 36.2% VT



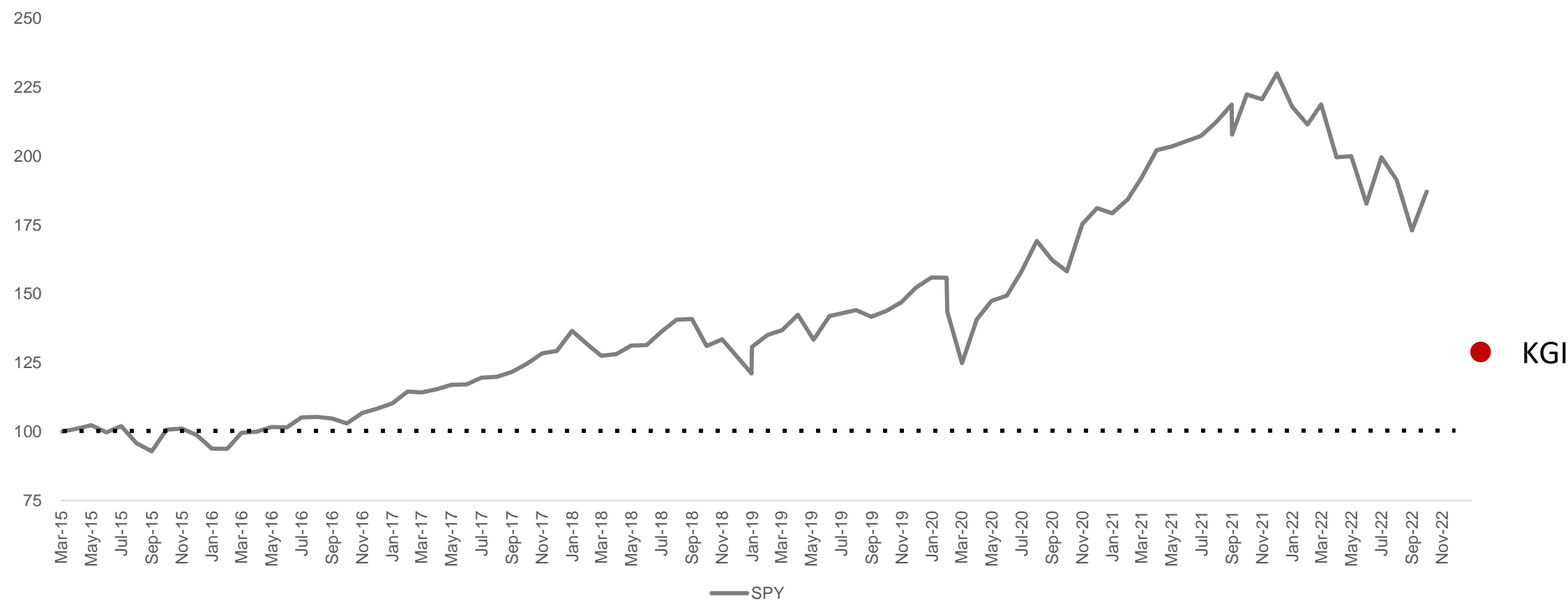
*Post listing costs NAV

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WHAT HAS PERFORMANCE BEEN LIKE GLOBALLY SINCE FLOAT?

KGI AND ETFs: + 28.0 % from NAV* : +87.1% SPY

SPDR® S&P 500 ETF : March 2015 - October 2022

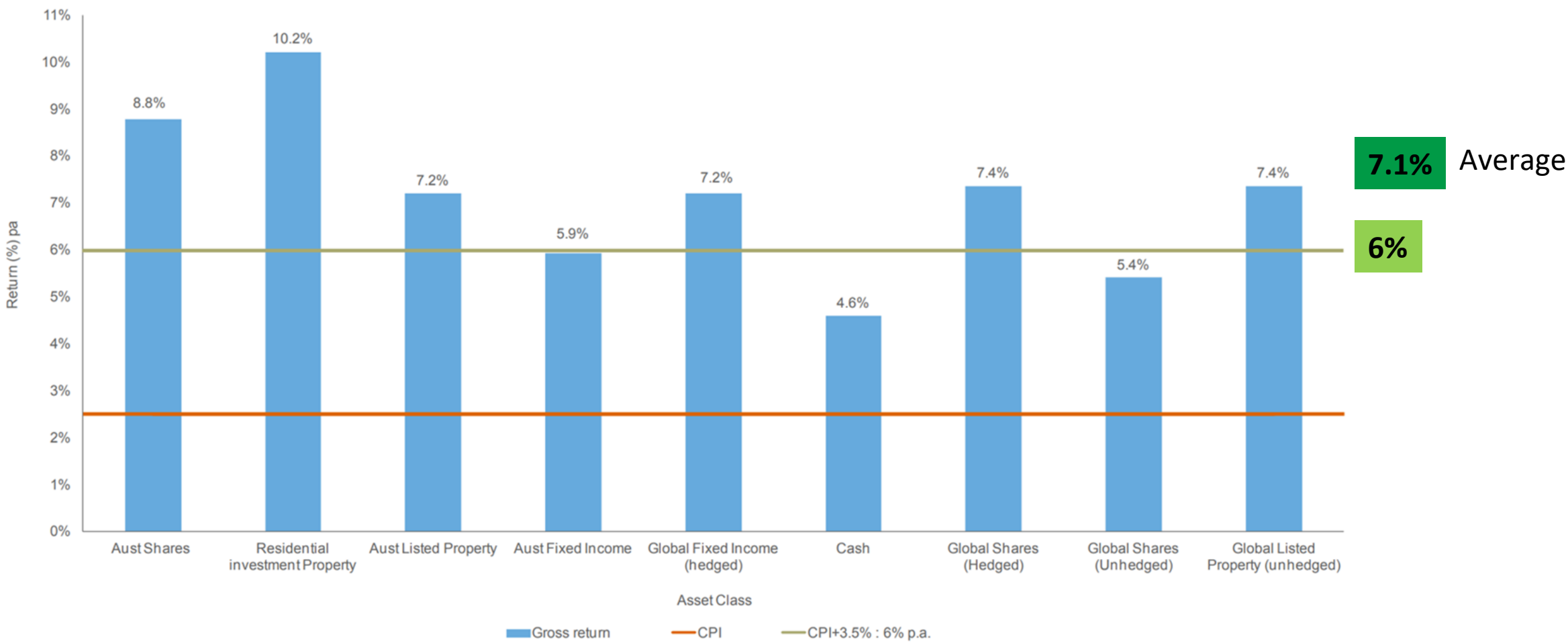


*Post listing costs NAV

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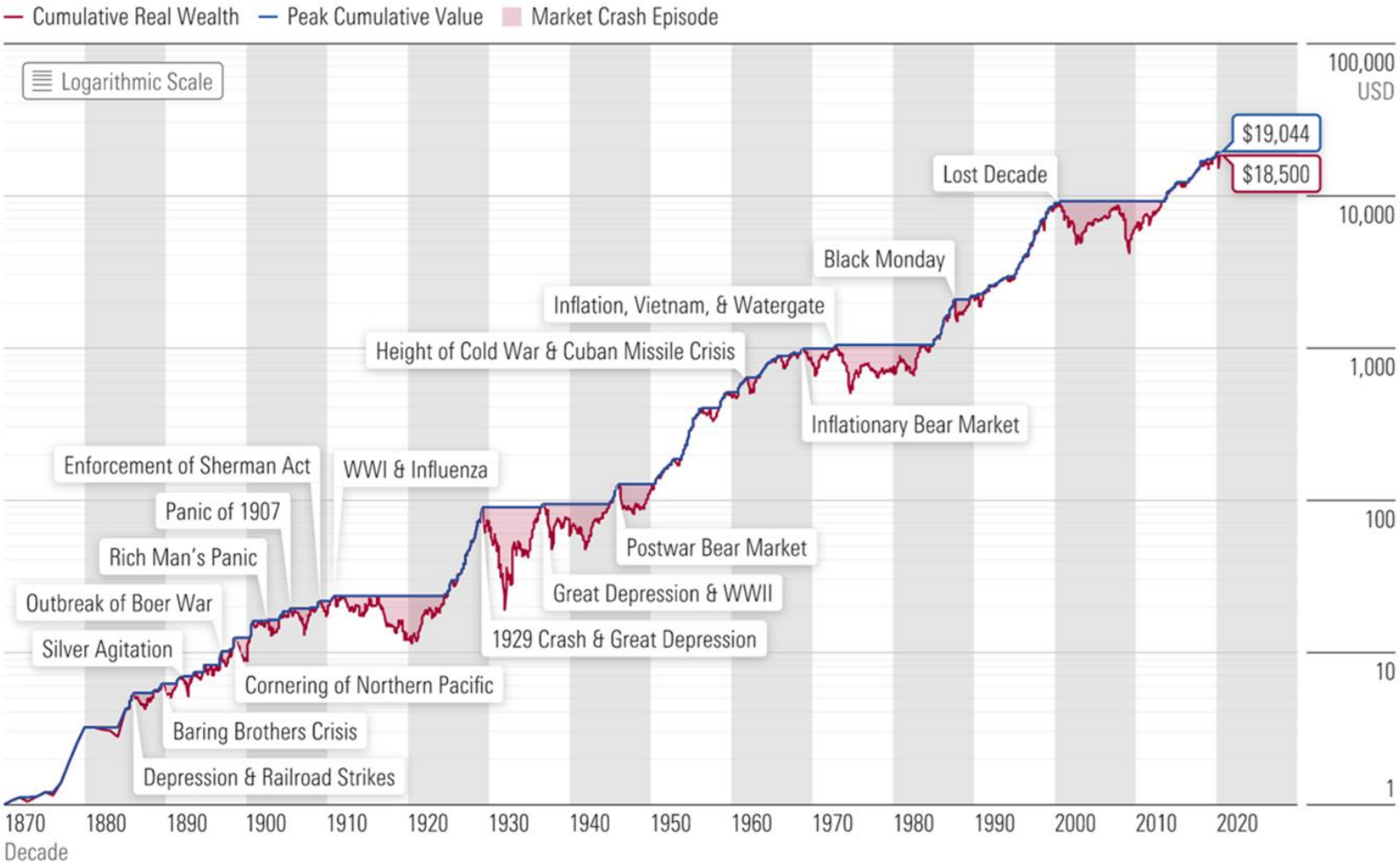
What is a ‘good’ delivered result? Based on history: Russell-ASX Long term investing report 2018

Figure 5 – Comparison across asset classes on a before-tax basis: 20 years to December 2017



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Reality check: Cumulative ‘Real’ Wealth CAGR: 1870-20206.8%



6.8%

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Divestment of medi-aesthetic investment

In November 2021 we sold our investment in the medi-aesthetic space as we a) believed that the future profitability of that business was near a peak and b) due to consolidation we thought it would be better to exit, had an opportunity for a liquidity event and could reinvest in the sector later.

Selling these businesses is not easy, they cannot be liquidated like shares and that is why we created KGI – to have permanent capital and instead of selling businesses, incurring needless tax on capital gains etc. Our strategy is to reinvest the cash flows over time. We are, at our heart, a capital allocation/re-allocation business more like a Berkshire Hathaway, than a single strategy fund. We would like to reinvest back into the medi-aesthetic industry elsewhere as we have built significant internal expertise and understanding of how these businesses operate

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Private investment in the hair industry

In June 2022 we made a 33% investment in a business that operates in the hair industry and have an option to increase to 40% (which we will likely exercise). We like the business because it has been operating for 30 years, has products that are reliable, of high quality, and a service offering. The treatments are recurring in nature and our product is a small part of the cost of performing the overall service. Part of our stated investment objective has been to acquire businesses that generate stable cash flows and own them forever (wherever possible).

We indicated, in the announcement, that the EBITDA contribution to KGI **could** be in a range of 15-17 cents **per share**. We have subsequently (August) issued circa 10% more shares, so the per share range would be in the range of 13.5-15.3 cents. **This, of course, is in the context of all investment warnings regarding risks and that we offer no guarantees around future performance, nor is it meant as future guidance, or should it be relied upon for making investment decisions.**

We have also indicated our intent to pay out most of the earnings from this investment as a fully franked dividend.

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CAPITAL ALLOCATION

Buyback – shares bought back and cancelled in 2022

- Cash flows from private investment returned to KGI and targeted to buyback and subsequent share cancellation.
- Always have option to buy back, reinvest capital or pay dividends
- Post the recent acquisition of the hair business we have intimated that will begin to pay a dividend

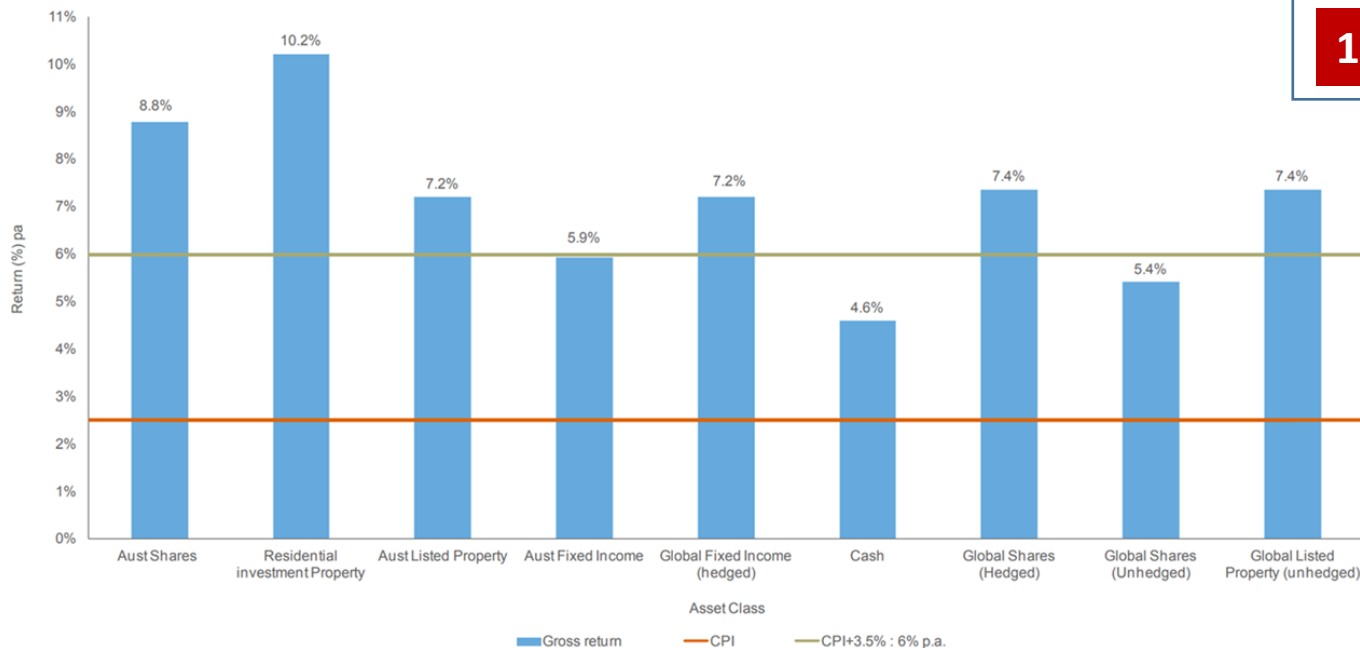
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Implications in numbers: Relook at the earlier slide

The 'average' return of these historic series (shown before) is 7.1%

At \$1.10 (last traded share price of KGI) that would imply a gross dividend of 7.81 cents per share to achieve that **IF**, and there are no guarantees, this was all paid out - it shows the potential for the compounding power of KGI **IF** we assume the 13-15 cents was a proxy for a dividend (no depreciation, franking credits likely etc).

Then, at middle of range, of 14 cents, KGI would 'yield' $14/110 = 12.7\%$ (well above the 20 year average).*



12.7%

+ potential growth of remaining capital*

7%

6%

* This is not a forward looking statement of targeted/assured returns nor is it financial advice which considers shareholders' objectives, financial situations or needs. It is a hypothetical calculation which does not provide a guarantee for, or predict, the future performance of the Company.

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MULTIPLE ARROWS IN OUR QUIVER

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



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COMPOUNDING MACHINE BUILT

- Berkshire Hathaway has a mix of investments:
- Public market shares + private investments where Buffett 'reallocates' the capital.
- KGI is a capital reallocation machine
- We're not Berkshire – of course
- But investors should think of KGI more like a Berkshire than a static investment vehicle

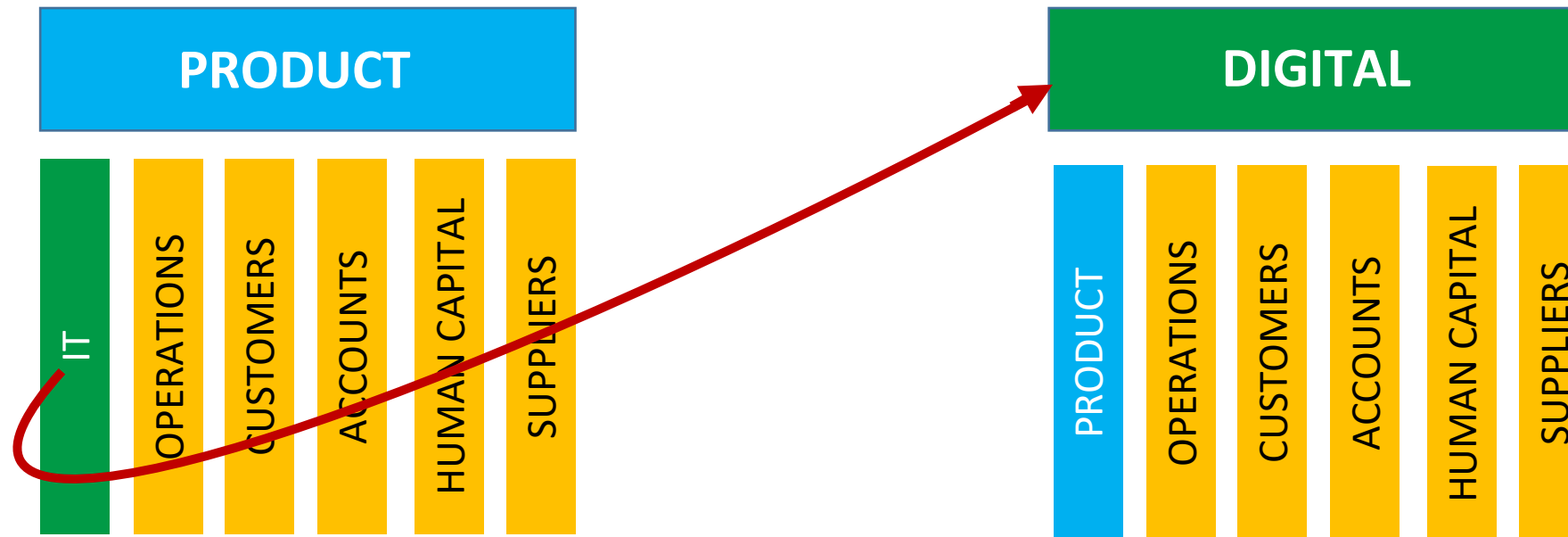


Private businesses have a lot of shared opportunities

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DIGITAL IS **THE** PRODUCT: **OPPORTUNITY**

- Digital delivery of product/services is the future
- Many opportunities to buy companies and utilise technology to improve them



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OUTLOOK – LONG-TERM ALWAYS OPPORTUNITIES

- High inflation is negatively impacting asset prices – but could abate quickly too – precarious time;
- Opportunities always present themselves in storms;
- Sale of first private asset (medi-aesthetic) a success;
- Capital reinvested into hair colour company – lessons from first asset apply;
- We see enormous opportunity to ‘collect’ and ‘reallocate’ capital from private businesses;
- Speed and flexibility are critical and a competitive advantage; and
- Our best days lie ahead – we have multiple opportunities to compound our investors’ capital.

