

# Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

## UPDATE AS AT 30 SEPTEMBER 2018

### APL OPTIONS EXPIRE 15 OCTOBER – TAKE ACTION NOW

- 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 our [website](#) for more information).
- The Company's NTA before all taxes<sup>5</sup> detracted 0.3% for the month compared to the manager's portfolio return of 1.8% 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).
- The Company's (APL) closing share price as at 30 September 2018 was \$1.140 per share. This compares to the pre-tax NTA<sup>3</sup> at 30 September of \$1.272 per share (10.4% discount) and a fully diluted pre-tax NTA (assuming 100% of options exercised) of \$1.230 per share (7.3% discount).

### PORFOLIO COMMENTARY

- Global equities gained 0.4% during September, with Japanese (+3.0%) equities the standout as the re-election of Prime Minister Shinzo Abe, seen as an endorsement for continued "Abenomics", revived interest from foreign investors. US (+0.4%) equities underperformed for the first time since April, with continued policy normalisation and escalating US-China trade tensions impacting on the leadership of the market. Chinese equities (+0.1%) witnessed a late month revival as sentiment improved around the future of domestic policy. Crude (+6.8%) and oil sensitive equities outperformed amidst tightening OPEC supply.
- The Portfolio outperformed its benchmark while delivering strong absolute returns. Major contributors to performance included our **Natural Gas, Telecommunications Incumbent, Low Cost Oil, Consumer Incumbent** and **Software Incumbent** exposures while our **Global Cyclical** and **Online Services** exposures detracted.

### COMPANY FACTS

Investment manager	Antipodes Partners
ASX code   share price	APL   \$1.140
ASX code   option price	APLO   \$0.038
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	\$493m
Options outstanding	136,975,643
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	-0.3	1.8	0.4
CYTD	4.3	9.5	12.2
1 year	7.4	13.7	19.0
Inception	23.7	32.1	37.3
Inception p.a.	11.4	15.2	17.5
Up-market capture <sup>8</sup>		90	
Down-market capture <sup>8</sup>		72	

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>
\$1.272	\$1.253

<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 136,975,643 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 \$1.320 at 30 September 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)	90.8	1.7	-27.2	-3.6
Count	58	2	49	4
Avg. weight	1.6	0.9	-0.6	-0.9
Top 10 (% NAV)	27.9		-9.5	
Top 30 (% NAV)	67.0		-21.3	

<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	2.8
INPEX	Japan	2.8
KT Corporation	Korea	2.7
Cisco Systems	United States	2.7
KB Financial	Korea	2.7
Tapestry	United States	2.7
Baidu	China/HK	2.7
China Mobile	China/HK	2.7
General Electric	United States	2.7

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

ISO	Cash equity	Currency	Difference
USD	28.3	39.1	10.7
JPY	10.9	15.0	4.1
CHF	2.5	5.9	3.4
SEK	0.0	2.5	2.5
NOK	0.0	2.3	2.3
AUD	1.6	3.3	1.7
GBP	0.0	0.9	0.9
THB	0.0	0.5	0.5
CAD	0.0	0.3	0.3
MXN	0.4	0.4	0.1
BRL	0.3	0.3	0.0
INR	0.4	0.3	-0.1
EUR	16.9	14.5	-2.4
KRW	10.0	7.1	-2.8
SGD	0.0	-3.2	-3.2
HKD	0.0	-3.2	-3.2
CNY	19.5	13.9	-5.6

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

## FURTHER INFORMATION

T: 1300 010 311

E: invest@antipodespartners.com

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

Sector	Long	Short	Net
Banks	11.3	-3.0	8.2
Communications	9.6	-0.8	8.8
Energy	7.7	-1.3	6.4
Software	7.1	-2.2	5.0
Industrial	6.9	-4.8	2.1
Internet	6.9	-0.4	6.5
Hardware	6.4	-3.4	3.0
Staples	5.7	-1.2	4.5
Healthcare	5.0	-0.5	4.6
Other	25.8	-13.2	12.6

<sup>12</sup> Antipodes Partners classification

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

Region	Long	Short	Net
<b>North America</b>	<b>28.3</b>	<b>-17.9</b>	<b>10.4</b>
<b>Developed Asia</b>	<b>20.8</b>	<b>-4.0</b>	<b>16.8</b>
<i>Korea/Taiwan</i>	10.0	-0.8	9.1
<i>Japan</i>	10.9	-3.2	7.7
<b>Developing Asia</b>	<b>19.9</b>	<b>-3.1</b>	<b>16.8</b>
<i>China/Hong Kong</i>	19.5	-1.7	17.9
<i>India</i>	0.4	-1.5	-1.0
<b>Western Europe</b>	<b>19.4</b>	<b>-3.5</b>	<b>15.9</b>
<i>Eurozone</i>	16.9	-1.6	15.3
<i>United Kingdom</i>	0.0	-0.3	-0.3
<i>Rest Western Europe</i>	2.5	-1.6	1.0
<b>Australia</b>	<b>1.6</b>	<b>-2.2</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>90.8</b>	<b>-30.8</b>	<b>60.0</b>
<b>Other</b>	<b>1.7</b>	<b>0.0</b>	<b>1.7</b>
<b>Cash</b>	<b>7.5</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>100.0</b>	<b>-30.8</b>	<b>61.7</b>

## MARKET CAP EXPOSURE (%)

Band	Long	Short	Net
Mega (>\$100b)	29.9	-5.8	24.1
Large (>\$25 <\$100b)	26.4	-9.4	17.0
Medium (>\$5 <\$25b)	30.0	-12.4	17.5
Small (<\$5b)	6.2	-3.2	3.0

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