



ANTIPODES

GLOBAL INVESTMENT COMPANY

Antipodes Global Investment Company (ASX:APL)

Half year results FY2019

1HFY19 loss	Portfolio performance ¹	Company NTA performance ²
\$19.3m	-3.1%	-9.3%

	Interim dividend	Annualised yield*
Cash	2.00c	6.6%
Franking (50%)	0.43c	
Grossed-up	2.43c	8.0%

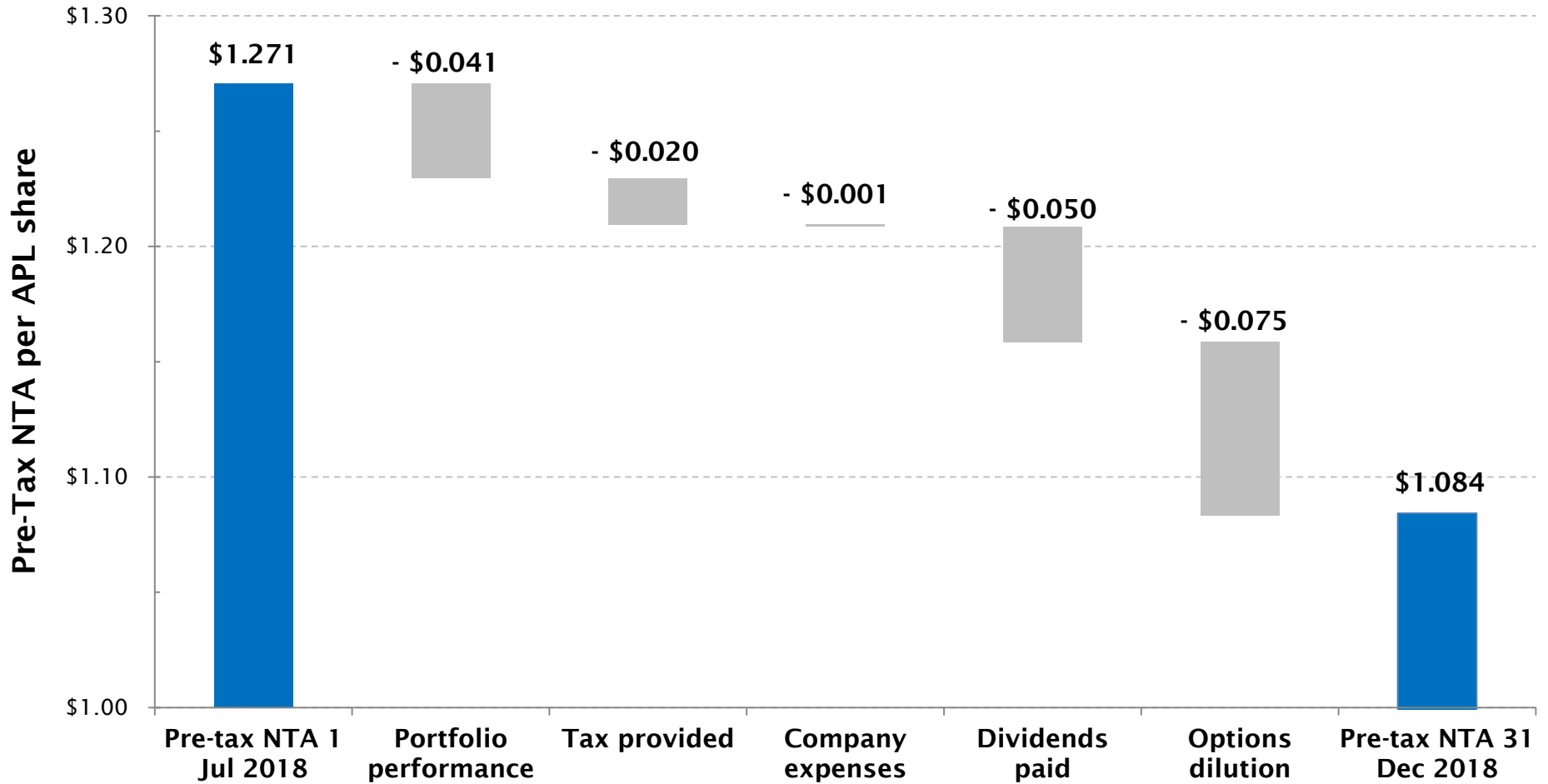
* 20 February 2019 of \$1.065 (when combined with final FY18 dividend of 5.0cps)

¹ Net of portfolio related fees and costs

² 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 the exercise of options, and assumes the reinvestment of dividends paid.



NTA breakdown for 1HFY19



Dividend and option conversion details

Interim dividend (ASX:APL) timetable

Dividend ex-date	Record date	Payment date
7 March 2019	8 March 2019	22 March 2019

- Shares outstanding 551,552,448¹
- Price \$1.065¹
- Market capitalisation \$587m¹

Option conversion (ASX:APLO)

- APLO options expired on 15 October 2018
- 93.6% of options were exercised
- Total number of shareholders on the APL register increased by 29% over the period to over 9,000, mainly driven by the large option conversion

¹ Based on share price as at 20 February 2019 of \$1.065

Performance

Performance	Company ¹	APL portfolio ²	Benchmark ³
1 year	-6.3%	1.7%	0.6%
2 years p.a.	1.6%	6.8%	7.5%
Inception ⁴	11.0%	22.6%	23.1%
Inception⁴ p.a.	4.8%	9.6%	9.8%
Up-market capture		86	
Down-market capture		75	
Net equity exposure – current		63%	

Past performance is not a reliable indicator of future performance.

¹ 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

² Net of portfolio related fees and costs

³ MSCI All Country World Net Index in AUD

⁴ Since inception, 11 Oct 2016

⁵ Based on net returns to 31 December 2018



Antipodes Partners – the Investment Manager

Organisation

- Award-winning global manager with over \$8.4 billion AUM
- Founded 2015 by Jacob Mitchell, formerly Deputy CIO of Platinum
- Majority-owned by investment team located in Sydney and London

Investment approach

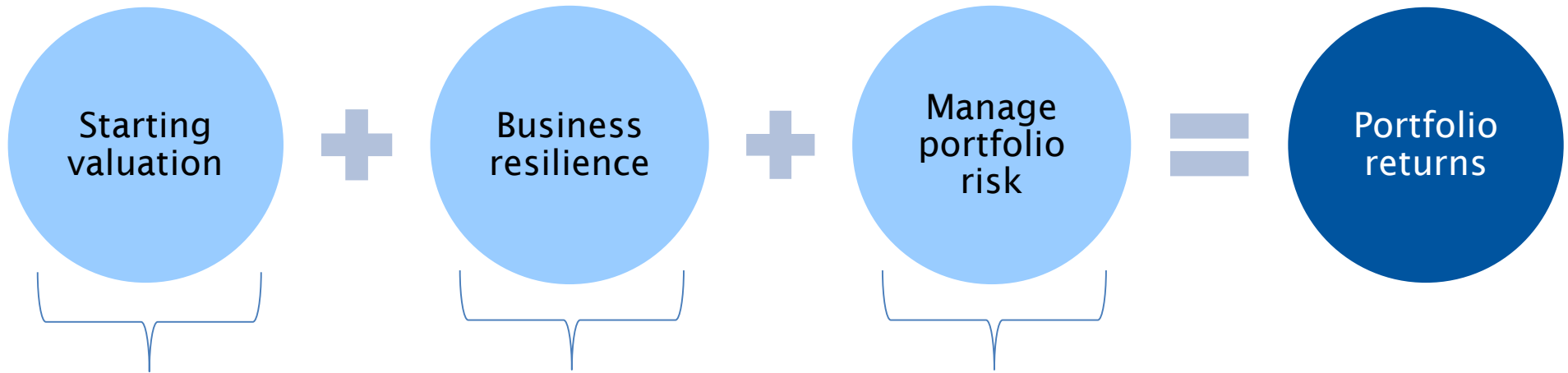
- Fundamental, value-focused manager
- Eclectic portfolio of high-conviction ideas across 8-12 “clusters” of opportunity

Track record

- Global strategies delivered over 10% net annualised returns since inception
- CIO has exceptional track record running global and Asian strategies since 2007

Investment philosophy

A pragmatic value approach



Margin of Safety (Short, no MoS)

Seek min 15% absolute return
AND
at least 10% better
than relevant region/sector

Multiple ways of Winning (Short, Losing)

- Competitive dynamics
- Product cycle
- Regulatory
- Management/financial
- Macro/Style

Limit
correlated alpha clusters
to <15% of portfolio

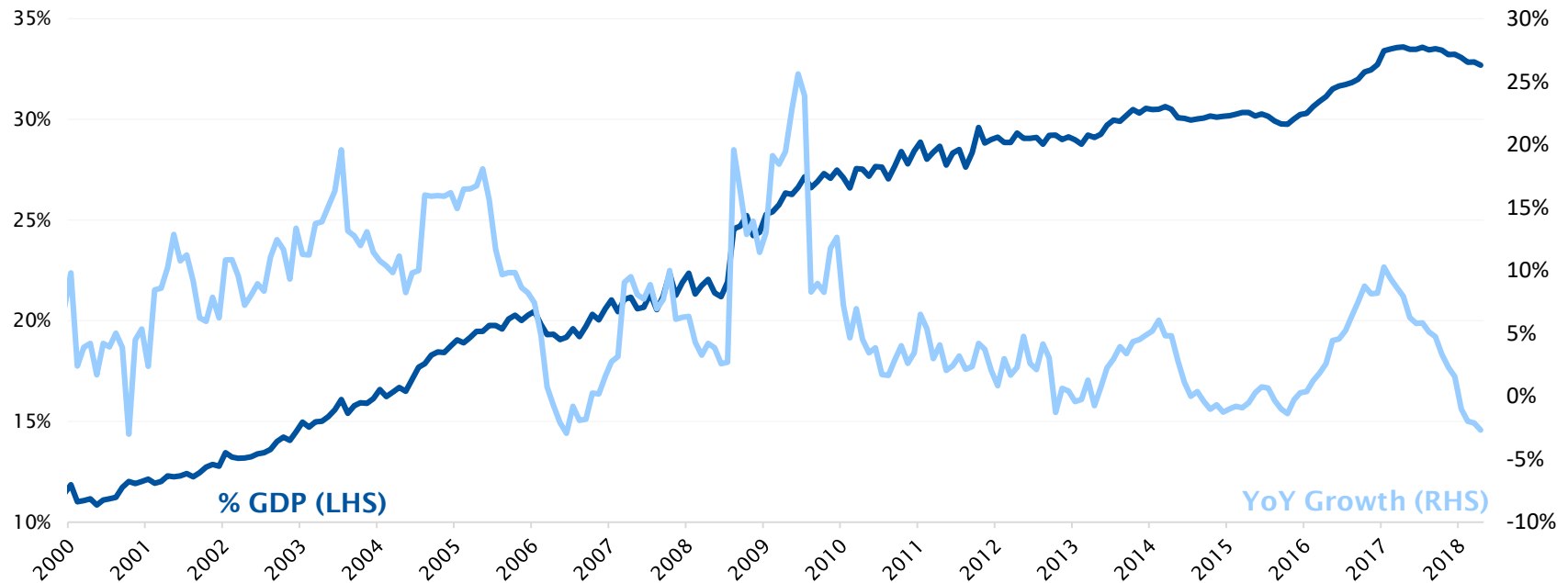
Absolute returns in excess
of the benchmark over the
investment cycle at below
market levels of risk

Quantitative tightening (QT)

QE: deflationary for economy, inflationary for asset prices

QT: ?

Big 4 (Fed, ECB, BoJ, BoE) Central Bank (CB) Balance Sheets + Chinese FX Reserves



Source: ANZ, Antipodes Partners

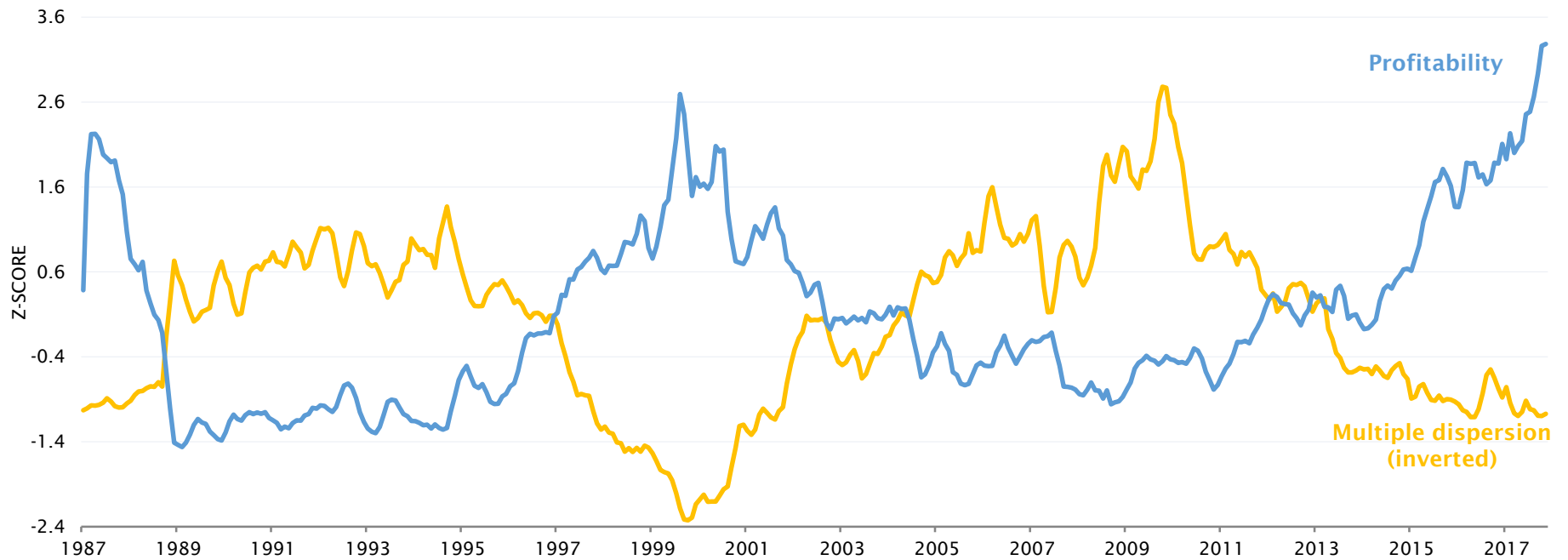
- Longer dated rates suppressed by QE + fear of policy error + subdued inflation outlook
- Continuous gradual Fed run-off + reduced bond purchasing by other CB's will put upward pressure on the yield curve



Global valuation clustering

Crowding into quality has become extreme

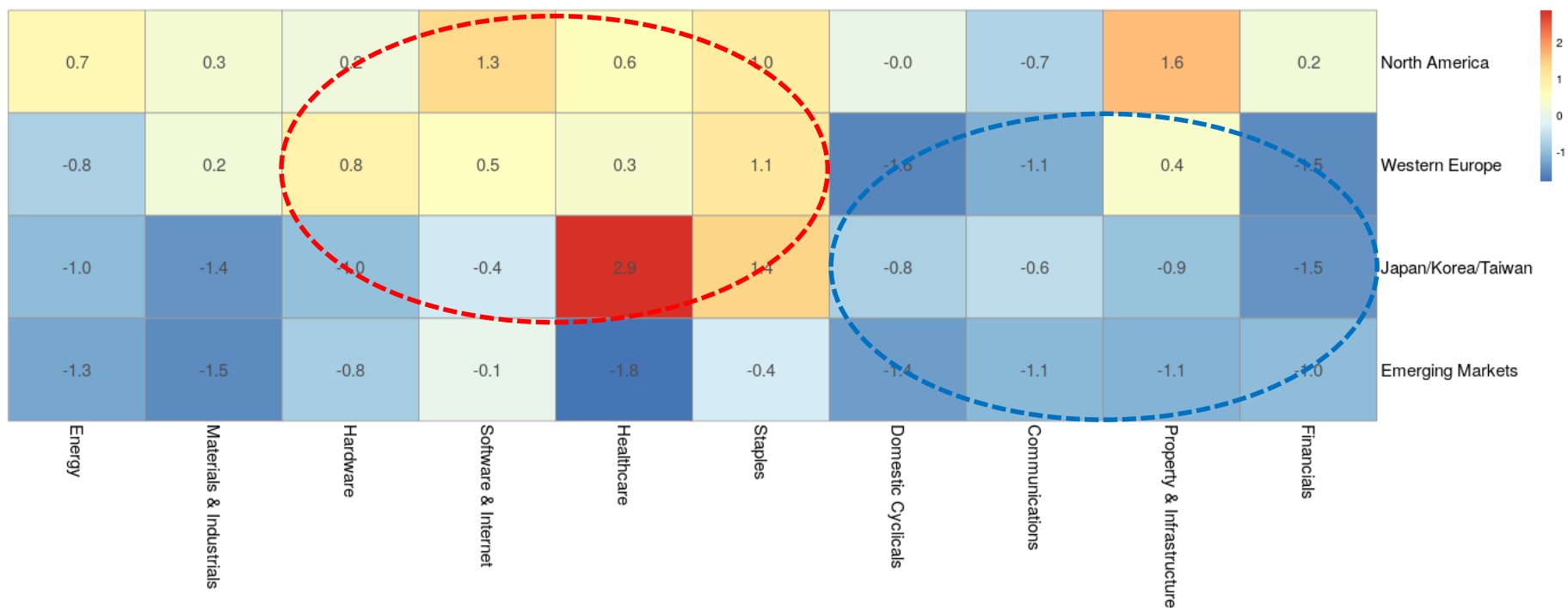
Median EV/CE of upper quintile relative to lower quintile



Source: Antipodes Partners

Global valuation clustering

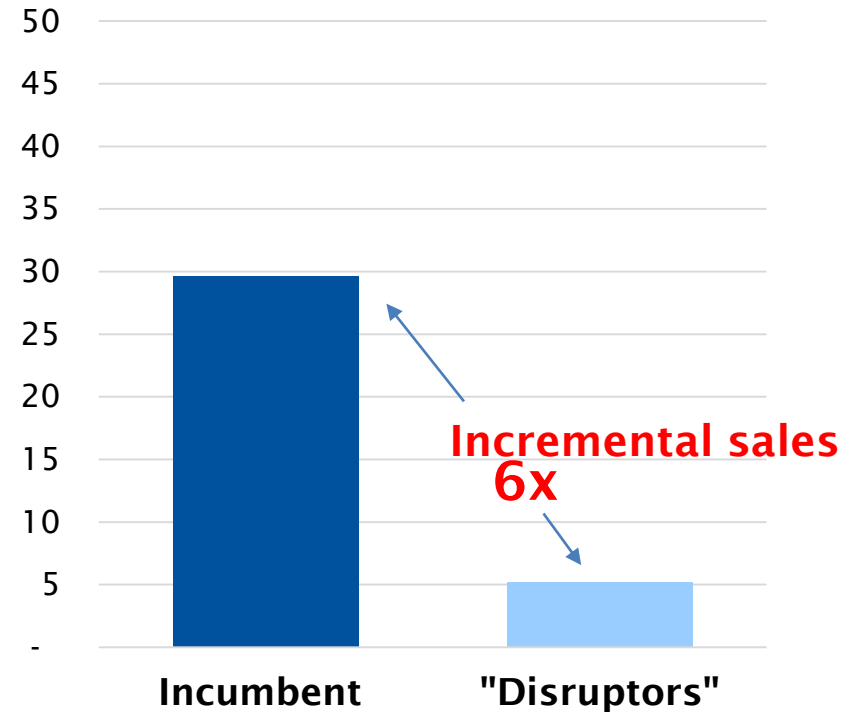
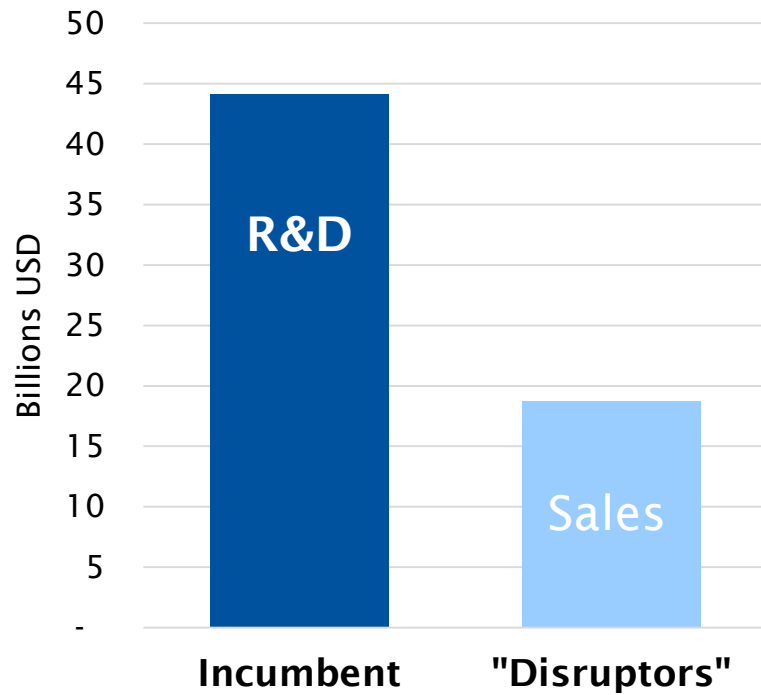
Crowding into multinationals/quality to escape geopolitical concerns



Source: Antipodes Partners

Enterprise software

“Disruptors” no match for the scale of incumbents



Source: Factset, Antipodes Partners

Software giants loom

Long cluster

Short cluster

Examples



Multiple ways of winning



Margin of safety

21x FCF

60x FCF

Source: Factset

Diversified alpha clusters

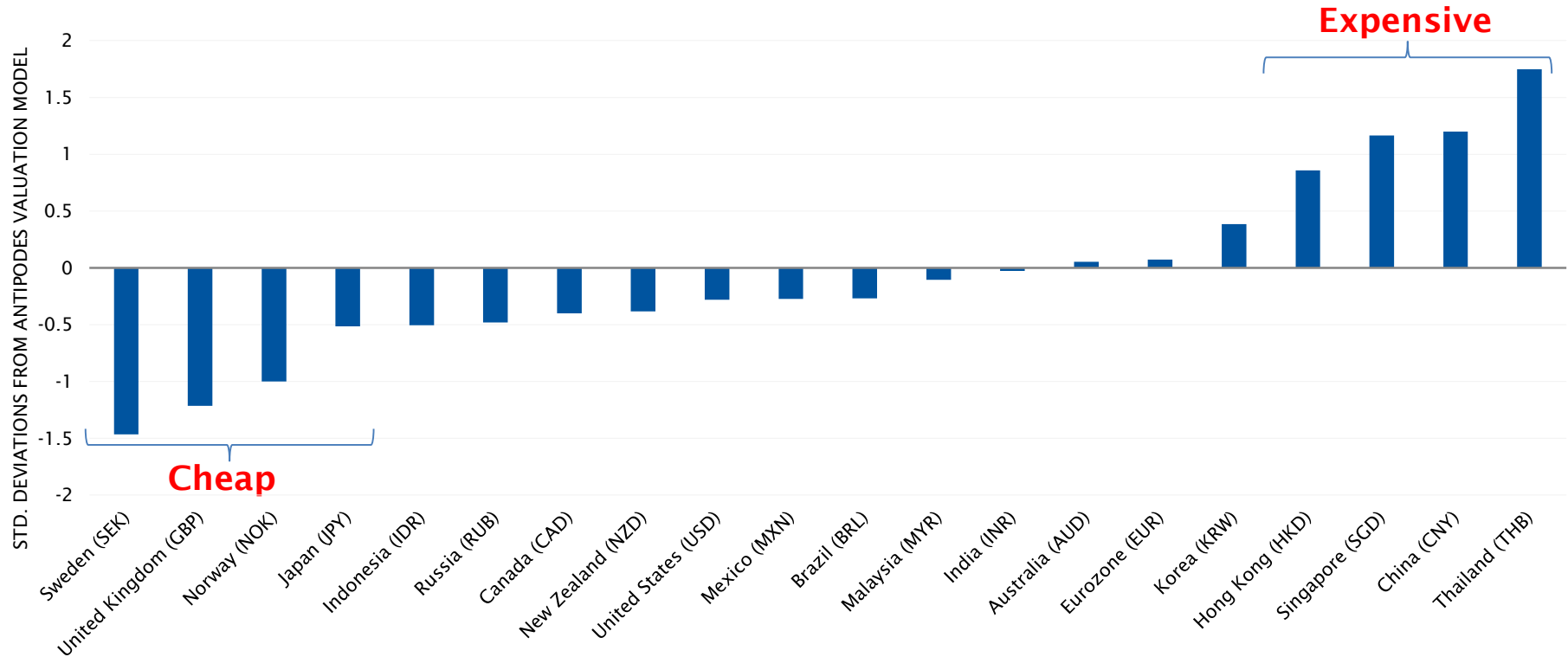
Long clusters	Weight	Examples
Global Cyclical	14.4%	GE, Samsung Electronics, Honda Motor
Domestic Cyclical Recovery	12.4%	KB Financial, Unicredit, ING
Consumer Incumbent	11.9%	Ping An, Yamato, Tapestry
Natural Gas	9.2%	EDF, Inpex
Telco. Incumbent	8.6%	KT, Telecom Italia, China Mobile
Software Incumbent	8.4%	Cisco, Microsoft
Online Services	8.4%	Baidu, Alphabet, LINE
Healthcare	6.0%	Gilead Sciences
Connectivity	4.7%	Qualcomm, Nokia
Gold	4.2%	Barrick Gold, Newcrest Mining
Low Cost Oil	4.2%	Saipem, TechnipFMC
Total	92.3%	
Short clusters	Weight	
Overhyped Growth	-9.8%	
Global Cyclical Shakeout	-7.6%	
Bond Proxy	-4.4%	
Domestic Cyclical Shakeout	-2.3%	
Domestic Defensive Shakeout	-2.3%	
EM/DM shakeout	-1.5%	
Global Defensive Shakeout	-1.3%	
Total	-29.3%	



As at Dec 2018

Currency – risk to be managed AND profit opportunity

Combine quantitative and qualitative understanding



Source: Antipodes Partners

- Renminbi (CNY) has appreciated by 50% against trading partners on a real basis over 10yrs; risks to Chinese/global growth can be expressed through Asian currencies more broadly
- Norwegian Kroner (NOK) oil exposed, but saved the commodity dividend - strong “balance sheet” and building inflation presents catalyst

Portfolio positioning

Asset allocation	Long		Short	
	Equities	Other ¹	Equities	Other ¹
Weight (% NAV)	89.9	2.4	-29.0	-0.3
Count	60	3	54	5
Avg. security weight	1.5	0.8	-0.5	-0.01
Top 10 (% NAV)	26.1		-10.6	
Top 30 (% NAV)	63.0		-21.8	

Sector exposure ² (%)	Long	Short	Net
Banks	11.6	-3.7	8.0
Communications	9.4	-1.0	8.4
Software	8.4	-3.8	4.6
Hardware	7.8	-1.5	6.4
Internet	7.6	-0.5	7.0
Energy	7.1	0.0	7.1
Industrial	7.0	-4.3	2.7
Healthcare	6.0	-1.2	4.8
Precious Metals	4.2	0.0	4.2
Other	23.1	-13.3	9.8

Top 10 long stock positions	Country	Weight (%)
Cisco	United States	2.8
Electricite de France	France	2.7
KT Corporation	Korea	2.7
Baidu	China/HK	2.6
Microsoft	United States	2.6
Ping An Insurance	China/HK	2.6
KB Financial	Korea	2.6
Tapestry	United States	2.5
Qualcomm	United States	2.5
China Mobile	China/HK	2.5
Total		26.1

Market cap exposure (%)	Long	Short	Net
Mega (>\$100b)	26.2	-1.9	24.3
Large (\$25b-\$100b)	31.9	-11.9	20.0
Medium (\$5b-\$25b)	27.4	-13.0	14.4
Small (<\$5b)	6.7	-2.5	4.2

As at Dec 2018

¹ Index futures and other non-single stock derivatives

² Antipodes Partners classification



Investment summary

Investors are overpaying for today's winners

Look for the next crop of winners in neglected areas

Multiple dispersion is high

	APL portfolio
Return after fees (p.a.)	9.6%
Up-market capture	86
Down-market capture	75

Past performance is not a reliable indicator of future performance. Performance based on net returns since inception 11 Oct 2016 to 31 Dec 2018.

¹MSCI All Country World Net Index in AUD.

Questions

Disclaimer

This communication has been prepared by Antipodes Partners Limited ('Antipodes Partners', 'Antipodes') ABN 29 602 042 035 AFSL 481580.

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