

# Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

UPDATE AS AT 31 DECEMBER 2018

## COMPANY PERFORMANCE

- Whilst the benchmark fell by 3.6%, the Company's NTA before all taxes<sup>5</sup> only fell by 0.4% and the portfolio fell by 0.2%. Shareholders will notice that for the month, the Company's NTA move and the underlying portfolio move were similar now that the dilutionary impact on the NTA from the options being exercised is out of the way. This was the primary cause of the difference in Company and portfolio performance since inception.

## PORTFOLIO COMMENTARY

- The portfolio outperformed its benchmark. Major contributors to performance included our Gold and short exposures, whilst our Natural Gas, Online Services, Software Incumbent and Consumer Incumbent exposures detracted.
- Global equity markets continued their decline in December (-7.0%, -3.6% AUD) as investors expressed a stylistic preference for quality at any price through ongoing cross asset volatility. With the Federal Reserve (Fed) raising its target rate amidst slowing growth in Europe and China, cyclical stocks underperformed and credit spreads widened as markets continued to price a deceleration in global growth.
- US equities declined -9.1%, with investor confidence waning as the Fed raised rates against a backdrop of moderating corporate earnings and weaker than expected US housing, manufacturing and consumer confidence data. Chinese equities (-4.9%) underperformed following a contraction in export and manufacturing data and the absence of any meaningful progress on trade. Japanese equities also retreated, with easing global demand and a stronger Yen putting pressure on exporters. Oil (-9.5%) continued its slide amidst growing concerns around demand, whilst Gold (+7.7%) benefitted from the broader flight to safety.

## COMPANY FACTS

Investment manager	Antipodes Partners
ASX code   share price	APL   \$0.995
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	\$549m

## PERFORMANCE (%)

	Company <sup>6</sup>	Portfolio <sup>7</sup>	Benchmark <sup>8</sup>
1 month	-0.4	-0.2	-3.6
CYTD	-6.3	1.8	0.6
1 year	-6.3	1.8	0.6
2 year p.a.	1.6	6.8	7.5
Inception p.a.	4.8	9.7	9.8
Inception	11.0	22.8	23.1
Up-market capture <sup>9</sup>	-	86	-
Down-market capture <sup>9</sup>	-	74	-

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, and assumes the reinvestment of dividends paid <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>
\$1.085	\$1.111

<sup>2</sup> NTA calculations exclude Deferred Tax Assets relating to capitalised cost deductions of \$0.003 per share. <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 \$1.137 at 31 December 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 <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</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)	90.3	2.4	-29.3	-0.1
Count	60	3	54	4
Avg. weight	1.5	0.8	-0.5	-0.1
Top 10 (% NAV)	26.2	-	-10.7	-
Top 30 (% NAV)	63.3	-	-21.9	-

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

## TOP 10 EQUITY LONGS (%)

Name	Country	Weight
Cisco Systems	United States	2.8
Electricite de France	France	2.7
KT Corporation	Korea	2.7
Baidu	China/HK	2.6
Microsoft Corporation	United States	2.6
Ping An Insurance	China/HK	2.6
KB Financial Group	Korea	2.5
Tapestry	United States	2.5
Qualcomm	United States	2.5
China Mobile	China/HK	2.5

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

ISO	Cash equity	Currency	Difference
JPY	9.4	18.3	8.9
CHF	3.5	11.3	7.7
USD	28.4	33.2	4.8
SEK	0.0	2.5	2.5
NOK	0.0	2.1	2.1
GBP	0.0	1.1	1.1
AUD	1.7	2.5	0.8
THB	0.0	0.4	0.4
INR	0.8	0.9	0.1
MXN	0.4	0.4	0.0
HKD	0.0	-2.0	-2.0
KRW	9.8	7.4	-2.4
SGD	0.0	-2.5	-2.5
EUR	19.2	15.6	-3.7
CNY	17.0	8.9	-8.2

<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	11.7	-3.7	8.0
Communications	9.5	-1.0	8.4
Software	8.5	-3.8	4.7
Hardware	7.9	-1.4	6.4
Internet	7.6	-0.6	7.0
Energy	7.1	0.0	7.1
Industrial	7.0	-4.3	2.7
Healthcare	6.0	-1.2	4.9
Precious Metals	4.2	0.0	4.2
Other	23.2	-13.4	9.8

<sup>12</sup> Antipodes Partners classification

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

Region	Long	Short	Net
<b>North America</b>	<b>28.4</b>	<b>-16.4</b>	<b>12.0</b>
<b>Developed Asia</b>	<b>19.2</b>	<b>-4.6</b>	<b>14.6</b>
<i>Korea/Taiwan</i>	9.8	-1.0	8.8
<i>Japan</i>	9.4	-3.6	5.8
<b>Developing Asia</b>	<b>17.8</b>	<b>-2.2</b>	<b>15.6</b>
<i>China/Hong Kong</i>	17.0	-2.2	14.8
<i>India</i>	0.8	0.0	0.8
<b>Western Europe</b>	<b>22.8</b>	<b>-4.0</b>	<b>18.7</b>
<i>Eurozone</i>	19.2	-1.6	17.6
<i>United Kingdom</i>	0.0	-0.6	-0.6
<i>Rest Western Europe</i>	3.5	-1.9	1.7
<b>Australia</b>	<b>1.7</b>	<b>-1.9</b>	<b>-0.1</b>
<b>Rest of World</b>	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>
<b>Total Equities</b>	<b>90.3</b>	<b>-29.3</b>	<b>61.0</b>
<b>Other</b>	<b>2.4</b>	<b>-0.1</b>	<b>2.3</b>
<b>Cash</b>	<b>7.3</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>100.0</b>	<b>-29.4</b>	<b>63.3</b>

## MARKET CAP EXPOSURE (%)

Band	Long	Short	Net
Mega (>\$100b)	26.3	-1.9	24.4
Large (>\$25 <\$100b)	32.1	-11.9	20.1
Medium (>\$5 <\$25b)	27.5	-13.0	14.5
Small (<\$5b)	6.8	-2.5	4.2

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