



webinar  
*series*

Navigating the elephants in the room  
when investing internationally

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## Agenda

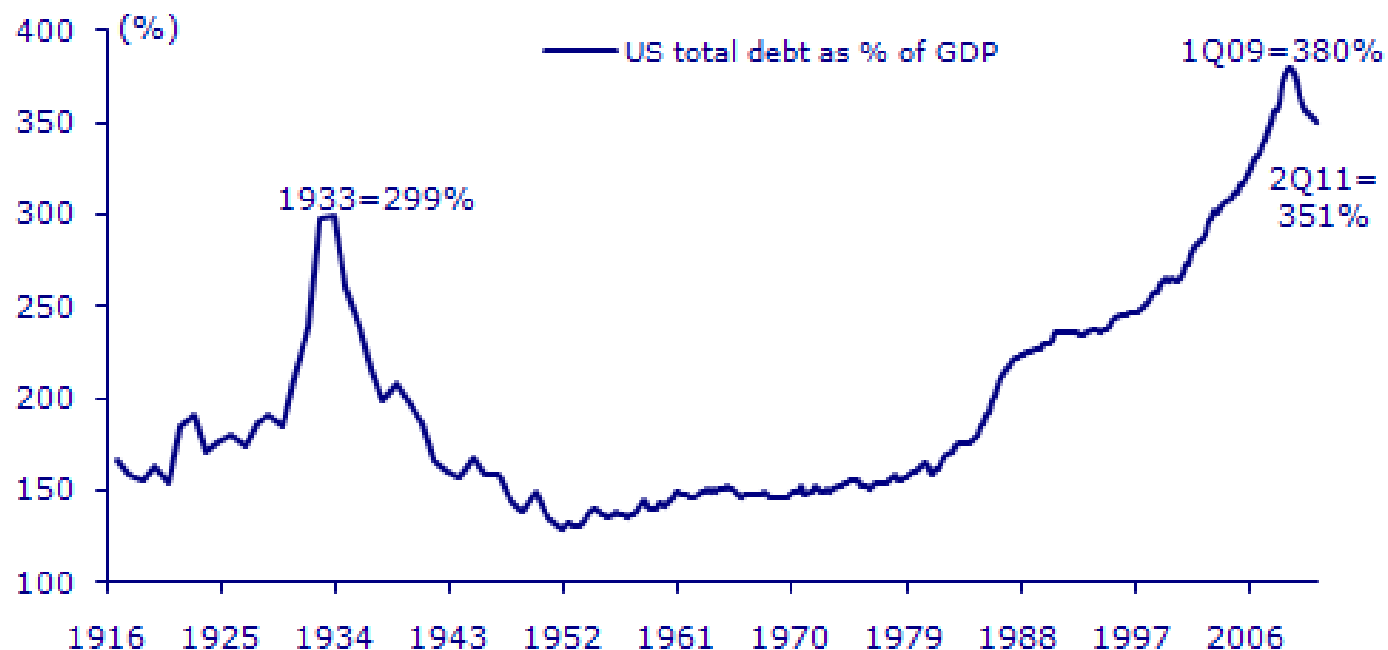
- What's happening out there?
- Where do we see the investment opportunities?
  - Investment theme
  - Portfolio company example



## Global Investing from New Zealand

- We travel the world to attend industry conferences and meet with company management. Our investment team meet with over 500 companies every year
- Proprietary screening process targets likely candidates
- Intense research process – we invest as business owners

## Debt is still a bad 4 letter word



Note: Include public debt and private financial & non-financial sector debt.

Source: CLSA Asia-Pacific Markets, Federal Reserve - Flow of Funds Accounts (1945-2011 data),

Census Bureau - "Historical Statistics of the United States, Colonial Times to 1970" (1916-1944 data).



“At moderate levels, debt improves welfare and enhances growth. But high levels can be damaging”

Total Debt to GDP*	
G7 average	303%
China average	174%

source: “The real effects of debt”; Bank for International settlements, September 2011 ; CLSA

\* includes household, corporate and government debt



Significant policy response as a backstop – while it may not fix the problem it will have an impact and provide confidence





## Comments by Carl Bass, CEO of portfolio company Autodesk

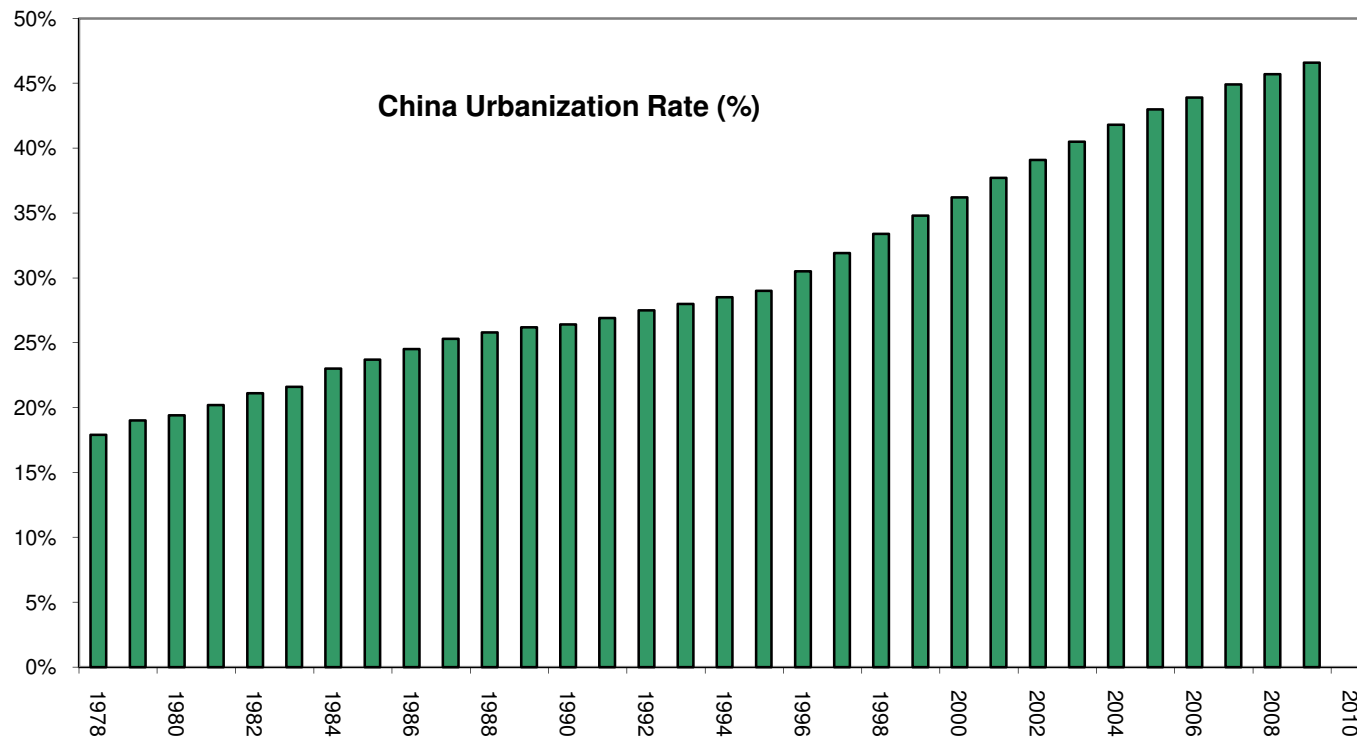
“Right now there is a big boogiemán out there that everyone is worried about but I don’t quite know the shape of the boogiemán”

“Our results were solid across the board and we’re confident in our ability to deliver on our full year guidance. We continue to deliver great value to our customers and are gaining market share against all our major competitors. Despite the turmoil in the financial markets, the strength of our products, finances, and our team of employees and partners gives me great confidence in our ability to succeed”

We love that Carl and the team at Autodesk have a laser focus on executing on their business



# Urbanisation in China



## Where are the best investment opportunities in China



Infrastructure spending to build road, rail, bridges, water facilities, etc.

Consumer spending is booming

"The 19th century belonged to England, the 20th century belonged to the US, and the 21st century belongs to China. Invest accordingly."

Warren Buffett

# Asian small cap companies are absurdly cheap

Asia ex Japan – Price / Book Value (x)



Source: CLSA evalu@tor

A return to  
“average” provides  
100% upside



global market leader in audio solutions for consumer electronic applications

Dolby current share price	\$28
Strong balance sheet	\$10.50 cash/share and no debt
Proven earnings growth	37% CAGR since listing in 2005
High Return on Equity	Consistently above 20%
Undervalued	PE Ratio of 10x compared to a 5-year average of 26x
Solid cash flow	Free cash flow yield of 12%



This is a photo I took outside the Italian stock exchange in Milan





What are they  
trying to tell us?



## Disclaimer

The information given during this presentation is class advice and is not to be taken as 'personalised financial advice'

A disclosure statement is available upon request