

Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

UPDATE AS AT 31 JULY 2018

PORFOLIO COMMENTARY

- Global equities gained 2.4% in July as EU-US trade anxieties faded and the US economy recorded its fastest rate of growth since 2014. Emerging Markets outside of Asia outperformed (+6.7%), drawing support from stronger EM growth and a stable US dollar. China (-2.5%) and Korea (-1.5%) were notably weak, with China-US trade tensions and slowing growth weighing on sentiment.
- Despite strong absolute performance, the Portfolio underperformed its benchmark. Major contributors to performance included our Online Services, Mobile Connectivity and Global Cyclical exposures, whilst our Consumer Incumbent, Battery and short exposures detracted.

COMPANY COMMENTARY

- The Company's NTA before all taxes⁵ grew by 0.8% for the month compared to the manager's portfolio return of 1.3% for the month. The difference in these returns can primarily be explained by the dilutionary impact on the Company's NTA from the exercise of Company options (ASX:APLO), as the option strike price of \$1.10 per share is lower than the NTA per share of the Company. This is also the primary contributor to the difference in returns between Company and portfolio performance over all prior performance periods presented below.
- The Company options will cease trading on the 9th October 2018 and the last day to exercise them is the 15th October 2018. All Company option holders are encouraged to make a decision on what to do with their options given that the options currently have value (closing price of APLO on the ASX on 31 July 2018 was 5.3c per option). (www.antipodespartners.com/antipodes-lic/ for more information).
- The Company's (APL) closing price on the ASX as at 31 July 2018 was \$1.16 a share. This compares to the pre-tax NTA at 31 July of \$1.277 per share (9.2% discount) and a fully diluted pre-tax NTA (assuming 100% of options exercised) of \$1.216 per share.

COMPANY FACTS

Investment manager	Antipodes Partners
ASX code share price	APL \$1.160
ASX code option price	APLO \$0.053
Inception date	11 October 2016
Listing date	18 October 2016
Management fee	1.10% p.a. ¹
Performance fee	15% ¹ of net return in excess of benchmark ⁸
Market capitalisation	\$435m
Options outstanding	194,705,003
Options exercise price	\$1.10
Options expire	15 October 2018

PERFORMANCE (%)

	Company ⁶	Portfolio ⁷	Benchmark ⁸
1 month	0.8	1.3	2.4
CYTD	4.2	6.3	7.9
1 year	11.0	14.5	19.2
Inception	23.5	28.2	32.0
Inception p.a.	12.4	14.8	16.7
Up-market capture ⁸		91	
Down-market capture ⁸		73	

Past performance is not a reliable indicator of future performance. ⁶ 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 ⁷ Net of portfolio related fees and costs ⁸ MSCI All Country World Net Index in AUD (portfolio's benchmark) ⁹ An upside (downside) capture ratio indicates the degree to which the portfolio has outperformed the benchmark during periods of positive (negative) benchmark returns

¹ Inclusive of the net impact of GST and RITC

NET TANGIBLE ASSETS (NTA)^{2,5}

Pre-tax NTA ³	Post-tax NTA ⁴
\$1.277	\$1.251

² 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 194,705,003 options outstanding with an exercise price of \$1.10. ³ Pre-tax NTA includes tax on realised gains and other earnings, but excludes any provision for tax on unrealised gains ⁴ Post-tax NTA includes tax on realised and unrealised gains and other earnings ⁵ NTA before all taxes was \$1.318 at 31 July 2018. This represents the NTA excluding all income tax related assets and liabilities

Antipodes Partners	<ul style="list-style-type: none"> Global pragmatic value manager, long only and long-short We take advantage of the market's tendency for irrational extrapolation, identify investments that offer a high margin of safety and build portfolios with a capital preservation focus
Company features	<ul style="list-style-type: none"> Aims to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years) In the absence of finding individual securities that meet minimum risk-return criteria, cash may be held 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 Typical net equity exposure of 50% to 100%; maximum allowable gross exposure limit of 150% of NAV

ASSET ALLOCATION

	Long	Short	
	Equities	Equities	Other ¹⁰
Weight (% NAV)	90.5	-24.8	-1.3
Count	60	44	2
Avg. weight	1.5	-0.6	-0.7
Top 10 (% NAV)	26.9	-9.3	-
Top 30 (% NAV)	65.8	-20.9	-

¹⁰ Index futures and other non-single stock derivatives

TOP 10 EQUITY LONGS (%)

Name	Country	Weight
Electricite de France	France	3.1
Qualcomm	United States	2.8
INPEX	Japan	2.7
Gilead Sciences	United States	2.7
KT Corporation	Korea	2.7
Ping An Insurance Group	China/HK	2.6
Cisco Systems	United States	2.6
Samsung Electronics	Korea	2.6
Microsoft	United States	2.5
UniCredit	Italy	2.5

CURRENCY EXPOSURE¹¹ (%)

ISO	Cash equity	Currency	Difference
USD	28.8	37.7	8.9
NOK	0.7	4.3	3.6
SEK	0.0	2.7	2.7
AUD	1.6	3.5	1.9
GBP	0.0	0.8	0.8
THB	0.0	0.5	0.5
CAD	0.0	0.3	0.3
MXN	0.4	0.5	0.1
INR	0.2	0.2	0.1
TWD	0.0	0.1	0.1
EUR	18.0	18.1	0.1
JPY	12.0	12.0	0.0
BRL	0.3	0.3	0.0
HKD	0.0	-1.7	-1.7
KRW	9.9	8.0	-1.9
SGD	0.0	-2.9	-2.9
CNY	18.8	15.7	-3.1

¹¹ Where possible, regions, countries and currencies classified on a look through basis

SECTOR EXPOSURE¹² (%)

Sector	Long	Short	Net
Banks	11.2	-2.3	9.0
Communications	9.4	-0.8	8.6
Energy	8.1	-1.8	6.3
Internet	7.8	-0.4	7.4
Hardware	7.2	-3.3	4.0
Software	6.8	-2.2	4.6
Staples	5.6	-1.3	4.3
Industrial	5.6	-3.0	2.5
Industrial Services	4.5	0.0	4.5
Other	24.3	-11.2	13.1

¹² Antipodes Partners classification

REGIONAL EXPOSURE^{11, 12} (%)

Region	Long	Short	Net
North America	28.8	-14.7	14.0
Developed Asia	21.8	-4.3	17.6
<i>Korea/Taiwan</i>	9.9	-0.8	9.0
<i>Japan</i>	12.0	-3.4	8.5
Developing Asia	18.9	-1.5	17.5
<i>China/Hong Kong</i>	18.8	-0.7	18.1
<i>India</i>	0.2	-0.8	-0.6
Western Europe	18.7	-3.1	15.6
<i>Eurozone</i>	18.0	-0.8	17.2
<i>United Kingdom</i>	0.0	-0.5	-0.5
<i>Rest Western Europe</i>	0.7	-1.8	-1.1
Australia	1.6	-2.6	-1.0
Rest of World	0.7	0.0	0.7
Total Equities	90.5	-26.1	64.4
Cash	9.5	-	-
Totals	100.0	-26.1	64.4

MARKET CAP EXPOSURE (%)

Band	Long	Short	Net
Mega (>\$100b)	24.9	-3.7	21.1
Large (>\$25 <\$100b)	26.9	-8.9	18.0
Medium (>\$5 <\$25b)	31.0	-11.3	19.7
Small (<\$5b)	7.7	-2.3	5.5

FURTHER INFORMATION

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