APL FY21 Results

Summary

FY21 profit	Company[1] performance	Final dividend	Yield[2]	Yield (including franking)[3]
$75.1m	+21.1%	4.0c	5.2%	6.7%

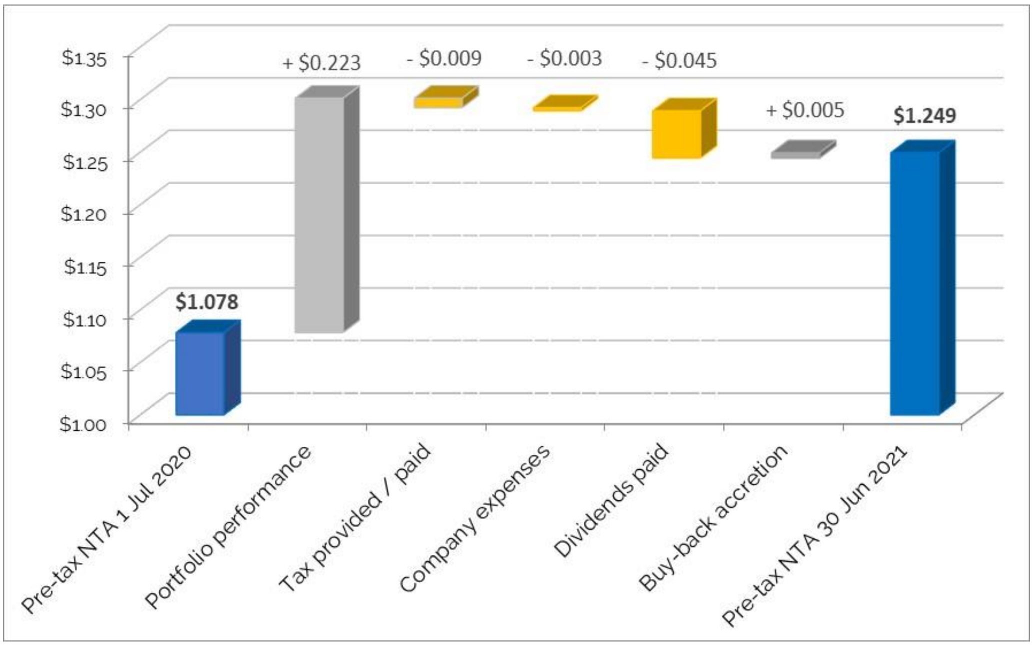
- **FY21 net profit after tax of $75.1m**
- **Final dividend of 4.0 cents per share (franked as to 100%), taking the annual dividend yield including the FY21 interim dividend to 5.2%[2] (6.7% including franking)**
- **Company performance of +21.1%**
- **Major initiative to permanently close the NTA discount via a proposal to undertake a scheme of arrangement (Scheme) that will enable shareholders to exchange their shares in the Company for units in Antipodes Global Shares (Quoted Managed Fund) (ASX:AGX1), an existing actively managed ETF for which Antipodes Partners Limited is investment manager**
- **APL's Independent Board Committee (IBC) unanimously considers the Scheme to be in the best interests of APL shareholders and considers the proposal to be a straightforward and very low-cost means of enabling shareholders to exit APL at close to NTA and to access the Manager's investment expertise via an exchange traded fund**
- **The IBC considers the Scheme superior to the Conditional Tender Offer (CTO) approved at APL's November 2020 AGM. Consequently the CTO will be suspended pending APL shareholders' consideration of the Scheme**
- **Shareholder webinar on results, a portfolio update and further information on the Scheme**

Antipodes Global Investment Company Limited (**ASX:APL** or the **Company**) recorded an operating profit of $75.1m for the year ended 30 June 2021 (**FY21**), compared to a loss in the prior year of $11.9m, as markets rebounded from losses incurred during the initial impact of the COVID-19 pandemic. Against this backdrop the Company's portfolio rose 21.3% over the 12 months to June 2021 versus the benchmark of the MSCI All Country World Net Index (AUD) of 27.7%.

Further detail on the FY21 financial performance review, the portfolio positioning and the market outlook are set out in the Manager's commentary below. The Board continues to monitor events closely and is mindful of prevailing economic conditions in its management of the Company during this period of volatility.

[1] Movement in NTA before all income taxes, adjusted for dividends paid and the dilutionary effect of share capital related transactions, 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 2021 of $1.12.
[3] Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30%

NTA performance breakdown for FY21



Final dividend

The Board has resolved to pay a final dividend of 4.0 cents per share, franked as to 100%, taking the full financial year dividend to 6.0 cents per share including the FY21 interim dividend of 2.0 cents per share. The dividend will be paid to APL shareholders on 30 September 2021, with a record date of 9 September 2021. This equates to a dividend yield of 5.2%[2] (6.7% including franking), a strong level of income for a global equity portfolio. Following payment of the dividend, the Company will have approximately $1.4m of franking credits remaining.

Dividend ex-date	Record date	Payment date
8 September 2020	**9 September 2021**	**30 September 2021**

Dividend Reinvestment Plan

The Company's dividend reinvestment plan (**DRP**) will be operative for the final dividend payment of 4.0 cents per share. The closing date to elect to participate in the DRP is 10 September 2021.

Shareholders who would like to find out more about the DRP can visit the company website: https://antipodespartners.com/wp-content/uploads/2019/10/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).

Board update on discount to NTA and announcement of scheme to exchange APL shares for units in Antipodes Global Shares (Quoted Managed Fund) (ASX:AGX1)

APL's Board has over the past two plus years been actively considering a range of options to address the APL share price trading at a discount to its NTA. Initiatives undertaken have included an accelerated on-market buy-back program, enhanced shareholder communication and the Conditional Tender Offer (**CTO**) approved by shareholders in November 2020. Nevertheless, the discount has persisted.

On 9 August 2021, the Company announced that it has entered into a Scheme Implementation Deed with Antipodes Partners Limited (**Manager**) and Pinnacle Fund Services Limited (Responsible Entity) in its capacity as the responsible entity of the Antipodes Global Shares (Quoted Managed Fund) (AGX1). AGX1 is an existing actively managed ETF listed on the ASX. Antipodes Partners Limited manages the investment portfolio for both APL and AGX1. AGX1 is a long-only fund whereas APL holds both long and short positions.

An Independent Board Committee (**IBC**) of APL comprising Jonathan Trollip, Chris Cuffe and Lorraine Berends engaged with the Manager and both parties agreed that the Scheme is the most appropriate solution for APL shareholders to permanently address APL's share price trading at a discount to its NTA.

"The IBC considers the Scheme a very attractive outcome for APL shareholders. We would like to acknowledge the proactive and constructive role of the Manager in acting in the best interests of APL shareholders in this process. In particular, the Manager by not seeking any termination fee and agreeing to the exchange of APL shares into AGX1 units, has facilitated a simple and low-cost solution for APL shareholders" said APL Chairman, Jonathan Trollip.

Jacob Mitchell, Founder and CIO of the Manager, said: "We've always supported the APL board in its ongoing efforts to address the trading discount in APL. We are pleased APL shareholders will now be offered a permanent solution that addresses the trading discount, while providing the ability to maintain listed exposure to our value-oriented investment process as unitholders in AGX1. Our focus remains on delivering long-term investment performance with a focus of capital protection, through building global portfolios of great businesses trading at attractive valuations."

APL will seek to minimise the transaction costs to implement the Scheme and these costs are currently estimated to be less than $0.003 per APL share.

The Scheme provides choice and flexibility for APL shareholders as it facilitates both liquidity (i.e. allows for an exit at a price close to NAV) and enables APL shareholders to have an ongoing exposure to the Manager's pragmatic value approach.

Post the implementation of the Scheme, once APL shareholders have received their units in AGX1, they will have the freedom to 'come and go' from AGX1 at close to NAV on an ongoing basis (subject to a bid/ask spread).

Further rationale for the Scheme:

- AGX1 is managed in accordance with the Manager's long-only global shares strategy, as opposed to the long-short strategy of APL. APL and AGX1 have very similar investment objectives, are both benchmarked against MSCI All Country World Net Index in AUD and have the same management and performance fees. AGX1's long-only strategy, while sharing the same long positions as APL's long-short strategy, has delivered superior investment returns against the benchmark since inception.
- AGX1 is an existing quoted managed fund and has been trading on the ASX since its inception on 5 November 2018. For APL shareholders, exchanging their APL shares into an existing quoted managed fund will be a timely, low-cost and straightforward process. In particular, APL shareholders will not be required to complete any onerous documentation.

The IBC unanimously considers the Scheme to be in the best interests of the APL shareholders and recommends that APL shareholders approve the Scheme at the Scheme meeting, in the absence of a superior competing proposal for APL.

The IBC considers the Scheme superior to the CTO approved at APL's November 2020 AGM. Consequently the CTO will be suspended pending APL shareholders' consideration of the Scheme.

Each Independent Director intends to vote any APL shares in which they have a relevant interest in favour of the Scheme.

Shareholders are not required to take any action at this time. Shareholders will receive full details of the Scheme in the Scheme booklet, which is expected to be circulated to all APL shareholders in October 2021.

The Scheme booklet will include a notice convening the Scheme meeting, the reasons for the IBC's recommendation that APL shareholders vote in favour of the Scheme (in the absence of a superior proposal), the product disclosure statement and constitution for AGX1, a general outline of the taxation implications of the Scheme for APL shareholders and an opinion from an independent expert as to whether the Scheme is in the best interests of APL shareholders.

Shareholder webinar on results and portfolio

The Board invites you to the upcoming shareholder webinar on 15 September 2021 at 10.30am (Sydney time AEST). The webinar will provide an update on the Company’s full year financials and investments from the Company's Chairman, Jonathan Trollip and Antipodes' Chief Investment Officer & Lead Portfolio Manager, Jacob Mitchell.

Shareholders are invited to register at the following link:

https://event.on24.com/wcc/r/3372944/DCCBE2A2B1A45E6031E9E9E802D49ED5

The Board of Antipodes Global Investment Company Limited has authorised this announcement to be released to the ASX.

Additional shareholder information

Company Performance as at 30 June 2021

	Year ended 30 June 2021
Company*	21.1%
Benchmark**	27.7%
Outperformance	(6.6)%

*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

FY2021 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 financial year to June 2021 was yet another rollercoaster year in markets. Positive sentiment around extraordinary fiscal stimulus led by the US and COVID-19 vaccines catalysed a rotation in market leadership into the end of calendar 2020. The preference for low multiple – or value – stocks extended into the early part of calendar 2021 as confidence around reopening and economic normalisation built. US equities led the charge given outsized fiscal stimulus relative to the rest of the world, and as the US led the developed world vaccine rollout. The rotation into low multiple stocks, however, came to an abrupt halt in the June 2021 quarter with the collapse in the US 10Y Government Bond yield as market participants clambered to buy bonds to neutralise an extreme underweight positioning. Lower yields fed into equity markets, resulting in a fierce rotation back into the secular growth trade. Uncertainty around domestic regulation in China added additional volatility to global equities.

Against this backdrop the Company's portfolio rose 21.3% over the 12 months to June 2021 versus the global equity index of 27.7%. Pleasingly the performance of our long book exceeded that of the market, with contribution driven by our Industrials, Consumer Cyclical (Developed Markets) and Connectivity/Compute clusters. The short book acted as a headwind to performance given the strong upward movement of the market over the year. The purpose of the shorts, however, are to protect capital and dampen portfolio volatility, as observed during the COVID-19 sell off in February/March 2020.

Attribution summary FY2021

	Portfolio*	Benchmark	Difference
Long positions	31.4%	27.7%	3.7%
Short positions	(6.8%)	-	(6.8%)
Currency	(0.9%)	-	(0.9%)
Total	23.8%	27.7%	(3.9%)

* For the purposes of calculating attribution, portfolio returns are gross of fees. As a result, the portfolio performance figures in this table will not reconcile with Manager Performance values In the Annual Report, which are net of fees. Source: FactSet, Antipodes

Key contributors / detractors from performance FY2021

Top five	Bottom five
Capital One Financial	Short (Connectivity/Compute cluster)
ING Groep	Newcrest
Facebook	Short (Index – Developed Markets)
Volkswagen	Short (Consumer Cyclical Developed Markets cluster)
General Electric	Short (Industrials cluster)

Portfolio positioning and market outlook
Whilst economic activity may begin to slow into 2022, we don't think this represents the end of the cycle. Initially it can extend in response to the amount of fiscal stimulus we've seen and the strength of household balance sheets. The US household has never been in a stronger position to consume above trend. True excess savings from March 2020, thanks to stimulus and underspending, are around US$2.6t. This is equivalent to almost 20% of the current run rate in personal consumption.

With the normalisation in global economic activity, inflation expectations are back to historic levels of 2 – 2.5%, and we don't see US core inflation peaking until the end of 2022. Yet despite the strength in the economic outlook, the bond market appears to be pricing in a recession or a hard landing associated with the Delta variant, as real yields remain negative and anchored at historic lows. This is not our base case as our analysis suggests the Delta variant is unlikely to be a headwind to reopening in countries where vaccination is well-progressed. Thus we see current negative real rates as an extreme anomaly, and a normalisation will fuel a rotation in equity preferences. Higher yields force investors to reassess the price they are prepared to pay for growth, and will act as a headwind to weak, overvalued growth stocks.

The second stage of the cycle can be driven by new investment trends. Central banks will not be able to continue expanding their balance sheets at the same pace, and the pandemic itself has changed policy makers' attitudes towards fiscal spending; there will be a reluctance to move to austerity too quickly. Investment programs focusing on decarbonisation, infrastructure, 5G and catch-up investment in healthcare will continue to attract government attention. This, coupled with an unbundling of global supply chains thanks to COVID-exposed vulnerabilities and geopolitical tensions, can unleash a sustainable investment cycle – something that has been missing from the West as capital spending moved to China over the last few decades. New investment cycles will lead to new market leaders, and a more permanent shift away from a perceived low growth, low rate environment.

Emerging investment cycles around decarbonization and investment benefit companies globally, not just in the US. Today, the rest of the world is valued at a 40% discount to US equities, and this discount is as extreme as it has been over the last 25 years. With record high government debt and a fiscal deficit of 13.5% of GDP, the US has a weak fiscal position relative to Asia and Northern Europe which are better placed to kickstart investment and emerge with a durable recovery. The extraordinary premium for US equities is unlikely to be as sustainable as many believe.

If the US job market hasn't fully normalized by September when stimulus is due to expire, excess household savings could remain unspent and consumption slow. Critically this would unfold against a backdrop of higher inflation. The risk is the economy slows before an investment-led recovery gains traction. A significant slowdown in activity against a backdrop of higher inflation is a challenging scenario for US equities in particular, given today's elevated valuations.

China is in the process of implementing new regulations to restrain monopolies, govern fintech firms and protect data privacy and security. There is no question Chinese regulators have acted in a blunt fashion but it is not unusual for regulators globally to protect consumers from anti-monopolistic behaviour, to regulate lenders and have concerns around data security. That said, regulatory uncertainty has risen and it may take time to dissipate – though it is being priced into Chinese equities. We have always assumed Chinese platform companies will under-monetise relative to their developed world counterparts, and this discount will likely persist. When we stress test our holdings, we find they are in good shape to manage the regulatory backdrop. We remain constructive on opportunities in premium consumption, internet businesses that benefit consumers and in digital advertising given the size of the opportunity.

In an environment of very easy money, markets are not pricing credit risk and we're not seeing the normal cleansing of weaker competitors.

Disruption is real. But not all high-flyers are genuine disruptors. There will be companies are that are unable to justify their lofty multiples. Conversely not all low multiple stocks are interesting. There will be many that are permanently disrupted by stronger competitors.

As a pragmatic value manager, we seek out resilient businesses across the growth spectrum that are attractively priced for their growth profile. Simply speaking, this means avoiding businesses that are value and growth traps.