

# Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

UPDATE AS AT 31 AUGUST 2018

## PORFOLIO COMMENTARY

- Global equities gained 3.6% in August, with US equities continuing to outperform amidst strong economic and earnings growth momentum and a revived US-Mexico trade deal. Emerging Markets (EM) were broadly weak, with the threat of further tariffs, policy induced tightening in China, political/fiscal uncertainty in Latin America and a stronger US dollar bringing to the fore the macroeconomic frailties of select EM economics such as Turkey. European equities retrenched over concerns around the Italian budget and Turkey contagion fears, with Financials and Telecoms bearing the brunt.
- Despite positive performance, the Portfolio underperformed its benchmark. Major contributors included our **Software Incumbent, Natural Gas, Connectivity, Telecommunication Incumbent** and **Online Services** exposure whilst our **Gold** and short exposures detracted.

## COMPANY COMMENTARY

- Company optionholders were sent a letter and email on 11/9/2018 as a reminder that their **options will cease trading on the 9<sup>th</sup> October 2018 and the last day to exercise them is the 15<sup>th</sup> October 2018**. Optionholders exercising before 15 October 2018 will be **eligible to receive the 5.0 cents per share FY18 final dividend** (50% franked) on the shares issued as long as the shares are owned on the record date of 22 October 2018 (see [www.antipodespartners.com/antipodes-lic/](http://www.antipodespartners.com/antipodes-lic/) for more information).
- The Company's (APL) closing share price as at 31 August 2018 was \$1.170 per share. This compares to the pre-tax NTA at 31 August of \$1.275 per share (8.2% discount) and a fully diluted pre-tax NTA (assuming 100% of options exercised) of \$1.220 per share (4.1% discount). The Company held an annual results conference call with shareholders on 30 August. If you were unable to make the call and would like to listen to a replay, please visit the Company website per above.

## COMPANY FACTS

Investment manager	Antipodes Partners
ASX code   share price	APL   \$1.170
ASX code   option price	APLO   \$0.066
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	\$459m
Options outstanding	177,523,666
Options exercise price	\$1.10
Options expire	15 October 2018

## PERFORMANCE (%)

	Company <sup>6</sup>	Portfolio <sup>7</sup>	Benchmark <sup>8</sup>
1 month	0.5	1.2	3.6
CYTD	4.7	7.6	11.8
1 year	11.0	15.1	22.2
Inception	24.1	29.8	36.8
Inception p.a.	12.1	14.8	18.1
Up-market capture <sup>8</sup>		86	
Down-market capture <sup>8</sup>		73	

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 <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

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

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

Pre-tax NTA <sup>3</sup>	Post-tax NTA <sup>4</sup>
\$1.275	\$1.256

<sup>2</sup> NTA calculations exclude Deferred Tax Assets relating to capitalised cost deductions of \$0.004 per share. The above NTA figures are not adjusted for the 177,523,666 options outstanding with an exercise price of \$1.10 and are before the 2018 final dividend of 5.0 cents per share payable on 31 October 2018. <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 \$1.324 at 31 August 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 <b>irrational extrapolation</b>, identify investments that offer a high <b>margin of safety</b> and build portfolios with a <b>capital preservation</b> 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)	91.5	1.3	-25.0	-3.9
Count	58	2	45	4
Avg. weight	1.6	0.6	-0.6	-1.0
Top 10 (% NAV)	28.2	-	-9.3	-
Top 30 (% NAV)	66.5	-	-20.7	-

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

## TOP 10 EQUITY LONGS (%)

Name	Country	Weight
Electricite de France	France	3.7
Ping An Insurance Group	China/HK	2.8
Cisco Systems	United States	2.8
Baidu	China/HK	2.8
Qualcomm	United States	2.7
China Mobile	China/HK	2.7
Samsung Electronics	Korea	2.7
INPEX	Japan	2.7
Microsoft	United States	2.6
KT Corporation	Korea	2.6

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

ISO	Cash equity	Currency	Difference
USD	28.2	37.3	9.1
CHF	1.7	5.4	3.7
SEK	0.0	3.1	3.1
JPY	12.0	14.9	2.9
AUD	1.6	3.4	1.8
NOK	0.5	2.3	1.8
GBP	0.0	0.8	0.8
THB	0.0	0.5	0.5
CAD	0.0	0.2	0.2
INR	0.8	1.0	0.2
MXN	0.4	0.5	0.1
TWD	0.0	0.1	0.1
BRL	0.3	0.3	0.0
EUR	16.7	14.3	-2.3
HKD	0.0	-2.4	-2.4
KRW	9.9	6.5	-3.3
SGD	0.0	-3.5	-3.5
CNY	19.6	15.2	-4.3

<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	11.0	-2.6	8.5
Communications	9.0	-0.8	8.1
Energy	8.1	-1.3	6.7
Internet	8.0	0.0	8.0
Hardware	7.3	-3.1	4.2
Software	7.1	-2.0	5.1
Industrial	6.8	-4.7	2.1
Staples	5.1	-0.9	4.2
Retail	4.9	-0.9	4.0
Other	25.5	-12.5	13.0

<sup>12</sup> Antipodes Partners classification

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

Region	Long	Short	Net
<b>North America</b>	<b>28.2</b>	<b>-15.0</b>	<b>13.2</b>
<b>Developed Asia</b>	<b>21.9</b>	<b>-4.2</b>	<b>17.7</b>
Korea/Taiwan	9.9	-0.8	9.0
Japan	12.0	-3.3	8.7
<b>Developing Asia</b>	<b>20.4</b>	<b>-3.0</b>	<b>17.3</b>
China/Hong Kong	19.6	-2.4	17.2
India	0.8	-0.6	0.1
<b>Western Europe</b>	<b>18.9</b>	<b>-4.4</b>	<b>14.5</b>
Eurozone	16.7	-2.0	14.7
United Kingdom	0.0	-0.7	-0.7
Rest Western Europe	2.2	-1.7	0.5
<b>Australia</b>	<b>1.6</b>	<b>-2.3</b>	<b>-0.7</b>
<b>Rest of World</b>	<b>0.7</b>	<b>0.0</b>	<b>0.7</b>
<b>Total Equities</b>	<b>91.5</b>	<b>-28.9</b>	<b>62.6</b>
<b>Other</b>	<b>1.3</b>	<b>0.0</b>	<b>1.3</b>
<b>Cash</b>	<b>7.2</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>100.0</b>	<b>-28.9</b>	<b>63.9</b>

## MARKET CAP EXPOSURE (%)

Band	Long	Short	Net
Mega (>\$100b)	29.7	-4.9	24.7
Large (>\$25 <\$100b)	26.1	-9.1	17.1
Medium (>\$5 <\$25b)	30.2	-12.4	17.8
Small (<\$5b)	6.8	-2.5	4.3

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