

## APL Half Year Results FY2019

### Highlights:

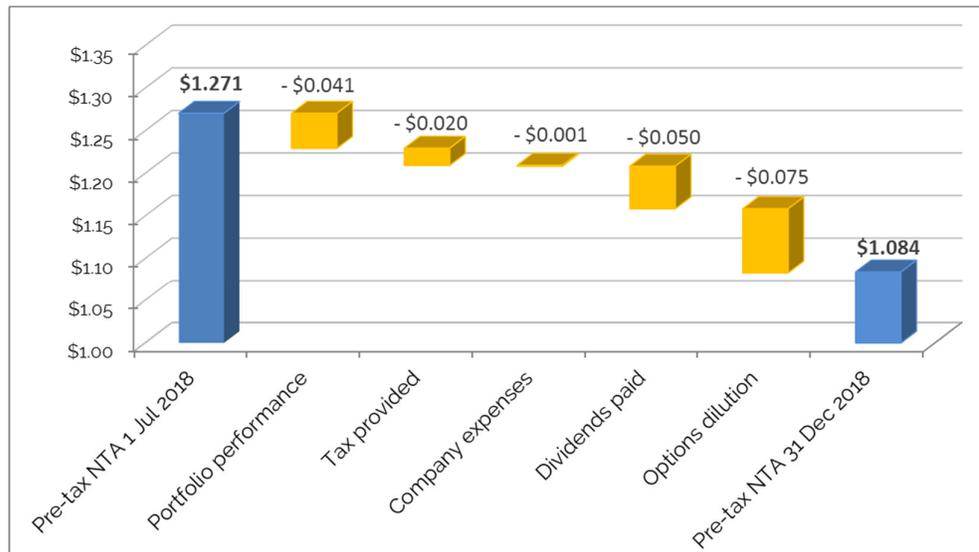
1HFY19 loss	Performance		Interim dividend	Annualised yield <sup>1</sup>
	Company <sup>2</sup>	Portfolio		
<b>\$19.3m</b>	<b>-9.3%</b>	<b>-3.1%</b>	<b>2.0c</b>	<b>6.6%</b>

- Company NTA performance declined 9.3%, predominantly impacted by options exercise
- Portfolio outperformed benchmark by 1.4% (-3.1% vs benchmark -4.5%)
- Interim dividend of 2.0 cents per share (50% franked)
- Shareholder conference call on 27 February 2019 at 11:00am (Sydney time AEST)

### Summary of results

Antipodes Global Investment Company Limited (ASX:APL or the Company) recorded an operating loss for the half-year of \$19.3m, reflecting weaker global markets during the period. Despite the challenging conditions, the investment portfolio (decrease of 3.1%) outperformed the benchmark MSCI All Country World Net Index in AUD (decrease of 4.5%) by +1.4%. The NTA before tax decreased 9.3% when adjusted for dividends paid, predominantly impacted by the large option conversion during the period and resultant dilution to NTA.

### NTA breakdown for 1HFY19<sup>3</sup>



<sup>1</sup> Based on share price as at 20 February 2019 of \$1.065.

<sup>2</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 the dilution caused by the exercise of options, and assumes the reinvestment of dividends paid.

<sup>3</sup> Represents pre-tax NTA, which includes tax on realised gains and other earnings, but excludes any provision for tax on unrealised gains.

### Interim dividend

The Board has resolved to pay an interim dividend of 2.0 cents per share, franked as to 50%. The dividend will be paid to APL shareholders on 22 March 2019, with a record date of 8 March 2019.

Combining the interim dividend with the final FY18 dividend of 5.0 cents per share paid in October 2018, equates to an annualised dividend yield of 6.6%<sup>4</sup> or a grossed-up yield including franking (50% franked) of 8.0%<sup>4</sup>. The Company's intention is to pay a dividend to shareholders at least annually, subject to available profits, cash flow and franking credits.

### APL Dividend Timetable

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

### Discount to NTA

APL shares currently trade at a 3.7%<sup>4</sup> discount to the 8 February 2019 pre-tax NTA (\$1.106 per share). The Company has moved to weekly NTA calculations during the half-year which, together with greater communication with shareholders and the intention to pay regular dividends as referred to above, is intended to help close this discount. It is also noted that the expiry of APLO options during the half-year may assist, by removing any uncertainty regarding the dilutionary impact of options being exercised on the share price.

### Conference call on results and portfolio

The Board invites Company shareholders to join the upcoming shareholder conference call on 27 February 2019 at 11:00am (Sydney time AEST). The call will provide an update on the Company's results from Director of the Company and Managing Director of the Manager (Antipodes Partners Limited), Andrew Findlay and on the portfolio from the CIO of the Manager, Jacob Mitchell. Dial in details are provided below.

### Conference call details:

#### Dial in details:

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

<sup>4</sup> Based on share price as at 20 February 2019 of \$1.065.

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## Additional shareholder information

### Portfolio performance as at 31 December 2018

	Half-year ended 31 Dec 2018	Since inception % p.a. (Oct-16)
<b>Company*</b>	<b>(9.3)%</b>	<b>4.8%</b>
<b>Portfolio**</b>	<b>(3.1)%</b>	<b>9.7%</b>
<b>Benchmark***</b>	<b>(4.5)%</b>	<b>9.8%</b>
<b>Portfolio Outperformance</b>	<b>1.4%</b>	<b>(0.1)%</b>

\* 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 the dilution caused by the exercise of options, and assumes the reinvestment of dividends paid.

\*\*Shows how the portfolio, for which the Manager is responsible, has performed after deducting management fees, costs and taxes and performance fees (if applicable)

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

### Manager's Commentary

#### Portfolio performance

The investment portfolio returned -3.1% through H1 of FY2019, outperforming the benchmark by 1.4%. Exhibiting a defensive bias, investors expressed a stylistic preference for quality at any price through ongoing cross asset volatility. With the Federal Reserve 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. The most significant contributors to performance were our Gold exposures which benefited from the flight to safer assets. Additional drivers were our Telecommunication Incumbent exposures including KT Corp and China Telecom amidst the ongoing shift towards quality defensive sectors with additional contribution coming from our short exposures.

#### Market outlook

The key risk to markets today is a withdrawal of post quantitative easing (QE) liquidity provided by central banks globally, potentially culminating in a protracted slowdown in global growth and a stylistic rotation out of stocks which characterise "quality" and "structural growth" into low multiple stocks or "value". We'd argue that these risks are exacerbated by:

- In China, strict measures to control excesses in its shadow banking system – a system which allows smaller banks to bypass regulatory scrutiny and continue extending credit to SOE's operating in overcapacity industries.
- In the EU, a commitment to fiscal rectitude in the face of pressure from member nations such as Italy and France for greater flexibility.
- In the US, set against a stronger US dollar, tighter monetary policy, Quantitative Tightening (QT) and EM like twin deficits, a limited fiscal backstop following a period of loose fiscal policy.
- Rapid accumulation of credit by the China/HK private sector, US corporate sector (particularly low-quality corporate credit) and property driven debt cycles in Canada, Australia and across Scandinavia.
- Extremities in the re-rating of stocks which characterise "structural growth" and "quality".



Unsurprisingly, as the negative macroeconomic rhetoric intensified through the second half of 2018, the more cyclically exposed parts of the global market have continued to underperform. Whilst we see relative value appearing in cyclicals, particularly ex US, we don't believe it is time to be too aggressive on this exposure, especially considering the global growth cycle is yet to mature and the early nature of the Federal Reserve's QT program.

Calvin Kwok  
Company Secretary

21 February 2019

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