

# Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

UPDATE AS AT 31 OCTOBER 2018

## FINAL EXPIRY OF APL OPTIONS – 93.6% EXERCISED AND MAIDEN DIVIDEND PAID

- Antipodes Global Investment Company (the Company) Limited options (ASX:APLO) expired on 15 October 2018. Antipodes would like to thank shareholders for their support. The high percentage of options exercised is a positive sign of the investment case for the Company. 93.6% of options have been exercised, bringing the Company's number of shares on issue to more than 550 million. All shareholders who owned shares on the record date of 22 October 2018, should have received the maiden 5.0 cents dividend per share (50% franked) that was paid on 31 October 2018.
- The Company's NTA before all taxes<sup>5</sup> declined by 6.1% (assumes dividend reinvested) for the month compared to a portfolio decline of 2.9% and the portfolio benchmark return of -5.6% for the month. The difference in these returns (as with all prior period returns) can primarily be explained by the dilutionary impact on the Company's NTA from the large number of Company options (ASX:APLO) being exercised, as the option strike price of \$1.10 per share was lower than the NTA per share of the Company. The Company is pleased that the discount to NTA at which APL trades has narrowed with the uncertainty around the dilutionary impact of the option exercise now complete.

## PORTFOLIO COMMENTARY

- Global equities retreated 5.6% during October as anxieties around global growth and an unwind of investor herding into 'structural growth' drove cross-asset volatility higher. Areas of the market most exposed to 'structural growth' and external demand fell furthest, whilst more domestically driven and less economically sensitive areas fared better. Against this backdrop, US equities underperformed, compounded by the Federal Reserve signalling an end to the low rate environment, smaller corporate earnings surprises and increasing political uncertainty associated with the looming mid-term elections. A stronger US dollar, escalating trade rhetoric and weaker domestic activity in China and Korea saw Emerging Markets (EM), particularly North Asia, sell-off sharply. Amongst EM, Brazil was the notable exception, with the election of reformist president Jair Bolsonaro well received by investors.
- The Portfolio outperformed its benchmark declining on an absolute basis. Major contributors to performance included our Gold and short exposures, whilst our Online Services, Financial, Global Cyclical and Consumer Incumbent exposures detracted.

## COMPANY FACTS

Investment manager	Antipodes Partners
ASX code   share price	APL   \$1.085
Inception date	11 October 2016
Listing date	18 October 2016
Management fee	1.10% p.a. <sup>1</sup>
Performance fee	15% <sup>1</sup> of net return in excess of benchmark <sup>8</sup>
Market capitalisation	\$598m

<sup>1</sup> Inclusive of the net impact of GST and RITC

## PERFORMANCE (%)

	Company <sup>6</sup>	Portfolio <sup>7</sup>	Benchmark <sup>8</sup>
1 month	-6.1	-2.9	-5.6
CYTD	-2.1	6.3	6.0
1 year	-0.6	8.5	7.6
2 year p.a.	7.7	13.2	14.7
Inception	16.1	28.3	29.7
Inception p.a.	7.5	12.9	13.5
Up-market capture <sup>9</sup>		90	
Down-market capture <sup>9</sup>		64	

Past performance is not a reliable indicator of future performance. <sup>6</sup> Movement in NTA before all taxes for the period which makes the result comparable to an unlisted managed fund. This figure incorporates the net portfolio performance less costs of managing/administering the Company and any dilution caused by options being exercised, and assumes the reinvestment of dividends paid <sup>7</sup> Net of portfolio related fees and costs <sup>8</sup> MSCI All Country World Net Index in AUD (portfolio's benchmark) <sup>9</sup> An upside (downside) capture ratio indicates the degree to which the portfolio has outperformed the benchmark during periods of positive (negative) benchmark returns

## NET TANGIBLE ASSETS (NTA)<sup>2,5</sup>

Pre-tax NTA <sup>3</sup>	Post-tax NTA <sup>4</sup>
\$1.145	\$1.147

<sup>2</sup> NTA calculations exclude Deferred Tax Assets relating to capitalised cost deductions of \$0.002 per share. <sup>3</sup> Pre-tax NTA includes tax on realised gains and other earnings, but excludes any provision for tax on unrealised gains <sup>4</sup> Post-tax NTA includes tax on realised and unrealised gains and other earnings <sup>5</sup> NTA before all taxes was \$1.189 at 31 October 2018. This represents the NTA excluding all income tax related assets and liabilities.

Antipodes Partners	<ul style="list-style-type: none"> <li>Global pragmatic value manager, long only and long-short</li> <li>We take advantage of the market's tendency for <i>irrational extrapolation</i>, identify investments that offer a high <i>margin of safety</i> and build portfolios with a <i>capital preservation</i> focus</li> </ul>
Company features	<ul style="list-style-type: none"> <li>Aims to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years)</li> <li>In the absence of finding individual securities that meet minimum risk-return criteria, cash may be held</li> <li>Equity shorts and currency positions used to take advantage of attractive risk-return opportunities, offset specific long portfolio risks and provide some protection from negative tail risk. Derivatives may also be used to amplify high conviction ideas</li> <li>Typical net equity exposure of 50% to 100%; maximum allowable gross exposure limit of 150% of NAV</li> </ul>

## ASSET ALLOCATION

	Long		Short	
	Equities	Other <sup>10</sup>	Equities	Other <sup>10</sup>
Weight (% NAV)	92.6	2.8	-29.3	-1.5
Count	59	4	57	2
Avg. weight	1.6	0.7	-0.5	-0.8
Top 10 (% NAV)	27.7	-	-9.0	-
Top 30 (% NAV)	66.8	-	-20.3	-

<sup>10</sup> Index futures and other non-single stock derivatives

## TOP 10 EQUITY LONGS (%)

Name	Country	Weight
Electricite de France	France	3.5
Ping An Insurance	China/HK	2.9
Baidu	China/HK	2.8
Cisco Systems	United States	2.7
Roche	Switzerland	2.7
Qualcomm	United States	2.7
Microsoft	United States	2.7
General Electric	United States	2.7
Tapestry	United States	2.6
China Mobile	China/HK	2.6

## CURRENCY EXPOSURE<sup>11</sup> (%)

ISO	Cash equity	Currency	Difference
USD	29.1	41.3	12.2
JPY	9.8	14.8	5.0
CHF	3.8	7.3	3.6
AUD	1.6	3.6	1.9
SEK	0.0	1.4	1.4
NOK	0.0	1.4	1.4
THB	0.0	0.4	0.4
MXN	0.3	0.3	0.0
BRL	0.4	0.4	0.0
INR	0.7	0.3	-0.4
HKD	0.0	-2.0	-2.0
EUR	18.5	16.3	-2.2
SGD	0.0	-3.2	-3.2
KRW	10.2	6.8	-3.3
CNY	18.4	10.8	-7.6

<sup>11</sup> Where possible, regions, countries and currencies classified on a look through basis

## FURTHER INFORMATION

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## SECTOR EXPOSURE<sup>12</sup> (%)

Sector	Long	Short	Net
Banks	11.6	-3.5	8.1
Communications	9.7	-0.9	8.9
Energy	8.8	-1.1	7.7
Software	7.8	-3.3	4.5
Industrial	7.5	-4.9	2.6
Hardware	7.3	-2.8	4.5
Internet	6.9	-0.5	6.4
Healthcare	6.2	-0.6	5.6
Retail	4.7	-1.2	3.5
Other	24.9	-12.0	12.9

<sup>12</sup> Antipodes Partners classification

## REGIONAL EXPOSURE<sup>11, 12</sup> (%)

Region	Long	Short	Net
<b>North America</b>	<b>29.1</b>	<b>-17.5</b>	<b>11.6</b>
<b>Developed Asia</b>	<b>20.0</b>	<b>-4.8</b>	<b>15.2</b>
<i>Korea/Taiwan</i>	10.2	-0.9	9.3
<i>Japan</i>	9.8	-3.9	5.9
<b>Developing Asia</b>	<b>19.0</b>	<b>-2.4</b>	<b>16.6</b>
<i>China/Hong Kong</i>	18.4	-1.6	16.7
<i>India</i>	0.7	-0.8	-0.1
<b>Western Europe</b>	<b>22.2</b>	<b>-4.0</b>	<b>18.2</b>
<i>Eurozone</i>	18.5	-2.4	16.0
<i>United Kingdom</i>	0.0	-0.2	-0.2
<i>Rest Western Europe</i>	3.8	-1.4	2.4
<b>Australia</b>	<b>1.6</b>	<b>-2.0</b>	<b>-0.4</b>
<b>Rest of World</b>	<b>0.7</b>	<b>0.0</b>	<b>0.7</b>
<b>Total Equities</b>	<b>92.6</b>	<b>-30.8</b>	<b>61.8</b>
<b>Other</b>	<b>2.8</b>	<b>0.0</b>	<b>2.8</b>
<b>Cash</b>	<b>4.5</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>100.0</b>	<b>-30.8</b>	<b>64.7</b>

## MARKET CAP EXPOSURE (%)

Band	Long	Short	Net
Mega (>\$100b)	25.9	-4.1	21.8
Large (>\$25 <\$100b)	32.2	-9.7	22.5
Medium (>\$5 <\$25b)	31.0	-13.8	17.2
Small (<\$5b)	6.4	-3.2	3.2

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