

Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

UPDATE AS AT 30 APRIL 2019

COMPANY COMMENTARY

- Company performance for the month was 4.1%, equal to the portfolio performance, while the benchmark returned 4.3%. The key contributors and detractors are detailed under the Portfolio Commentary section below.
- The Company announced on 10 April via an ASX release that the Manager (Antipodes Partners), directors and executives of the manager now own in excess of 5 million shares in the Company following recent acquisitions. These parties are committed to being long term investors in the Company and increasing their holdings over time.
- Over the one year, two year and since inception periods, the large difference between Company and portfolio performance is primarily due to NTA dilution (impacting the Company performance) from the large amount of options exercised over this period. This dilutionary impact ended after the option expiry on 15 October 2018.

PORFOLIO COMMENTARY

- Key contributors include:
 - Connectivity cluster, notably Qualcomm following the favourable resolution of the 2 1/2 year licensing dispute with Apple, a testament to the strength of Qualcomm's intellectual property as we make the technology leap to 5G.
 - Online services, notably Facebook following a strong result which showed growth in usage across its platforms, and robust revenue and earnings growth. After a period of focusing on "safety", Facebook is accelerating innovation with a focus on ecommerce and interoperability between its platforms (Facebook, Instagram, WhatsApp, Messenger) to drive engagement and monetisation. Guidance regarding costs incurred from the Federal Trading Commission case help reduce the regulatory risk.
- Key detractors include:
 - Our short positions detracted from performance following a tightening in credit spreads in response to dovish commentary from central banks and the subsequent crowding into growth stocks. The portfolio is short businesses that we believe are structurally weak with highly geared balance sheets. We are also short businesses where we believe the market is overly optimistic about near term growth projections and hence trade at a significant premium. Short positions protect the portfolio in down markets but they can also act as a headwind in strong up-markets as experienced in the first few months of 2019.
 - Range Resources which produced a solid result due to higher production, better gas price realisations and an improvement in cash flows with a commitment to lower capex. Despite this the market remains disappointed with the lack of progress on asset sales to reduce the debt burden. Management continues to pursue possible sale opportunities.

COMPANY FACTS

Investment manager	Antipodes Partners
ASX code share price	APL \$1.000
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	\$552m

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

Pre-tax NTA ³	Post-tax NTA ⁴
\$1.142	\$1.141

² NTA calculations exclude Deferred Tax Assets relating to capitalised cost deductions of \$0.002 per share. 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 tax was \$1.159 as at 30 April 2019. This represents the NTA excluding all income tax related assets and liabilities. Company tax of 0.4 cps was paid during the month

PERFORMANCE (%)

	Company ⁶	Portfolio ⁷	Benchmark ⁸
1 month	4.1	4.1	4.3
3 months	4.6	4.8	11.3
CYTD	6.0	6.3	16.0
1 year	-5.5	1.9	12.7
2 year p.a.	3.1	8.4	12.9
Inception p.a.	6.6	10.9	15.0
Inception	17.7	30.3	42.8
Up-market capture ⁹	-	74	-
Down-market capture ⁹	-	75	-

Past performance is not a reliable indicator of future performance. ⁶ Movement in NTA before tax 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 exercised, assuming the reinvestment of dividends and adjusted for company taxes paid. 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

ASSET ALLOCATION

	Long		Short	
	Equities	Other ¹¹	Equities	Other ¹¹
Weight (% NAV)	90.6	1.0	-27.6	-0.9
Count	64	1	53	5
Avg. weight	1.4	1.0	-0.5	-0.2
Top 10 (% NAV)	27.7	-	-10.0	-
Top 30 (% NAV)	63.9	-	-20.5	-

¹¹ Index futures and other non-single stock

TOP 10 EQUITY LONGS (%)

Name	Country	Weight
Qualcomm	United States	3.1
Facebook	United States	3.1
Ping An Insurance	China/HK	3.0
Microsoft	United States	2.8
Electricite de France	France	2.7
Cisco Systems	United States	2.7
Siemens	Germany	2.7
General Electric	United States	2.6
KB Financial Group	Korea	2.5
Sony	Japan	2.4

CURRENCY EXPOSURE¹² (%)

ISO	Cash equity	Currency	Difference
USD	30.6	35.9	5.3
AUD	1.6	5.3	3.6
JPY	12.1	14.8	2.7
SEK	0.0	2.6	2.6
CHF	2.9	5.3	2.4
NOK	0.0	2.1	2.1
BRL	0.0	1.6	1.6
GBP	0.0	1.1	1.1
INR	1.3	1.5	0.1
MXN	0.4	0.5	0.1
KRW	6.9	5.3	-1.6
EUR	20.0	17.7	-2.3
HKD	1.3	-1.0	-2.3
SGD	0.0	-2.5	-2.5
CNY	13.5	9.9	-3.6

¹² Where possible, regions, countries and currencies classified on a look through basis

FURTHER INFORMATION

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SECTOR EXPOSURE¹³ (%)

Sector	Long	Short	Net
Banks	12.6	-3.0	9.7
Internet	10.6	-0.4	10.1
Hardware	10.3	-3.2	7.1
Industrial	9.8	-5.0	4.7
Software	7.6	-2.5	5.1
Communications	5.7	-1.3	4.4
Retail	5.7	-1.8	3.9
Energy	5.3	-0.5	4.8
Healthcare	4.4	-0.5	3.9
Other	19.7	-10.2	9.5

¹³ Antipodes Partners classification

REGIONAL EXPOSURE^{12, 13} (%)

Region	Long	Short	Net
North America	30.6	-16.5	14.1
Developed Asia	19.0	-3.8	15.2
<i>Korea/Taiwan</i>	6.9	-0.8	6.1
<i>Japan</i>	12.1	-3.0	9.1
Developing Asia	16.2	-2.5	13.6
<i>China/Hong Kong</i>	14.8	-2.5	12.3
<i>India</i>	1.3	0.0	1.3
Western Europe	22.9	-3.9	19.0
<i>Eurozone</i>	20.0	-1.4	18.5
<i>United Kingdom</i>	0.0	-0.3	-0.3
<i>Rest Western Europe</i>	2.9	-2.1	0.8
Australia	1.6	-1.0	0.6
Rest of World	0.4	0.0	0.4
Total Equities	90.6	-27.6	63.0
Other	1.0	-0.9	0.1
Cash	8.3	-	-
Totals	100.0	-28.5	63.1

MARKET CAP EXPOSURE (%)

Band	Long	Short	Net
Mega (>\$100b)	42.2	-6.8	35.5
Large (>\$25 <\$100b)	24.7	-8.7	16.0
Medium (>\$5 <\$25b)	21.4	-9.9	11.5
Small (<\$5b)	3.3	-3.1	0.2

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 <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
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

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