

Antipodes Global Fund

ARSN 087 719 515 APIR IOF0045AU

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 In the absence of finding individual 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 World 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	\$1,872m
Strategy FUM	\$2,701m
Unit redemption price	\$1.6531
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"> Aegis AMP Flexible Super AMP North Asgard BT Panorama BT Wrap First Wrap HUB24 | <ul style="list-style-type: none"> IOOF – Portfolio Service Macquarie Wrap Macquarie Wrap Accumulator MLC Navigator Netwealth PremiumChoice |
|---|---|

NET PERFORMANCE (%)

Period	Fund	Benchmark	Value add
1 month	3.7	2.7	1.0
3 month	10.6	8.5	2.1
6 month	11.3	12.5	-1.3
1 year	18.7	14.4	4.3
Inception¹	31.4	17.5	13.8
Inception¹ p.a.	15.3	8.8	6.5

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	4.3
Baidu	China/HK	3.4
RWE AG	Germany	2.6
Samsung Electronics	Korea	2.6
KB Financial Group	Korea	2.6
Gilead Sciences	United States	2.5
Inpex Corporation	Japan	2.5
Telecom Italia	Italy	2.5
Cisco System	United States	2.5
Microsoft Corporation	United States	2.4

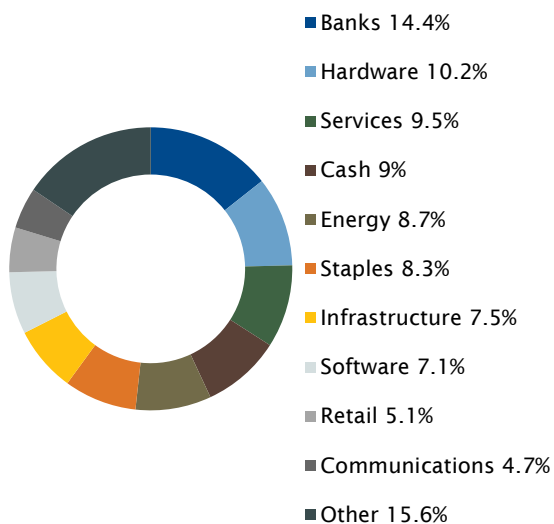
MARKET COMMENTARY

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.
- 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 European Recovery (e.g. **Telecom Italia**), Korean (e.g. **Hyundai Motor**), EM Consumer (e.g. **Jiangsu Yanghe Brewery**) and U.S. Natural Gas (e.g. CONSOL Energy) exposures whilst our Low-cost Oil (e.g. Inpex) 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	22.4	4.5	27.1
Developed Asia	22.1	19.4	18.6
Korea	11.5	11.5	8.5
Japan	10.5	7.8	10.1
Developing Asia	18.4	16.9	13.6
China/Hong Kong	16.3	15.1	11.5
India	2.1	1.8	2.1
Western Europe	24.9	18.0	29.0
Eurozone	22.0	18.9	21.9
United Kingdom	2.4	1.1	2.8
Other	0.5	-2.0	4.3 ⁴
Australia	1.1	-2.4	9.5
Other	2.1	2.1	2.1
Total Equities	91.0	58.5	-
Cash	9.0	-	-
Total	100.0	-	100.0

³ Includes depositary receipts ⁴ 3.8% exposure to Norwegian Krone

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