

# Antipodes Global Investment Company Limited (ASX:APL)

ACN 612 843 517

UPDATE AS AT 30 NOVEMBER 2018

## COMPANY PERFORMANCE

- The Company's NTA before all taxes<sup>5</sup> declined by 4.0% for the month compared to a portfolio decline of 4.1% and benchmark return of -1.5%.

## PORFOLIO COMMENTARY

- Global equity market volatility continued in November (+1.5% USD, -1.5% AUD) with domestically orientated businesses outperforming amidst intensifying concerns around global growth. Exhibiting a defensive bias, investors showed a stylistic preference for 'quality', whilst sectors such as Telecommunications, Healthcare, Real Estate and Utilities outperformed Energy, Materials and Information Technology.
- US equities outperformed as the Democrat midterm victory in the House failed to surprise and the Federal Reserve (Fed) hinted that rates are close to neutral. UK equities underperformed as the ongoing uncertainty around Brexit intensified ahead of the upcoming parliamentary exit deal vote. European equities also retreated with modest quarterly GDP figures and ongoing uncertainty over the Italian budget souring investor confidence.
- Chinese equities rebounded from five consecutive monthly losses as hope of progress on trade disputes at the G20 summit buoyed Emerging Markets more broadly, also supported by dovish Fed commentary regarding future US rate hikes. Oil prices dipped significantly amidst increased Saudi production and waning demand as the global economy shows signs of a slowdown.
- The portfolio underperformed its benchmark. Major contributors to performance included Telecommunications Incumbent, Healthcare and Software Incumbent exposures while our Natural Gas, Global Cyclical, Low Cost Oil and Consumer Incumbent exposures detracted.

## COMPANY FACTS

|                        |  |
|------------------------|--|
| Investment manager     | Antipodes Partners   |
| ASX code   share price | APL   \$1.080  |
| 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  | \$596m   |

## PERFORMANCE (%)

|                                  | Company <sup>6</sup> | Portfolio <sup>7</sup> | Benchmark <sup>8</sup> |
|----------------------------------|----------------------|------------------------|------------------------|
| 1 month                          | -4.0                 | -4.1                   | -1.5                   |
| CYTD                             | -6.0                 | 2.0                    | 4.4                    |
| 1 year                           | -7.3                 | 0.9                    | 2.9                    |
| 2 year p.a.                      | 3.8                  | 9.1                    | 11.8                   |
| Inception p.a.                   | 5.2                  | 10.2                   | 12.1                   |
| Inception                        | 11.4                 | 23.1                   | 27.8                   |
| Up-market capture <sup>8</sup>   | -                    | 86                     | -                      |
| Down-market capture <sup>8</sup> | -                    | 89                     | -                      |

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> |
|--------------------------|---------------------------|
| \$1.105                  | \$1.114                   |

<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 \$1.141 at 30 November 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) | 92.4     | 1.5                 | -30.1    | -0.5                |
| Count          | 57       | 2                   | 51       | 1                   |
| Avg. weight    | 1.6      | 0.7                 | -0.6     | -0.5                |
| Top 10 (% NAV) | 27.6     | -                   | -10.8    | -                   |
| Top 30 (% NAV) | 67.2     | -                   | -23.3    | -                   |

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

## TOP 10 EQUITY LONGS (%)

| Name                  | Country       | Weight |
|-----------------------|---------------|--------|
| Cisco Systems         | United States | 3.0    |
| Electricite de France | France        | 2.9    |
| Microsoft             | United States | 2.8    |
| KT Corporation        | Korea         | 2.8    |
| Baidu                 | China/HK      | 2.8    |
| Tapestry              | United States | 2.7    |
| Qualcomm              | United States | 2.7    |
| China Telecom         | China/HK      | 2.6    |
| Ping An Insurance     | China/HK      | 2.6    |
| Roche Holding         | Switzerland   | 2.6    |

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

| ISO | Cash equity | Currency | Difference |
|-----|-------------|----------|------------|
| JPY | 9.5         | 16.3     | 6.8        |
| USD | 28.9        | 34.9     | 6.0        |
| CHF | 3.7         | 7.6      | 3.9        |
| SEK | 0.0         | 2.9      | 2.9        |
| NOK | 0.0         | 2.0      | 2.0        |
| AUD | 1.6         | 3.4      | 1.8        |
| GBP | 0.0         | 1.1      | 1.1        |
| THB | 0.0         | 0.4      | 0.4        |
| INR | 0.7         | 0.9      | 0.1        |
| TWD | 0.0         | 0.1      | 0.1        |
| MXN | 0.3         | 0.3      | 0.0        |
| EUR | 19.1        | 17.5     | -1.6       |
| HKD | 0.0         | -2.1     | -2.1       |
| KRW | 9.9         | 7.4      | -2.5       |
| SGD | 0.0         | -3.2     | -3.2       |
| CNY | 18.5        | 10.6     | -7.9       |

<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          | 12.2 | -4.3  | 7.8  |
| Communications | 9.8  | -0.9  | 8.9  |
| Software       | 9.1  | -4.8  | 4.2  |
| Hardware       | 7.3  | -2.2  | 5.1  |
| Energy         | 7.2  | -0.5  | 6.7  |
| Internet       | 7.0  | -0.5  | 6.5  |
| Healthcare     | 6.6  | -0.7  | 5.9  |
| Industrial     | 6.5  | -4.7  | 1.7  |
| Retail         | 4.3  | -0.6  | 3.7  |
| Other          | 23.8 | -11.4 | 12.4 |

<sup>12</sup> Antipodes Partners classification

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

| Region                     | Long         | Short        | Net         |
|----------------------------|--------------|--------------|-------------|
| <b>North America</b>       | <b>28.9</b>  | <b>-18.1</b> | <b>10.8</b> |
| <b>Developed Asia</b>      | <b>19.4</b>  | <b>-4.8</b>  | <b>14.6</b> |
| <i>Korea/Taiwan</i>        | 9.9          | -0.9         | 9.0         |
| <i>Japan</i>               | 9.5          | -3.9         | 5.6         |
| <b>Developing Asia</b>     | <b>19.3</b>  | <b>-2.7</b>  | <b>16.6</b> |
| <i>China/Hong Kong</i>     | 18.5         | -2.1         | 16.4        |
| <i>India</i>               | 0.7          | -0.5         | 0.2         |
| <b>Western Europe</b>      | <b>22.8</b>  | <b>-2.9</b>  | <b>20.0</b> |
| <i>Eurozone</i>            | 19.1         | -1.8         | 17.3        |
| <i>United Kingdom</i>      | 0.0          | -0.1         | -0.1        |
| <i>Rest Western Europe</i> | 3.7          | -0.9         | 2.8         |
| <b>Australia</b>           | <b>1.6</b>   | <b>-2.1</b>  | <b>-0.5</b> |
| <b>Rest of World</b>       | <b>0.3</b>   | <b>0.0</b>   | <b>0.3</b>  |
| <b>Total Equities</b>      | <b>92.4</b>  | <b>-30.6</b> | <b>61.8</b> |
| <b>Other</b>               | <b>1.5</b>   | <b>0.0</b>   | <b>1.5</b>  |
| <b>Cash</b>                | <b>6.2</b>   | <b>-</b>     | <b>-</b>    |
| <b>Totals</b>              | <b>100.0</b> | <b>-30.6</b> | <b>63.2</b> |

## MARKET CAP EXPOSURE (%)

| Band                  | Long | Short | Net  |
|-----------------------|------|-------|------|
| Mega (>\$100b)        | 25.3 | -3.3  | 22.0 |
| Large (>\$25 <\$100b) | 32.8 | -10.9 | 21.9 |
| Medium (>\$5 <\$25b)  | 28.8 | -13.6 | 15.2 |
| Small (<\$5b)         | 7.0  | -2.8  | 4.1  |

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