

# Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

UPDATE AS AT 31 MARCH 2019

## COMPANY PERFORMANCE

- Company performance for the month was -0.7%, equal to the portfolio performance, while the benchmark returned 1.4%. The reasons for this underperformance against the benchmark are detailed under the Portfolio Commentary section below.
- TSR (Total Shareholder Return), measured as the change in share price adjusted for dividends paid during the period, was -4.7%, lower than the Company performance, reflecting a widening of the discount to NTA. We encourage shareholders to listen to the recent Company conference call which includes discussion of Company initiatives to reduce the discount to NTA (recording is available on the Company website <https://www.antipodespartners.com/antipodes-lic/>).
- Over the one and two year periods to the end of March, 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.

## PORTFOLIO COMMENTARY

- Key contributors include:
  - Consumer Incumbent exposures in China such as Ping An Insurance, Jiangsu Yanghe and JD.com continued their good performance from January and February following the announcement of stimulatory policies in China and the possibility of a trade agreement.
  - Software Incumbent exposures including Cisco, Microsoft, SAP continued their run from last month in line with the broad IT spending story and these companies benefiting from a favourable product cycle.
  - Healthcare exposures, notably Novartis, on positive updates regarding the progress of their late-stage pipeline and positioning in the stock in order to access the Alcon spin-off.
- Key detractors include:
  - Domestic Cyclical, notably our financials exposures including ING Groep, UniCredit and KB Financial. ING Groep's share price fell following rumours regarding money laundering activities. At this early stage the net has been cast very wide with all Dutch Banks being investigated and no confirmation that ING is actually involved.
  - Global Cyclical exposures such as General Electric and Honda Motor were weak this month due to apprehension around global industrial growth with the release of soft PMI data from Europe.

## COMPANY FACTS

Investment manager	Antipodes Partners
ASX code   share price	APL   \$0.990
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	\$546m

<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>
\$1.100	\$1.108

<sup>2</sup> NTA calculations exclude Deferred Tax Assets relating to capitalised cost deductions of \$0.002 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 tax was \$1.117 as at 31 March 2019. This represents the NTA excluding all income tax related assets and liabilities.

## PERFORMANCE (%)

	Company <sup>6</sup>	Portfolio <sup>7</sup>	Benchmark <sup>8</sup>
1 month	-0.7	-0.7	1.4
3 months	1.9	2.1	11.2
CYTD	1.9	2.1	11.2
1 year	-6.7	0.7	10.8
2 year p.a.	1.9	7.1	12.5
Inception p.a.	5.1	9.5	13.6
Inception	13.1	25.2	36.9
Up-market capture <sup>9</sup>	-	73	-
Down-market capture <sup>9</sup>	-	75	-

Past performance is not a reliable indicator of future performance. <sup>6</sup> 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. <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>10</sup> Measured as the change in share price adjusted for dividends paid during the period.

## ASSET ALLOCATION

	Long		Short	
	Equities	Other <sup>11</sup>	Equities	Other <sup>11</sup>
Weight (% NAV)	92.3	1.0	-26.3	-1.3
Count	66	1	53	4
Avg. weight	1.4	1.0	-0.5	-0.2
Top 10 (% NAV)	26.1	-	-9.7	-
Top 30 (% NAV)	62.2	-	-19.7	-

<sup>11</sup> Index futures and other non-single stock

## TOP 10 EQUITY LONGS (%)

Name	Country	Weight
Ping An Insurance	China/HK	3.1
Cisco Systems	United States	2.9
Qualcomm	United States	2.9
Microsoft	United States	2.7
Facebook	United States	2.6
KB Financial Group	Korea	2.4
ING Groep	Netherlands	2.4
General Electric	United States	2.4
Siemens	Germany	2.3
Electricite de France	France	2.3

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

ISO	Cash equity	Currency	Difference
USD	30.5	35.9	5.4
JPY	12.2	17.4	5.2
CHF	3.4	6.6	3.2
SEK	0.0	2.8	2.8
NOK	0.0	2.1	2.1
BRL	0.0	2.0	2.0
AUD	1.8	3.1	1.4
GBP	0.0	1.1	1.1
INR	1.4	1.5	0.1
MXN	0.4	0.5	0.1
EUR	19.4	17.7	-1.7
KRW	7.6	5.3	-2.3
SGD	0.0	-2.5	-2.5
HKD	1.3	-1.7	-2.9
CNY	14.4	8.1	-6.3

<sup>12</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>13</sup> (%)

Sector	Long	Short	Net
Banks	12.5	-3.5	9.0
Hardware	10.0	-1.6	8.4
Industrial	8.8	-5.1	3.7
Internet	8.3	-0.3	8.0
Software	7.6	-2.7	4.8
Communications	6.7	-1.2	5.5
Energy	6.6	-0.5	6.1
Healthcare	5.5	-0.4	5.1
Durables	4.3	0.0	4.3
Other	22.9	-12.3	10.6

<sup>13</sup> Antipodes Partners classification

## REGIONAL EXPOSURE<sup>12, 13</sup> (%)

Region	Long	Short	Net
<b>North America</b>	<b>30.5</b>	<b>-16.6</b>	<b>13.9</b>
<b>Developed Asia</b>	<b>19.8</b>	<b>-3.4</b>	<b>16.3</b>
<i>Korea/Taiwan</i>	7.6	-0.9	6.6
<i>Japan</i>	12.2	-2.5	9.7
<b>Developing Asia</b>	<b>17.0</b>	<b>-1.5</b>	<b>15.5</b>
<i>China/Hong Kong</i>	15.7	-1.5	14.1
<i>India</i>	1.4	0.0	1.4
<b>Western Europe</b>	<b>22.8</b>	<b>-3.6</b>	<b>19.2</b>
<i>Eurozone</i>	19.4	-1.4	18.0
<i>United Kingdom</i>	0.0	-0.2	-0.2
<i>Rest Western Europe</i>	3.4	-2.0	1.4
<b>Australia</b>	<b>1.8</b>	<b>-1.6</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>92.3</b>	<b>-26.8</b>	<b>65.5</b>
<b>Other</b>	<b>1.0</b>	<b>-0.8</b>	<b>0.1</b>
<b>Cash</b>	<b>6.8</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>100.0</b>	<b>-27.6</b>	<b>65.6</b>

## MARKET CAP EXPOSURE (%)

Band	Long	Short	Net
Mega (>\$100b)	25.8	-2.7	23.1
Large (>\$25 <\$100b)	35.3	-9.3	25.9
Medium (>\$5 <\$25b)	25.8	-13.0	12.8
Small (<\$5b)	6.3	-2.5	3.8

<b>Antipodes Partners</b>	<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>
<b>Company features</b>	<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>

## DISCLAIMER

Antipodes Partners Limited (ABN 29 602 042 035, AFSL 481 580) ('Antipodes Partners', 'Antipodes') is the investment manager of Antipodes Global Investment Company Limited ABN 38 612 843 517 ('APL' or the 'Company'). While APL and Antipodes Partners believe the information contained in this communication is based on reliable information, no warranty is given as to its accuracy and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Antipodes Partners and APL disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. Any opinions and forecasts reflect the judgment and assumptions of Antipodes Partners and its representatives on the basis of information at the date of publication and may later change without notice. Disclosure contained in this communication is for general information only and was prepared for multiple distribution. The information is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. The information in this communication has been prepared without taking account of any person's objectives, financial situation or needs. Persons considering action on the basis of information in this communication are to contact their financial adviser for individual advice in the light of their particular circumstances. Past performance is not a reliable indicator of future performance. Unless otherwise specified, all amounts are in Australian Dollars (AUD), other than in the portfolio commentary where USD amounts are used. Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from APL and Antipodes Partners.