

“Build Smarter Portfolios”

API Capital’s Global High Conviction is a global listed equity strategy.

The 25–30 stocks that are selected from a universe of over 2,000 securities possess a superior combination of value, momentum and quality characteristics.

- Value — Multiple factors with more favourable expectations on cashflow, earnings and dividends.
- Momentum — companies whose risk-adjusted relative performance and earnings revision changes provide awareness of improving prospects.
- Quality — sensible balance sheet leverage, stable earnings growth and sustainable returns on equity.

Benefits

- A proven investment process that combines our quantitative stock selection model with the team’s extensive fundamental equity knowledge.
- Cost-effective with attractive fees.
- Above market and peer group performance

For additional information please visit www.apicapital.com

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As at 31 Dec 2018	Portfolio
No. of securities	30
Wtd Avg Market cap	USD 97.2bn
Fwd Price/Earnings	9.2x
Price/Book	1.6x
Fwd Dividend Yield	3.9%
Fwd Return on Equity	26.9%

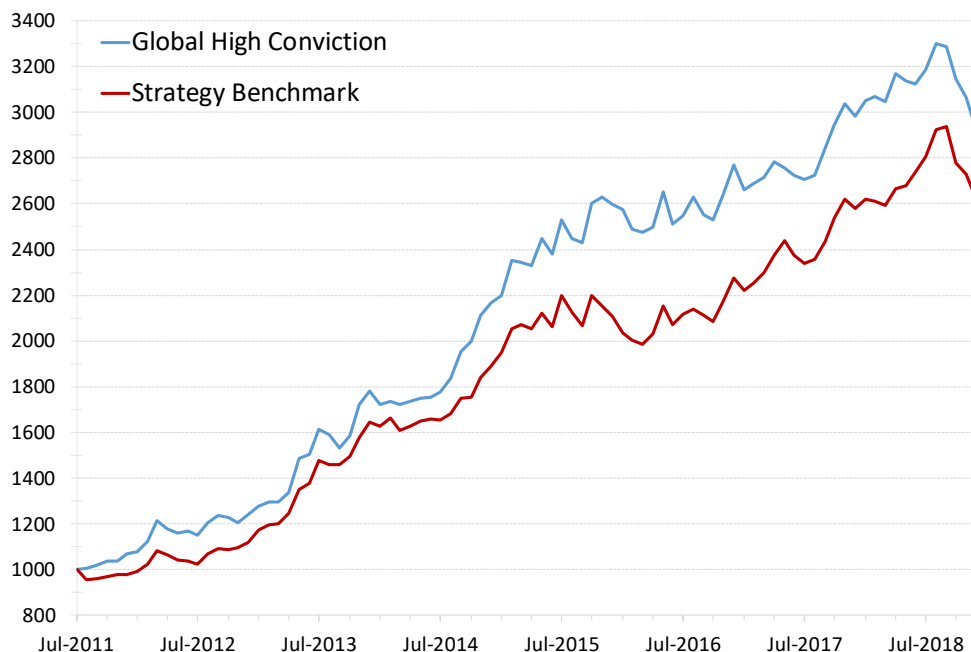
Global High Conviction

Strategy Update 31 December 2018



PERFORMANCE*

Value of AUD1000 since inception



Periods ended 31 Dec 2018	3 Months	1 Year	3 Years	5 Years	Since inception
Portfolio*	-11.2%	-2.2%	+4.0%	+10.4%	+15.5%
Benchmark^	-11.0%	+1.4%	+7.5%	+9.7%	+13.8%
Active	-0.2%	-3.6%	-3.5%	+0.7%	+1.7%

*Portfolio total return net of fees and Interest Withholding Tax in AUD.

^Strategy Benchmark is MSCI World Index NTR

Inception Date: 15 July 2011, returns over 1 year are per annum

PORTFOLIO REVIEW & MARKET UPDATE

- Q4 2018 saw heavy falls in equities across the World with the benchmark falling 11.0% and the GHC Strategy falling 11.2% in AUD terms.
- Strong momentum over the summer in US Tech stocks started to unwind in October as many growth stocks reported earnings below expectations.
- Trade tensions between the USA and China continue to be an unhelpful backdrop as both announced new tariffs against each other - implementation on 31 December was halted for 90 days with the hope that an agreement over the dispute can be resolved.
- The steep falls in markets we have seen across the world are now largely discounting a world recession. We have seen falls of this magnitude before - most recently in 2015 - when no recession ensued. Very few are predicting a recession in the USA for 2019 with consensus growth rate for the USA of 2.4%. Recent US job numbers were good, however we will continue to monitor data and events closely.
- Economic weakness in China is being combatted by the government through implementing tax cuts, relaxing lending requirements for banks and further increases in direct government expenditure.
- We remain fully invested in the portfolio and unhedged for AUD based investors.

API CAPITAL

“Build Smarter Portfolios”

Global High Conviction seeks long-term capital appreciation by investing in industry leading companies listed on market exchanges around the world.

We select stocks by combining ‘fundamental’ analysis with our quantitative stock selection tools.

Our value-oriented approach pays careful attention to position sizes, sectoral and country weights.

We ensure that the strategy pays equal attention to risk as to return.

It is an actively managed strategy that is meaningfully different from the index.

This approach results in “smarter portfolios” - higher risk adjusted excess returns for our investors.

Benchmark(s): MSCI World Index

Investment Objective: Outperform the Benchmark by 3-5% pa over rolling 5 year time periods.

Portfolio Manager(s):

Robert Swift,
Roger McIntosh,
Karl Hunt

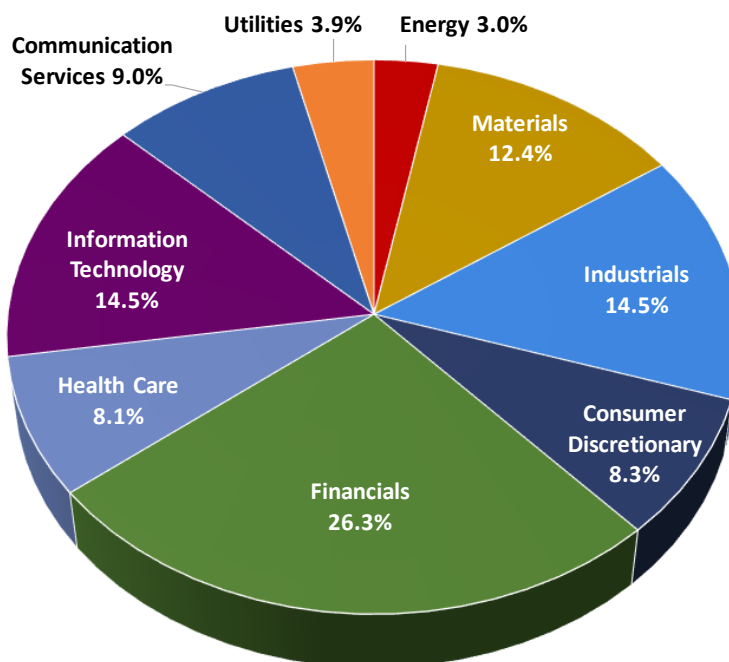
TEN LARGEST HOLDINGS

Company Name	Country	Portfolio
Verizon Communications Inc.	USA	5.1%
Legal & General Group PLC	UK	4.8%
Caterpillar Inc.	USA	4.6%
Apple Inc.	USA	4.3%
Gilead Sciences Inc.	USA	4.2%
Intel Corporation	USA	4.0%
Macy's	USA	3.9%
Anthem Inc.	USA	3.8%
AES Corporation	USA	3.8%
China Mobile	China	3.8%
TOTAL		42.3%

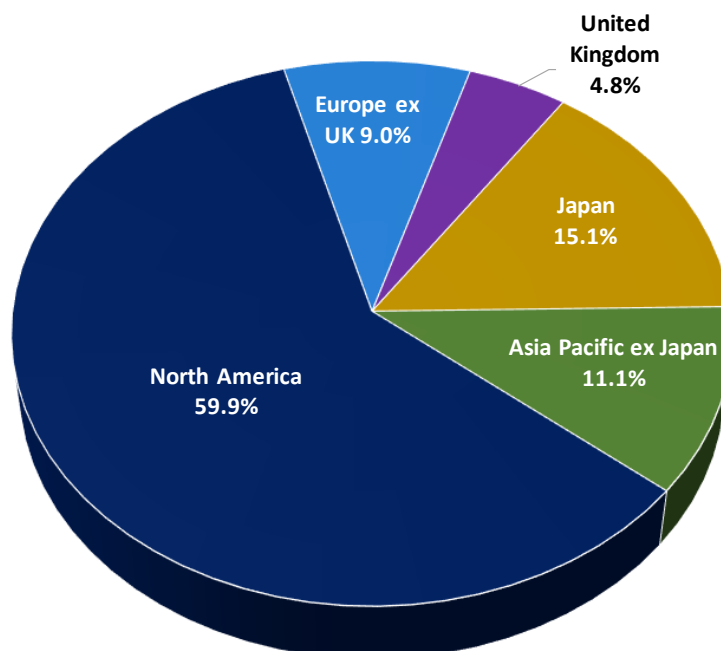
Global High Conviction Strategy Update 31 December 2018



SECTOR ALLOCATION



REGION ALLOCATION



API Capital's Global High Conviction strategy is offered on a separately managed account basis. Your portfolio may experience different performance results to the factsheet results due to account size and minimum trade lot constraints. Holdings and performance results shown in this fact sheet are based on the model portfolio strategy.

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