

Antipodes Asia Fund

ARSN 096 451 393 APIR IOF0203AU

FUND UPDATE AS AT 31 MAY 2017

Antipodes Partners	<ul style="list-style-type: none"> • Global pragmatic value manager, long only and long-short • Structured to reinforce alignment between investors and the investment team • 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
Fund features	<ul style="list-style-type: none"> • Objective to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years) • High conviction portfolio, typically 30 to 60 holdings, of companies listed on Asian share markets. The fund may also invest in companies that are listed: <ul style="list-style-type: none"> • On global share markets and which derive >65% of their revenues from Asia • In Japan (maximum 30% net exposure) • In Oceania and non-Asian emerging markets (maximum 15% net exposure) • In the absence of finding securities that meet minimum risk-return criteria, cash may be held • 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. • Typical net equity exposure of 50 - 100% • Maximum allowable gross exposure limit of 150% of NAV

FUND FACTS

Portfolio manager	Jacob Mitchell
Inception date¹	1 July 2015
Benchmark	MSCI All Country Asia ex Japan Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Net Asset Value	\$64m
Unit redemption price	\$1.3085
Changes to key service providers	Nil
Risk profile	High (refer to PDS)

¹ Investment strategy adopted 1 July 2015

PLATFORM AVAILABILITY

- | | |
|--|---|
| <ul style="list-style-type: none"> • AMP North • BT Panorama • BT Wrap • HUB24 • IOOF – Portfolio Service | <ul style="list-style-type: none"> • Macquarie Wrap • MLC Navigator • Netwealth • PremiumChoice |
|--|---|

NET PERFORMANCE (%)

Period	Fund	Benchmark	Value add
1 month	3.1	4.8	-1.7
3 month	10.2	13.7	-3.6
6 month	13.3	17.5	-4.2
1 year	24.2	24.6	-0.4
Inception¹	22.5	13.4	9.1
Inception¹ p.a.	11.1	6.7	4.4

Past performance is not a reliable indicator of future performance. Returns are in AUD and net of applicable fees, costs and taxes.

TOP 10 HOLDINGS

Name	Country	% of Fund
Hyundai Motor Co.	Korea	5.3
Baidu	China/HK	4.2
KB Financial Group	Korea	4.0
Samsung Electronics	Korea	3.8
China Mobile	China/HK	3.3
Inpex Corporation	Japan	3.2
ICICI Bank	India	3.0
Jiangsu Yanghe Brewery	China/HK	2.9
Hyundai Department Store Co.	Korea	2.7
PICC Property & Casualty Co.	China/HK	2.6

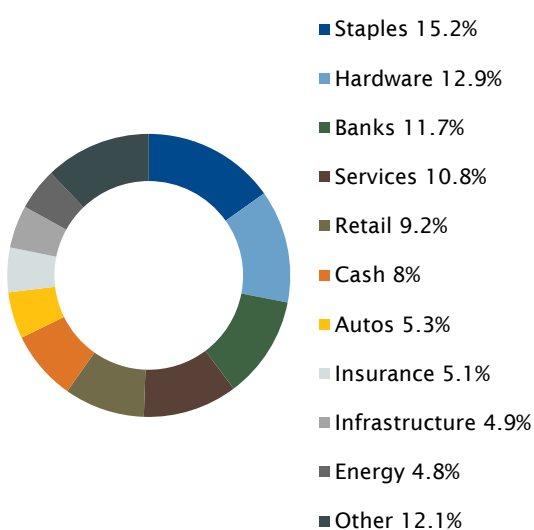
MARKET COMMENTARY

USD TOTAL RETURNS TO 31 MAY 2017

	MSCI USA	MSCI Europe	MSCI Japan	MSCI AC Asia ex JP	MSCI China A+B+H	MSCI EM ex Asia	Brent Crude (\$/bbl)	Gold (\$/ozt)	BofAML Global Govt.	BofAML Global HY.	AUD	EUR	JPY	CNY
1M	1.3%	4.8%	3.0%	4.3%	0.7%	(1.0%)	(2.5%)	0.0%	1.5%	1.3%	(0.5%)	3.3%	0.8%	1.1%
1Y	16.9%	17.0%	15.0%	28.1%	7.5%	22.8%	1.7%	4.5%	(0.8%)	12.9%	2.8%	1.0%	0.3%	(3.5%)

- During May global equity markets rose +2.2% (USD terms, +2.7% AUD) with significant strength in Europe (+4.8%), Korea (+8.1%) and Japan (+3.0%) whilst Emerging Markets (EM) ex Asia (-1.0%), China (+0.7%), India (+1.8%) and the U.S. (+1.3%) lagged.
- Global sector-wise Utilities (+5.4%), Telecommunication Services (+3.3%), Information Technology (+4.8%) and Consumer Staples (+4.6%) outperformed whilst Energy (-1.6%), Materials (+0.2%) and Financials (+0.0%) underperformed.
- Global factor-wise stocks with high Profitability/Growth & low Volatility characteristics (e.g. Bond Proxies & expensive Defensives) outperformed those with low multiples (e.g. Financials & Resources).
- Ongoing political controversies continue to cast doubt on U.S. President Donald Trump's ability to pass legislative reform. Against a backdrop of softer economic data, prospectively tighter monetary policy and easing long-term growth expectations (10Y Treasuries -8bp, DXY -2.1%), U.S. equities, particularly growth sensitive cyclicals, underperformed.
- French reformist Emmanuel Macron claimed 68% of the vote over far right candidate Marine Le Pen in the French presidential runoff, revitalising Franco-German relations and bolstering support for the E.U. Receding political risk premiums and a strengthening macroeconomic recovery propelled European equities and currencies higher (EUR +3.3%, NOK +1.7%, DKK +3.2%, SEK +2.1%).
- Following the impeachment of Korean President Park Geun-hye in March, reformer Moon Jae-in was elected president, rousing optimism for shareholder friendly chaebol reform. Across Asia, robust corporate earnings momentum and improving risk appetite buoyed equities more broadly.
- EM ex Asia was dragged lower by concerns around the sustainability of Brazil's economic recovery as a widening corruption scandal enveloped President Temer, whilst Russian equities succumbed to falling energy prices.
- OPEC's agreement to extend (but not deepen) production cuts failed to offset continuing concerns around record high U.S. crude inventories and a resurgence in U.S. shale production. Oil declined -2.5%.
- Major contributors to performance included our Korean (e.g. **Hyundai Motor**) and EM Consumer (e.g. **Jiangsu Yanghe Brewery**) exposures whilst our Low-cost Oil (e.g. **Impex**) and short exposures detracted.

SECTOR ALLOCATION²



² Antipodes Partners classification. Long portfolio only

FURTHER INFORMATION

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GEOGRAPHIC ALLOCATION (%)

Region/Country ³	Long (%)	Net (%)	Currency (%)
United States	-	-	22.1
Developed Asia	37.0	30.0	27.6
<i>Korea</i>	22.7	22.7	15.5
<i>Japan</i>	14.4	7.3	12.1
Developing Asia	48.0	43.2	29.4
<i>China/Hong Kong</i>	39.3	36.1	20.7
<i>India</i>	8.1	6.5	8.1
<i>Other</i>	0.6	0.6	0.6
Australia	1.9	-5.3	14.7
<i>Other</i>	5.0	5.0	6.2
Total Equities	92.0	73.0	-
Cash	8.0	-	-
Total	100.0	-	100.0

³ Includes depositary receipts

DISCLAIMER

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