APL Results FY2019

Summary

FY19 profit	Company[1] performance	Final dividend	Yield[2]
$7.7m	+ 2.7%	2.5c	4.8%

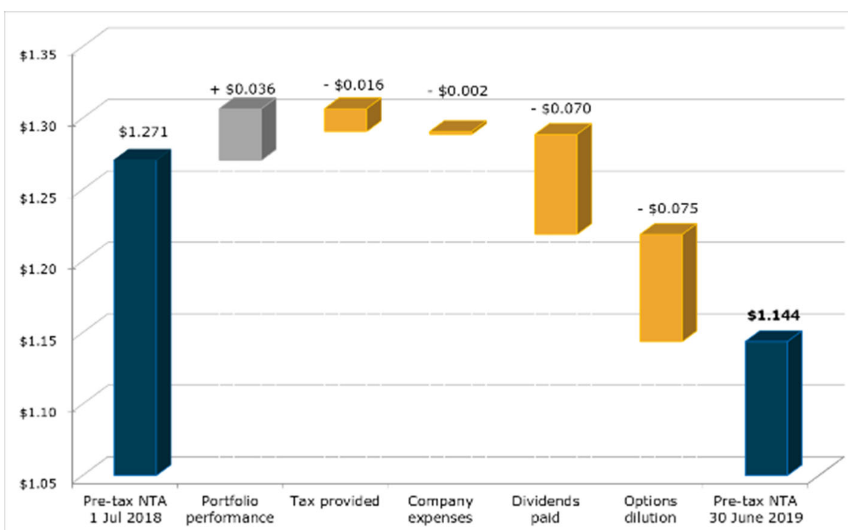
- **2019 NPAT $7.7m**
- **Final dividend of 2.5 cents per share (franked as to 50%), taking the full year dividend to 4.5c and a yield of 4.8%**
- **Company performance of 2.7% (benchmark 11.3%)**
- **On-market share buy-back announced**
- **Shareholder conference call on the Company's investment portfolio**

Antipodes Global Investment Company Limited (ASX:APL or the Company) recorded an operating profit for the financial year of $7.7m, a strong recovery after the loss for the 6 months to December 2018 of $19.3m. This reflects the strong rebound in global equity markets since the start of 2019 after a large selloff in December 2018.

While the market recovery in the second half of the financial year enabled the net tangible assets (NTA) and profits of the company to increase during FY2019, the conservative net equity exposure of the Company portfolio in a strongly rising market and the value-style bias of the portfolio in an environment favouring growth-style investments resulted in Company performance of 2.7% for the financial year compared to the benchmark performance of 11.3%.

NTA performance breakdown for FY19[3]

Despite a positive portfolio performance over the period, the pre-tax NTA per share started the year at $1.271 and closed at $1.144 per share. The NTA was reduced by the $0.07 per share of dividends paid during the year and negatively impacted by the dilutive effect of the exercise of options. The movement in NTA is shown below:



[1] Movement in NTA before all income taxes, adjusted for dividends paid and the dilutionary effect of options granted to shareholders upon the Company's initial listing, which we refer to as Company Performance. This measure incorporates underlying portfolio performance after fees, less administration costs of the Company
[2] Based on share price as at 30 June 2019 of $0.93.
[3] Represents pre-tax NTA, which includes tax on realised gains and other earnings, but excludes any provision for tax on unrealised gains.

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Final dividend

The Board has resolved to pay a final dividend of 2.5 cents per share, franked as to 50%, taking the full year dividend to 4.5 cents per share including the interim dividend of 2 cents per share. The dividend will be paid to APL shareholders on 14 October 2019, with a record date of 9 September 2019.

This equates to a dividend yield of 4.8%[2], a strong level of income for a global equity portfolio. The annual dividend of 4.5 cents per share compares to the FY2018 final dividend of $0.05 per share, but this was the Company's initial dividend for the 20 month period from inception on October 2016 to 30 June 2018, equating to an annualised dividend of 3 cents per share. The FY2019 dividend of 4.5 cents per share represents a 50% increase on this number.

Dividend ex-date	Record date	Payment date
6 September 2019	**9 September 2019**	**14 October 2019**

Dividend Reinvestment Plan

The Company's dividend reinvestment plan ("DRP") will be operative for the final FY2019 dividend payment of 2.5 cents per share. The closing date to elect to participate in the DRP is 10 September 2019.

Shareholders who would like to find out more about the DRP can visit the company website: https://antipodespartners.com/wp-content/uploads/20160719-Dividend-Re-investment-Plan.pdf

Shareholders who would like to participate in the DRP can enrol at www.investorserve.com.au, or alternatively please contact the Company's share registrar, Boardroom, for assistance on 1300 737 760 (in Australia) / +61 2 9290 9600 (International).

Discount to NTA

APL shares currently trade at a 14.2%[4] discount to the 9 August 2019 pre-tax NTA ($1.113 per share). The Company is very focused on reducing this discount and has undertaken a number of initiatives during the year to address it including the share buy-back that has recently commenced.

On-market share buy-back

On 19 July 2019 the Company announced an on-market share buy-back of the Company's shares as a proactive measure to address the share price of the Company trading at a persistent discount to NTA. The Company may purchase up to 10% of the Company's shares during the 12-month period commencing 1 August 2019 and ending 31 July 2020 at the prevailing share price. This buy-back is a clear commitment to shareholders that the Board is prepared to take action when the share price trades materially away from the NTA. The Board expects the buy-back to be accretive to NTA.

In addition to this specific initiative, the Company continues to improve the disclosure and communication to shareholders through investment update videos, quarterly results conference calls and regular attendance at investment conferences.

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[4] Based on share price at 22 August 2019 of $0.955 per share

Investment by the Manager

Antipodes Partners Limited (the Manager) continues to acquire shares in the Company. As at 30 June 2019, the aggregate holding by the Manager, directors and executives of the Manager was in excess of 6.5 million shares. This aggregate holding constitutes a top 10 shareholding in the Company.

Conference call on results and portfolio

The Board invites Company shareholders to join the upcoming shareholder conference call on 29 August 2019 at 10:30am (Sydney time AEST). The call will provide an update on the Company's results from Andrew Findlay, Director of the Company and Managing Director of the Manager, and on the portfolio from the Chief Investment Officer of the Manager, Jacob Mitchell. Dial in details are provided below.

Dial in details:

Within Australia: **1300 628 593**
Outside Australia: **+613 9067 7903**

Calvin Kwok
Company Secretary
23 August 2019

Additional shareholder information

Company performance as at 30 June 2019

	Year ended 30 June 2019	Since inception % (Oct-16)
Company*	2.7%	10.0% p.a.
Benchmark**	11.3%	14.2% p.a.
Outperformance	(8.6)%	(4.2)% p.a.

*Calculated as the movement in NTA before all income taxes, adjusted for dividends paid and the dilutionary effect of options granted to shareholders upon the Company's initial listing, which we refer to as Company Performance. This measure incorporates underlying portfolio performance after fees, less administration costs of the Company

**MSCI All Country World Net Index in AUD (Manager's benchmark)

Manager's commentary

FY2019 review

At Antipodes we aim to build portfolios with a capital preservation focus. We have a flexible investment mandate and can invest both long and short as well as actively manage the portfolio's exposure to foreign currencies.

The 2019 financial year was characterised by uncertainty around trade, monetary and fiscal policy, and high levels of public and corporate debt. It was a volatile 12 months, with global share markets led by highly defensive sectors and growth stocks where valuations are at extreme levels.

Against this backdrop the Company's portfolio appreciated by 2.8% over the year, underperforming the MSCI AC World Index which rose 11.3%. Putting this in a longer-term context, since inception in October 2016 to 30 June 2019 the Company's portfolio has appreciated by 30.2% versus the benchmark's return of 43.6% over the same period.

As a pragmatic value manager, our long positions faced significant headwinds in a market favouring yield, quality and "structural" growth – often at any price. The ongoing underperformance of value stocks relative to growth stocks is unprecedented in terms of both the duration and degree of the movement.

Our short positions – and the portfolio's low net exposure to the market – also detracted from performance over the year. The portfolio is short businesses that we believe are vulnerable to competition and in many cases have highly geared balance sheets. The market, however, is overly optimistic about the near-term growth projections for these businesses and is prepared to pay a significant premium. Short positions protect the portfolio in down market periods such as late 2018, but they can also act as a headwind in strong upward moving markets as experienced in the second half of the financial year.

Attribution summary FY2019

	Portfolio	Benchmark	Difference
Long positions	6.5%	11.3%	(4.8%)
Short positions	(3.1%)	-	(3.1%)
Currency	0.5%	-	0.5%
Total	3.9%	11.3%	(7.4%)

*For the purposes of calculating attribution, portfolio returns are gross of fees to Jun 19. As a result, the portfolio performance figures in this table will not reconcile with the Company performance table which is net of fees. Source: FactSet, Antipodes

Key contributors / detractors from performance FY2019

Top five	Bottom five
Qualcomm	Baidu
Ping An Insurance	Range Resources
Cisco Systems	Tapestry Inc
Facebook	CNX Resources
Barrick Gold Corp	Short position (Industrials)

Portfolio positioning and market outlook

Looking forward we believe the biggest risks in the market are overvalued growth stocks and a slowing domestic US economy. We see the domestic facing part of the US market particularly vulnerable as the tailwind of stimulus fades and competition, facilitated by low interest rates, continues to heat up. We do own many great US businesses like Microsoft, Merck and Facebook, to name a few, but what these all have in common is they are global businesses, not dependent upon the domestic economy to grow.

We are managing these risks by looking for growth and quality in the less obvious parts of the market. We're also being selective by avoiding US businesses that have been a direct beneficiary of stimulus. We're also wary of owning cheap stocks that risk being permanently impaired by competition and wary of owning disruptors that won't stand the test of time. And finally, around the edges, we look for cheap insurance to protect the portfolio against rare events.

We favour quality consumer franchises in Asia and Europe; these are businesses that aren't trading on premium valuations and aren't under the threat of disruption. Examples include Ping An, Yum China and ING Bank.

In summary, we are confident that our investment approach will generate attractive long-term returns for the Company while minimising risk.