



Antipodes Global Investment Company Limited (ASX:APL)

12 December 2019

By Electronic Lodgement

The Manager
Company Announcements Office
ASX Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Shareholders,

Explanatory note on share buyback

In the 9 December 2019 update to shareholders, the Board of Antipodes Global Investment Company Limited (APL or the Company) informed shareholders that, as part of a decision to implement a more significant, long-term commitment to use the Company's substantial capital resources to seek to ensure the Company's share price trades close to its NTA:

- it will seek shareholder authority to buy back up to 20% of the Company's shares on market in the 12 month period the buyback authority relates to;
- the Board will seek this authority at the 2020 AGM at the latest, but may approach shareholders earlier, depending upon how quickly the current 10% buy back authority is exhausted.

In order to assist shareholders in best understanding the significance of this decision to increase the magnitude of the buyback, the Board provides the following additional information about the magnitude of the expected buyback.

Conclusion

The Board is committed to reduce the discount to NTA. The buyback is a critical component of that commitment. As outlined in this note, the Board has determined to buy back up to 20% of the Company's shares, in excess of 100 million shares in total since the buyback commenced and 2.8x the original buyback authority of 37.6 million shares announced on 19 July 2019. This is a substantial use of the Company's resources, utilising in excess of \$100 million of capital, and will take nearly a year to deploy¹. While this is not the only initiative the Company has implemented and will continue to consider, the Board believes it is a significant move in seeking to ensure the current discount to NTA is reduced.

Explanatory detail

Current buyback

The buyback that is currently in place was announced on 19 July 2019 and commenced on 1 August 2019, with an authority to purchase up to 37.6 million shares. This authority was based on the Board's authority to buy up to 10% of the Company's shares without shareholder approval, based off the lowest share count of the Company in the 12 months prior to the commencement of the buyback (the 10/12 rule²). Thus far, 13.1 million shares have been repurchased under this authority, equivalent to 37% of this buyback authority and 2.6% of the current shares in issue of the Company. The remaining buyback allowance is 24.5 million shares, equivalent to 4.5% of the current shares in issue or of 52 days of daily traded volume if the Company buyback is 50% of the volume traded in the Company's shares. Shareholders should note that while the Company does not target a specific percentage of average daily value traded, this is the approximate pace at which the buyback is currently being conducted since increasing the volume from 10 December 2019.

Refreshed buyback

The share count of the Company increased materially through the options conversion process that ended in October 2018. As a result of this, as of today the lowest share count of the Company in the prior 12 months has increased to 538.5 million. Applying the current 10% authority to this number results in a refreshed buyback authority of 53.8 million shares as outlined in our updated 3(D) announcement on the ASX. Given 13.1 million shares have been bought back to date under this authority, the remaining buyback allowance is 40.8 million shares, equivalent to 7.6% of the current shares in issue or 86 days of daily traded volume if the Company buyback is 50% of the volume traded in the Company's shares.

Increased buyback

As announced on 9 December 2019 and reiterated in this explanatory note, the Board will seek shareholder approval to increase the buyback allowance from the current 10% of shares to 20% of the Company's shares.

As per the above, if the Company share buyback is 50% of the volume traded in the Company's shares, the refreshed buyback authority is likely to run out after 86 trading days (approximately 4 months). Assuming this eventuates, the Board reaffirms its intention to seek shareholder approval around that time to buy back an additional 10% of the Company's shares to take the authority up to 20%.

Subject to shareholder approval, this increased buyback will result in a buyback allowance of 103.6 million shares over the 12 month period since the buyback commenced (1 August 2019). Given 13.1 million shares have been bought back to date under this authority, the remaining buyback allowance (including the refreshed buyback and the increased buyback to 20%) would be 90.5 million shares, equivalent to 16.8% of the current shares in issue or 192 days (~9 months) of daily traded volume if the Company buyback is 50% of the volume traded in the Company's shares.

Please see the table of figures overleaf that captures all the information above.

Yours faithfully,



Jonathan Trollip
Chairman

¹ This is based on an assumption that the Company buyback is 50% of the daily volume traded in the Company's shares. Shareholders should note that while the Company does not target a specific percentage of average daily value traded, this is the approximate pace at which the buyback is currently being conducted since increasing the volume from 10 December 2019

² **Section 257B(4) Corporations Act** : The 10/12 limit for a company proposing to make a buyback is 10% of the smallest number, at any time during the last 12 months, of votes attaching to voting shares

	Current buyback	Refreshed buyback	Increased buyback
Date buyback announced	19/07/2019	12/12/2019	9/12/2019
Shareholder approval required	No	No	Yes
Date buyback commenced	1/08/2019	12/12/2019	Earlier of 2020 AGM or when the refreshed buyback is exhausted
% Shares in issue	10%	10%	20%
Number of shares used to calculate the buyback authority*	375,698,370	538,472,070	497,705,241
Current shares in issue**	538,472,070	538,472,070	538,472,070
Buyback allowance (number of shares)	37,569,837	53,847,207	103,617,731
Number of shares bought back to date***	13,080,378	13,080,378	13,080,378
Number of shares bought back to date (as a % of buyback allowance)**	35%	24%	13%
Number of shares bought back to date (as a % of current shares in issue)**	2.4%		
Remaining buyback allowance (number of shares)	24,489,459	40,766,829	90,537,353
Remaining buyback allowance (% of current shares in issue)	4.5%	7.6%	16.8%
Average daily volume (ADV) number of shares ****	942,790	942,790	942,790
Remaining buyback allowance as a ratio of :			
Number of day's volume if buyback is 100% of ADV	26	43	96
Number of day's volume if buyback is 50% of ADV	52	86	192
Number of day's volume if buyback is 25% of ADV	104	173	384

* Based on the lowest number of shares in issue over the 12 months prior to the buyback commencement. For the 'increased buyback' scenario, the lowest number for the 12 month period is assumed to be the current shares in issue less the remaining buyback allowance

** As at 12/12/2019

*** as at 6/12/2019

**** 30 Day ADV to 11/12/2019

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By Electronic Lodgement

The Manager
Company Announcements Office
ASX Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Shareholders,

Shareholder update

This announcement is to update shareholders on the initiatives that the Board of Antipodes Global Investment Company Limited (**APL** or the **Company**) has considered and is implementing, including following feedback from shareholders at the Company's AGM on 6th November 2019.

Background

At the AGM some shareholders expressed disquiet regarding:

- the performance of the Manager, Antipodes Partners Limited; and
- the APL share price discount to NTA.

The Board undertook to consider these matters and report back to shareholders.

Manager performance

The Board acknowledges the disappointment of shareholders with regard to the Manager's investment performance to date, but noting, however, that the Manager's value investment style has been out of favour.

The Company's investment objectives as set out in its October 2016 listing Prospectus and reaffirmed thereafter in shareholder communications, are twofold:

- generate returns over each full investment cycle (which the Manager and the Company consider to be a period of typically 3 to 5 years) in excess of the MSCI All Country World Net Index, and
- preserve capital.

While the value of the Company's investment portfolio has increased materially since inception of the Company just over 3 years ago, it has significantly lagged the much stronger appreciation in global share indices over the same period. Calendar 2019 in particular has been an extraordinary year, with global shares (as measured by the MSCI All Country World Net Index) up 26.4% year-to-date. We note that this market environment in 2019 has been particularly difficult for the Manager's value investment style.

The Board's role is to ensure that the Manager invests within the parameters set out in the Prospectus and the IMA. The Board closely monitors the Manager's

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investment parameter compliance on an ongoing basis. Further, the Board encourages shareholders to evaluate the Manager's performance relative to its benchmark over a full investment cycle which is the basis for stating a period of typically 3 to 5 years. It should also be noted that the Board may only terminate the Manager for insolvency or material breach of an express term of the IMA, not for investment management performance.

NTA discount

The APL share price has traded at an NTA discount greater than 10% since the beginning of April 2019 (over the past 8 months, whilst the Company has been in operation for just over 3 years). The Board notes that this is a relatively short period, and that an NTA discount is not specific to APL, being common at present across the global equity LIC industry in Australia.

The Board is committed to ensure a narrower NTA discount than that which the Company has experienced in the last 8 months. To this end, the Board has and will be undertaking a series of actions detailed below.

Recent initiatives

The Company has recently implemented three initiatives, all aimed at narrowing the NTA discount:

- **Capital management.** More than doubled the daily volume of the on-market share buyback since 11th November 2019. As at 6th December 2019, the Company has purchased 13.1 million shares (\$12.67 million), equivalent to 2.4% of shares in issue. The Company will continue with an accelerated buyback whilst the NTA discount remains wide, within its current authority.
- **Transparency.** The Company moved to daily NTA on 15th November 2019. This additional transparency will enable shareholders and new investors to more accurately assess the APL share price against the current NTA with minimal time delay, reducing any confusion about the discount to NTA.
- **Communication.** The Company embarked on a phone-based outreach campaign to the largest individual shareholders starting in November 2019 and is committed to continue to improve regular:
 - Electronic informal communication on a monthly, quarterly, annual and ad hoc basis;
 - Written formal communication; and
 - Portfolio commentary by the Manager with a view to simplifying messages allowing shareholders to better understand the dynamics of the underlying portfolio.

Long-term initiatives

Since the 2019 AGM the Board has met to consider a range of additional initiatives. These initiatives were considered against the Company's objectives as well as the legal framework of the Prospectus and the Investment Management Agreement (**IMA**).

The Board considered a number of possible initiatives but deemed them either not viable from a legal perspective or not in the best interests of all shareholders at the current time, particularly given the objectives' time period outlined above. These initiatives included, but were not limited to, converting the Company to an

open-ended trust or seeking a material renegotiation of the commercial terms with the Manager.

Capital management policy

The Board has also met to consider further the capital management policy of the Company. The Board has now determined to implement a more significant, long-term commitment to use the Company's substantial capital resources to seek to ensure the Company's share price trades close to its NTA.

In order to implement this long-term capital management policy, the Board will seek shareholder authority to buy back up to 20% of the Company's shares on market. This is beyond the current authority to buy back up to 10% of the Company's shares in a 12 month period.

The Board will seek this authority at the 2020 AGM at the latest, but may approach shareholders earlier, depending upon how quickly the current 10% buy back authority is exhausted.

The Board is committed to continue to assess, on an ongoing basis, the initiatives considered during its recent review process, always in the context of the Company's objectives including the 3 to 5 year investment time horizon.

Yours faithfully,



Jonathan Trollip
Chairman