Antipodes Partners Quarterly Report

INVESTMENT FUNDS - 31 MARCH, 2017

Fund	APIR	ARSN
Antipodes Global Fund - Long Only	WHT0057AU	118 075 764
Antipodes Global Fund	IOF0045AU	087 719 515
Antipodes Asia Fund	IOF0203AU	096 451 393

Contents

Introducing Antipodes Partners

Dear investor,

I founded Antipodes Partners with a number of former colleagues and like-minded value investors with the shared ambition of creating an owner-managed culture of long-term thinking and alignment with client outcomes.

We aspire to grow your wealth over the long-term by generating absolute returns in excess of the benchmark, at below market levels of risk. The Antipodes' investment team seeks to take advantage of the market's tendency for irrational extrapolation, identify investments that offer a high margin of safety and build portfolios with a capital preservation focus.

We also commit to a process of clear communication which will focus on the rationale behind the funds' major holdings within the context of our overall investment philosophy and approach. To learn more, please contact us on 1300 010 311, at invest@antipodespartners.com or refer to our website antipodespartners.com.

On behalf of Antipodes Partners, I would like to also thank those investors that have entrusted us with their savings and broadly supported our early growth.

Yours sincerely,

Jacob Mitchell
Managing Director and Chief Investment Officer
April 2017

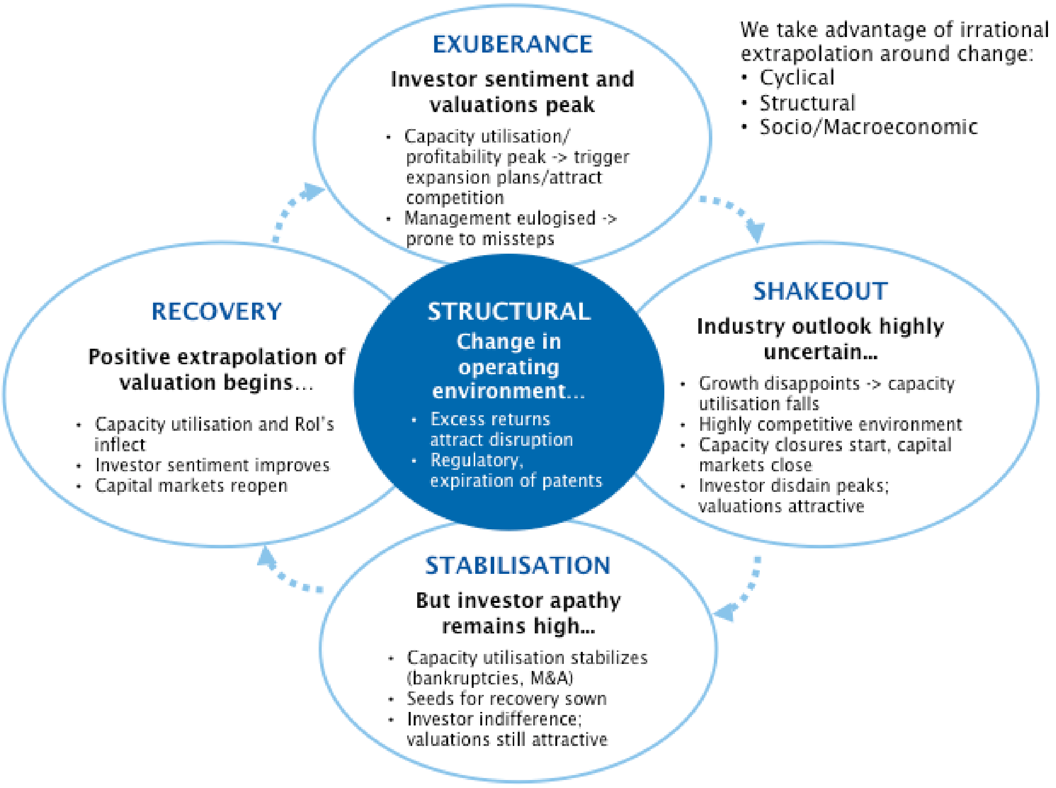
About Antipodes Partners

- Pragmatic value manager of global equities
- Structured to reinforce alignment between investors and the investment team

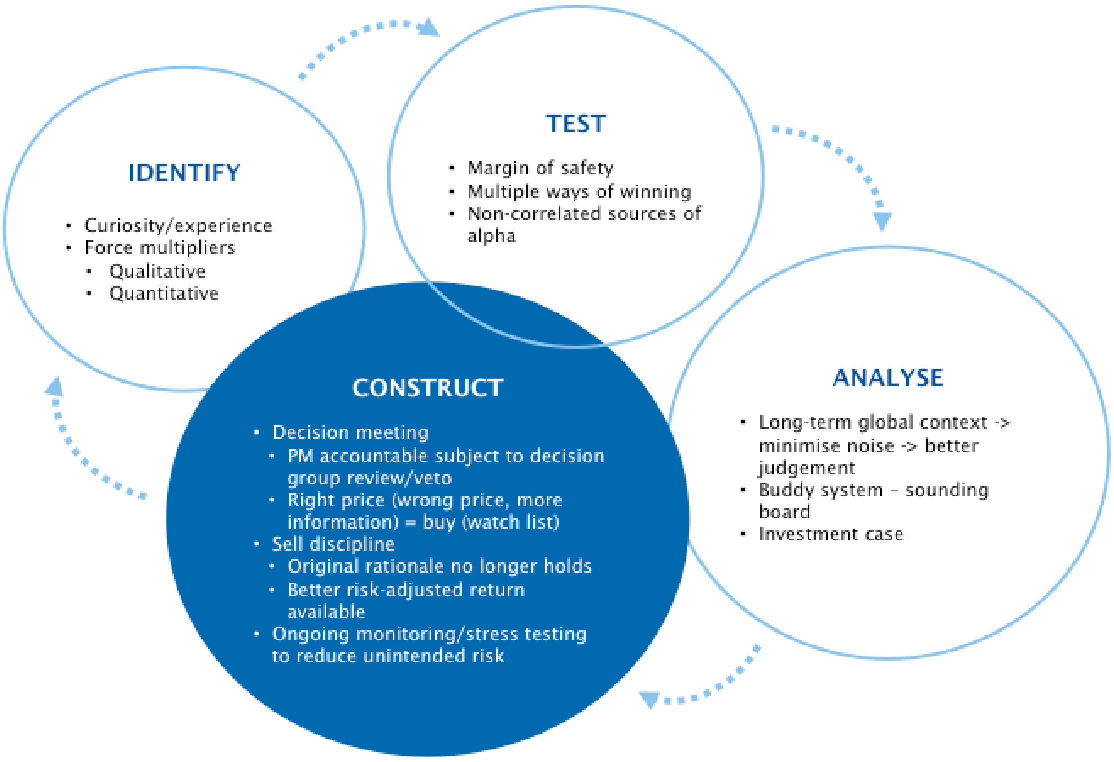
HOW WE INVEST

Opportunity	We take advantage of the market's tendency for ***irrational extrapolation***, identify investments that offer a high ***margin of safety*** and build portfolios with a ***capital preservation*** focus.
Approach	***Holistic approach*** with multiple levers: • Typically 30-60 long holdings, consideration of both cyclical and structural change factors to ***avoid "value traps"*** • Where permitted, ***shorts and currency positions*** to drive alpha, offset unwanted risks and protect from tail risk • Derivatives to amplify high conviction ideas
Goal	Grow client wealth over the long-term by generating ***absolute returns*** in excess of the benchmark at ***below market levels of risk***.

Antipodes Capital Lifecycle Model©



Investment Process



Market Commentary

Despite ongoing political uncertainty, global equities rallied +6.9% (USD terms, +1.5% in AUD) over the quarter, buoyed by improving earnings momentum and a broadening global macroeconomic recovery. India (+17.1%) and Korea (+16.8%) were particularly strong followed by Europe (+7.4%), whilst the U.S. (+6.1%), China (+5.3%) and Japan (+4.5%) lagged.

After just 70 days in office, U.S. President Donald Trump appears hamstrung by the art of political compromise, unable to pass signature legislation despite controlling Congress. As investors balanced the "certainty" of tax reform, financial system de-regulation and a trillion dollar infrastructure bonanza against premium domestic sector valuations (Chart 3) the "Trump" rally stalled towards quarter end.

Antipodally, European (+7.4%) and Korean (+16.8%) equities benefitted from the ebbing of heightened political uncertainty, improving earnings momentum and a broadening macroeconomic recovery juxtaposed against historically low domestic sector valuations (Chart 3). The premium for holding French over equivalent German bonds receded from its highest level since 2012 as populist challenger Geert Wilders was successfully fought off in the Dutch elections, further weakening the perception of potential electoral success for far right French Presidential candidate Marine Le Pen. Despite rising geo-political tensions surrounding the implementation of the Terminal High Altitude Area Defense (THAAD) system, Korean investors positively appraised the impeachment of President Park Geun-hye and potential follow through to Chaebol reform and improved corporate governance.

The U.S. Federal Reserve (Fed) lifted its benchmark rate by 0.25% to 1%, but failed to raise expectations beyond another two rate hikes in 2017. Slowing growth expectations, political uncertainty and protectionist rhetoric fuelled broad based U.S. dollar weakness (DXY –1.8%) and Gold (+8.6%) strength.

Record high U.S. crude inventories and continuing concerns around a resurgence in U.S. shale production offsetting OPEC's agreement to cut production witnessed an unwind in long Oil (-5.8%) positioning.

India's (+17.1%) outlook improved following the release of a stimulatory budget, a 4Q Gross Domestic Product (GDP) print of 7% Year on Year (YoY) allaying concerns that Prime Minister Modi's demonetisation drive would feed a meaningful economic slowdown, and in one of the most significant pieces of economic reform in India's history, the GST in prospect passing its last parliamentary hurdle before implementation on 1 July 2017.

In response to a resurgent property market and growing inflationary pressures, the Peoples Bank of China (PBOC) tightened monetary conditions, tempering fears around capital outflow. Against this backdrop, Chinese growth sensitive equities such as Commodities and Emerging Markets (EM) outperformed.

Global sector-wise Information Technology (+13.0%), Health Care (+8.4%), Consumer Discretionary (+7.8%) Materials (+7.7%), Industrials (+7.2%) and Consumer Staples (+7.1%) outperformed whilst Energy (-3.9%), Telecommunication Services (+2.2%), Financials (+5.5%) and Utilities (+6.8%) underperformed. Global factor-wise Profitability, Growth and Momentum (typified by expensive Defensives) outperformed Value and Volatility (typified by Financials, Energy and Utilities).

TABLE 1: USD P.A. RETURNS TO 31 MARCH 2017

	1M	3M	IY	3Y	5Y	10Y
Regional equities (MSCI)						
AC World	1.2%	6.9%	15.0%	5.1%	8.4%	4.0%
USA	0.1%	6.1%	16.7%	9.5%	12.5%	6.9%
Europe	4.0%	7.4%	9.8%	-1.5%	5.6%	0.7%
Japan	-0.4%	4.5%	14.4%	6.0%	6.8%	0.6%
Korea	5.2%	16.8%	20.9%	2.5%	2.9%	3.8%
AC Asia ex JP	3.3%	13.4%	17.5%	4.7%	4.8%	4.9%
China A + B + H	-0.6%	5.3%	3.7%	10.7%	5.9%	4.6%
EM ex Asia	0.5%	6.9%	15.3%	-4.8%	-5.1%	-0.5%
Global sectors (MSCI AC World)						
Consumer Discretionary	2.5%	7.8%	11.4%	6.7%	11.4%	6.5%
Consumer Staples	1.0%	7.1%	3.9%	6.5%	8.9%	8.1%
Energy	0.3%	-3.9%	15.5%	-6.5%	-1.8%	0.6%
Financials	0.2%	5.5%	24.8%	4.8%	9.1%	-0.8%
Health Care	0.3%	8.4%	8.2%	6.3%	13.5%	8.2%
Industrials	1.4%	7.2%	16.0%	5.3%	9.3%	4.5%
Information Technology	2.9%	13.0%	24.9%	13.9%	12.9%	8.9%
Materials	0.8%	7.7%	25.7%	0.8%	0.6%	1.1%
Telecommunication Services	1.1%	2.2%	0.5%	1.7%	6.1%	3.5%
Utilities	1.7%	6.8%	3.9%	3.0%	5.3%	1.2%
Commodities						
Crude Oil Brent	-5.3%	-5.8%	32.7%	-20.8%	-15.3%	-2.4%
Gold	-0.9%	8.6%	0.6%	-1.2%	-5.6%	6.5%
Bloomberg Commodity Index	-2.7%	-2.5%	8.3%	-14.1%	-9.7%	-6.8%
Bonds						
BofAML Global Government	0.1%	1.7%	-3.3%	-0.6%	-0.2%	3.2%
BofAML Global Large Cap Corporate	0.0%	1.6%	1.1%	0.7%	2.5%	4.0%
BofAML Global High Yield	0.0%	3.1%	13.8%	3.3%	6.3%	7.2%
Currency						
AUD	-0.8%	5.4%	-0.8%	-6.3%	-5.9%	-0.6%
EUR	0.7%	1.4%	-6.1%	-8.1%	-4.3%	-2.2%
JPY	0.4%	4.7%	0.9%	-2.6%	-5.9%	0.6%
CNY	-0.3%	0.8%	-6.2%	-3.4%	-1.8%	1.2%

Performance Analysis

Against this backdrop, for the quarter, the Antipodes Global Fund – Long Only outperformed its benchmark whilst the Antipodes Global Fund kept pace. Though the Antipodes Asia Fund underperformed its benchmark, all three funds posted strong absolute returns, reflecting gains in our Korean, European Recovery and EM Consumer exposures.

Since inception, through volatile market conditions, all three Funds have outperformed whilst also delivering solid absolute returns – our goal over the investment cycle (typically 3-5 years). Encouragingly, in the case of the Antipodes Global Fund, the 7.4% p.a. outperformance has been achieved with an average net equity exposure of just 60% in a rising market whilst the Fund has been underexposed to the outperforming U.S. domestic equity market. All three levers, our stock picking long and short, plus currency management, have contributed to this outperformance, the essence of our pragmatic value approach.

TABLE 2: AUD RETURNS AS AT 31 MARCH 2017

Absolute Performance (%)	1 month	3 months	Inception*	Inception* p.a.
Antipodes Global Fund – Long Only	**4.9**	**3.2**	**21.2**	**11.6**
Antipodes Global Fund	**4.6**	**1.5**	**24.3**	**13.2**
MSCI AC World Net Index	*2.0*	*1.5*	*10.5*	*5.9*
Antipodes Asia Fund	**4.3**	**5.8**	**15.9**	**8.8**
MSCI AC Asia x Japan Net Index	*4.1*	*7.6*	*3.8*	*2.1*
Outperformance (%)				
Antipodes Global Fund – Long Only	**2.8**	**1.7**	**10.7**	**5.8**
Antipodes Global Fund	**2.6**	**0.0**	**13.8**	**7.4**
Antipodes Asia Fund	**0.2**	**-1.8**	**12.2**	**6.7**

All returns are net of fees and in AUD terms. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding taxation. Past performance is not a reliable indicator of future performance. *1 July 2015, when the current strategy was adopted.

Antipodes Global Fund – Long Only

Key quarterly *contributors* included:

- Korean (e.g. **Hyundai Motor Company, Samsung Electronics)** exposures benefitted from rising optimism around Chaebol reform following the impeachment of President Park Geun-hye and the arrest of Samsung heir apparent Lee Jae-Yong on corruption charges.
- European Recovery (e.g. **Telecom Italia)** exposures gained following a sentiment shift towards Europe associated with a broadening Eurozone macroeconomic recovery. German utility **RWE** provided a stronger 2017 outlook for electricity pricing, whilst M&A speculation surrounded its majority owned downstream subsidiary **Innogy SE**.
- EM Consumer (e.g. **Jiangsu Yanghe Brewery)** exposures were broadly stronger. Chinese white liquor producer **Jiangsu Yanghe Brewery** benefited from sales growth beyond its home provincial borders and higher portfolio pricing mix whilst **JD.com** reported impressive growth from its online shopping platform with Gross Merchandise Value (GMV) expanding nearly 50% YoY during the fourth quarter.
- Against a backdrop of stronger earnings, Software incumbent (e.g. **Cisco Systems, NetApp**) exposures benefitted from de-regulatory moves to lower corporate taxes, particularly on cash held overseas.
- Following ongoing debt reduction and higher Gold prices, Gold (e.g. **Newcrest Mining**) exposures advanced.

Key *detractors* included:

- Low Cost Oil (e.g. **Inpex**) exposures were weak courtesy of lower Oil prices.

Antipodes Global Fund

In addition to the long exposures above (common to both global funds), short exposures *detracted* from Fund performance.

Antipodes Asia Fund

In addition to the **Korean** and **EM Consumer** exposures above, key *contributors* included:

- Indian Infrastructure (e.g. **Adani Ports)** exposures benefitted from strong economic growth, on-going economic reform and the increasing likelihood of another political term for reformist Modi.

In addition to the **Low Cost Oil** exposures above, short exposures *detracted* from Fund performance.

Portfolio Positioning

Note: The term "cluster" or "exposure" is used herein to reference a collection of positions which exhibit similarities in their return profile including operational, end-market, style and macro characteristics.

Key changes across portfolios included:

- A further increase to our EM Consumer exposures given their relatively low valuations, yet higher prospects for growth.
- Exposure to Natural Gas was increased on either side of the Atlantic through U.S energy names like **CONSOL Energy** and European utilities such as **RWE**.
- An increase in growth sensitive short exposures.

In summary, long clusters include:

- Global and Domestic Defensives that are not expensive, such as:
  - Software incumbents including **Microsoft**, **Cisco Systems**[1] and **NetApp.** To learn more about our technology exposures, see our webinar "A Deeper Dive into Antipodes Partners' Technology Exposures" at youtu.be/antpWUyqNvk.
  - EM Consumer and online franchises including **Baidu**[2], **JD.com**, **LINE**, **Jiangsu Yanghe Brewery**[3], **ICICI Bank** and **Western Union**
- Global Cyclicals that exhibit strong market positions and recovering business fundamentals including **Samsung Electronics**, **Samsung SDI**, **Nippon Electric Glass**[4] and **Hyundai Motor**.
- Global Banks that remain cheap including **ING Groep**[5], **Mediobanca**, **Capital One Financial**, **KB Financial**[6] and **ICICI Bank.** To learn more about low bank valuations, see our webinar "Bond like equities, be careful what you wish for!" at youtu.be/24_OpnCDd_8.
- European Recovery includes businesses undergoing structural and/or operational change, such as **Telecom Italia**, **RWE** and **Leonardo**. To learn more about European opportunities, see our webinar "Europe – Selective domestic opportunities" at youtu.be/ynW3zpnstw4
- The broad South Korean market valuation is assessed to be very cheap (see Figure 1, Antipodes Partners Region-Sector Valuation Heat-map) and the narrative is highly reminiscent of Japan during the period of persistent Yen strength and investor neglect (2010-12) with "macro" generalisations (government policy stasis, poor corporate governance, highly exposed to China, etc.) drowning out the stock specific discussion. Presidential impeachment aside, government engagement with reforms and generational wealth transfers at the large Chaebols (family owned conglomerates) are driving higher shareholder returns via buy-backs and rising dividend payouts. Whilst we have labelled Korea the "Bermuda Triangle" of value investing, we have typically found this type of market highly prospective for absolute returns. To learn more about Korea, see our webinar "South Korea: From neglect to respect" at youtu.be/kvzxfHQY0qA.
- Selective energy investments in Oil (**ENI**, **Inpex** and **CNOOC**) and U.S. Natural Gas with a preference for asset duration, operational quality and improving attitude to capital allocation. In a sector where debt has ballooned from $1.0tn in 2006 to $2.5tn today it remains vulnerable to future credit rationing particularly over-levered and/or high cost producers. U.S. exploration and production (E&P) companies are the worst offenders, where true returns on shale oil investment are well below what promoters suggest. Whilst capital markets remain open to perceived winners, they are becoming more selective overall. As capital withdraws, and supply corrects relative to demand, the seeds for the next up-cycle are sown. To learn more about our Oil and Natural Gas thesis, see our webinar "Long/short opportunities in the global energy sector" at youtu.be/DI1-m9oEqlU.

1 See our blog post "Cisco Systems Rides Again: A legacy enterprise software vendor willing to evolve" at antipodespartners.com/cisco

2 See our blog post "Forget China's macro outlook, we like 'China's Google' Baidu" at antipodespartners.com/baidu

3 See our blog post "Jiangsu Yanghe Brewery" at antipodespartners.com/yanghe

4 See our blog post "Nippon Electric Glass" at antipodespartners.com/neg

5 See our blog post "ING Groep - A Leader In Digital Distribution" at antipodespartners.com/ing

6 See our blog post "KB Financial" at antipodespartners.com/kb

Short exposures include:

- The extreme thirst for yield has pushed the U.S. high yield corporate debt (non-investment grade or "junk") cycle into unchartered territory with the stock of debt outstanding (Chart 9) and the average leverage ratio expanding significantly beyond the previous 2007 profit cycle peak. The cycle is approaching the shakeout phase. Specific shorts include high yield debt beneficiaries[7], including companies that exhibit:
  - Application of extreme leverage to fund M&A and buybacks combined with declining marginal returns on capital employed
  - U.S. over-leveraged domestic cyclicals approaching the shake-out phase
  - Over-hyped, thematic "disruptors" (cloud, social, etc.) that are just weak imitators with deteriorating fundamentals
  - Low volatility, bond proxies favoured by passive strategies that confuse momentum with value and low volatility with quality, e.g. mobile telecom tower companies priced for the illusion of duration

Currency positions include:

- A partial hedge on the Chinese Renminbi (CNY) as cheap protection against the potential fallout from the excess capacity overhang. The Renminbi's real effective exchange rate has appreciated some 50% against trading partners over the past 10 years and resulted in a shrinking of the current account surplus from 10% to 2.4% of GDP (Chart 8). Evidence of slowing economic growth, as credit led fixed asset investment nears its limits, will result in more easing by the Peoples Bank of China (e.g. policy rate/Cash Reserve Requirement cuts and a weaker currency).
- As a direct manufacturing competitor, we expect the Korean Won (KRW) to be forced lower as China devalues, and have therefore partially hedged our KRW exposure.
- The long side of these hedges are shared across the U.S. Dollar (USD), Australian Dollar (AUD), British Pound (GBP) and Norwegian Krone[8] (NOK). Given Norway's fortress like balance sheet and emerging inflation combined with rebound in the Oil price, the Country's key export, a currency supportive tightening cycle would seem inevitable.

7 To learn more about our high yield thesis, see our research note "The Global Corporate Debt Unwind" at antipodespartners.com/wp-content/uploads/The-corporate-debt-unwind.pdf or webinar "Macro matters, but so do stocks" at youtu.be/rS9k9zFA7Mw

8 See our blog post "NOW THAT'S A COMMODITY DIVIDEND" at antipodespartners.com/now-that's-commodity-dividend/

Feature - Baidu

Testing the Thesis

Baidu, the dominant search engine and "Google" of China, has been a foundation holding at Antipodes Partners. We originally featured the business in our September 2015 Quarterly Report and later expanded the investment case via our Blog in December 2015. Every stock in Antipodes' Funds undergoes ongoing testing of our expectations regarding a margin of safety and multiple ways of winning relative to the reality of the investment. In this sense Baidu has not performed in line with expectations as many of its Chinese and Western internet peers reach new highs.

Key drivers of the original investment case were:

- A dominant Chinese internet search leader supported by market leading applications (Maps, Video, News, Travel, etc.) that could help grow and sustain its dominance
- A sensible USD3bn investment in Online to Offline' (O2O) based businesses aiming to generate transactional based commissions on consumer search services, such as, food delivery and movie coupons
- Despite the noise from foreign investors at the time, we were comfortable with the macroeconomic related risks China's economy presented
- A Margin of Safety. We valued the Search business at USD100bn, other businesses and investments at USD14bn, giving Baidu a total valuation of USD114bn versus a market capitalisation of USD75bn at the time

Setbacks

2016 was a difficult year for Baidu. Starting in May, China's aptly named Internet regulator, the Cyberspace Administrator began formally investigating Baidu's search platform, using the pretext of medical and healthcare advertising to impose restrictions. The initial findings resulted in Baidu having to modify its search results to better disclose online marketing, restrict healthcare-related marketing without prerequisite qualifications, and to use credibility and reputation as part of the algorithmic ranking of medical-related services. The final investigation outcome and recommendations were even more detrimental to the search business.

Firstly, Baidu was forced to permanently reduce the maximum ad load on its search results pages from 7 to 3 (~10% of revenue in slots 4-7) and the advertisements had to be very clearly labelled, reducing the rate of customer click through. Opportunistically, the Government introduced a 3% revenue tax on internet search! Finally, the compliance burden for Baidu and its customers ballooned after every online advertiser was required to hold or apply for an Internet Content Provider (ICP) license. Baidu suffered, with unlicensed Medical and Financial Services customers (~35% of total search revenue) immediately suspended from advertising on the platform.

The other drag on Baidu's growth has been losses from O2O operations. Whilst O2O GMV grew 84% to USD10.7bn in 2016, operating losses also grew to USD1.8bn on revenue of just USD720m (i.e. 6-7% take rate on GMV). In a year when the core search business underperformed, the market quickly lost patience with these investments.

Multiple Ways of Winning

Despite the setbacks noted above, our recent review of the investment case has, in fact reinforced our view that Baidu offers both a significant margin of safety and multiple ways of winning.

The core internet search business remains both dominant and extremely profitable. Search today still accounts for 77% of group revenue and Baidu has increased market share to around 90% of the total Chinese internet search market. Search capabilities have expanded through the news/content service "Baijiahao" with over 200,000 content providers signing on. Now when consumers search via their mobile application, below the ubiquitous search box can be found a tailored offering of news, weather and video content – curated by Baidu's artificial intelligence algorithms. This service is witnessing rapid adoption by the existing user base and has material monetisation potential.

Baidu's initiatives in machine learning and artificial intelligence have provided a pathway to more than 60 automotive partnerships in China with agreements to install its automotive software platform in over 150 vehicle models by 2020. Given ~1/3 of global auto sales are in China, the autonomous driving software opportunity could prove very lucrative with as much as US$500 of content per vehicle. China is also likely to regulate autonomous vehicles earlier than Western markets to generate an export opportunity for Chinese companies.

Further, the company has indicated it will significantly reduce the losses from its O2O businesses and divert some products to traditional CPC monetisation which will potentially lower costs and increase revenue. Eliminating or reducing O2O operating losses could significantly boost underlying group earnings over the coming 1-2 years.

iQiyi, now China's largest online video streaming service, is one of Baidu's most promising businesses with revenues in excess of $USD2bn and a user base which has grown to 125mln daily. The company is evolving the model from ad supported to subscription based which should provide greater stability and lessen potential canibalisation of core search advertising.

Market consensus appears to embed search growth rates of high single digits over the coming 1-2 years, well below global peers and the 27% growth achieved in a much weaker 2015 Chinese economy. While we acknowledge that 2016 was disappointing, it was due almost entirely to the regulatory setbacks outlined above and growth rates can recover to be more in line with global peers in the second half of 2017.

Margin of Safety

Baidu's balance sheet is sound and includes USD12bn of net cash and investments, the latter of which includes a 20% stake in China's leading online travel portal Ctrip.com International (Ctrip) and a smaller stake in the leading private ride sharing company Didi Chuxing Technology Co (Didi). Hence today's USD60bn market capitalisation can conservatively be reduced to an Enterprise Value (EV) of USD48bn which implies a valuation of just 10x 2017 EBIT for Baidu's core Search business (well below international peers) and zero value attributed to other promising interests in iQiyi, transaction services and Artificial Intelligence/machine learning. In 2016, Baidu's shares declined 13% and are down 25% from their 2014 highs at a time when internet properties around the globe have enjoyed a golden era of performance and trade at record valuations today. We expect our patience to be rewarded over the medium term as the market once again embraces Baidu's virtues and some of the 2016 headwinds dissipate.

Outlook

Note: Cyclically Adjusted PE, Sector and Factor definitions can be found in the Glossary

Socio-Macroeconomic Overview

The quarter offered a series of vignettes relevant to the longer-term macro discourse, including:

- An emerging "cold war" like stand-off between China and the U.S. over the management of North Korea's nuclear arms ambitions, with South Korea and Japan somewhat caught in the middle
- The growing unpredictability of Western electoral outcomes most intensely felt in ongoing questions regarding the future of the Eurozone
- Related to this, the difficulty leaders, such as Trump, face in enacting change, e.g. the Republican failure to reach a consensus on the roll-back of Obamacare, which in turn feeds greater electoral polarisation

Accordingly, over the quarter, European domestic equities reacted negatively to a widening of Peripheral sovereign bond spreads (where the Periphery now seems to include France) and U.S. domestic equities sold off on concerns regarding the delay of tax reforms. Ironically, amidst this uncertainty, China appears to be relatively stable, a stark contrast to how markets were positioned just over 12 months ago when China was arguably priced for a hard landing. Since this time, Chinese growth sensitive equities such as Commodities and Emerging Markets have strongly outperformed, a prescient reminder that, as investors, a discussion regarding any of these matters is only meaningful if it includes some reference to how risk is priced.

Table 3, Figure 1, Charts 1 and 2 apply our proprietary quantitative tools to determine the broad geographic sector and factor exposures that are *most* or *least* prospective for future returns. We use these as a contextual framework (or peripheral vision) rather than a deterministic tool for allocating team resource. Furthermore, if valuation dispersion is high across sectors or factors, as it is today, a competent stock picker will find attractive investment opportunities regardless as to whether the broader group appears expensive. Above all, the analyst will have the benefit of the broader contextual thinking of the CAPE analysis, sector/factor heat-maps and industry/company level screening before commencing any deep dive analysis.

To the extent that we describe a sector or factor as cheap/attractive or expensive/unattractive we're referring to a historical mean reversion relationship. Clearly, there are limitations to such a framework, i.e. this is not a statement regarding absolute value as this can only be made after performing our industry/stock level analysis. However, at a large sample size and in the right hands, such a framework still has merit.

Geographic Sector Valuations

TABLE 3: FUTURE EXPECTED SECTOR AND GEOGRAPHIC RETURNS (2017)

	North America					Western Europe					Developed Asia					Emerging Asia				
	% of ACWI	PE NTM	CAPE Cur.	CAPE median	**EMR ann.**	% of ACWI	PE NTM	CAPE Cur.	CAPE median	**EMR ann.**	% of ACWI	PE NTM	CAPE Cur.	CAPE median	**EMR ann.**	% of ACWI	PE NTM	CAPE Cur.	CAPE median	**EMR ann.**
Global Sectors																				
Global Cyclical	15.4%	19.9x	24.2x	23.0x	**4%**	5.3%	18.7x	21.4x	18.5x	**-1%**	5.3%	15.7x	19.4x	25.3x	**17%**	0.9%	21.5x	17.9x	12.0x	**-15%**
Global Defensive	18.7%	22.6x	27.8x	27.2x	**3%**	7.3%	22.2x	26.4x	22.5x	**1%**	1.7%	23.7x	29.7x	28.0x	**4%**	0.6%	27.8x	29.2x	28.6x	**2%**
Precious	0.4%	40.7x	40.7x	65.8x	**-2%**	0.1%	17.8x	31.1x	27.7x	**0%**							33.7x	43.7x	26.2x	**-15%**
Domestic Sectors																				
Domestic Cyclical	9.7%	22.3x	29.9x	25.1x	**2%**	2.2%	17.1x	17.5x	21.5x	**12%**	0.6%	21.4x	23.4x	25.2x	**7%**	0.9%	18.4x	14.9x	15.5x	**0%**
Domestic Defensive	5.8%	19.5x	25.2x	18.4x	**-1%**	2.0%	16.7x	15.5x	20.0x	**6%**	1.4%	14.1x	21.9x	25.1x	**11%**	0.7%	17.6x	16.2x	17.0x	**3%**
Financials	8.4%	15.7x	19.6x	19.2x	**6%**	3.4%	13.2x	14.0x	21.3x	**19%**	1.3%	11.3x	13.8x	20.0x	**20%**	1.3%	13.6x	13.4x	20.8x	**20%**

See Glossary for CAPE, EMR and Sector definitions. Source: Antipodes Partners

In terms of the broader outlook for equity markets, we find it useful to examine the long-term empirical data in terms of what starting multiples imply for expected future returns. Given broad differences in the timing of earnings cycles across both regions and sectors, we prefer to measure broader expectations for future returns based on "Cyclically Adjusted PE" (CAPE) based valuations. On this basis, the more attractive broad sectors are Developed Asia Global Cyclicals, European Domestics and Financials in all markets outside of North America. The least attractive areas are dominated by the very large Global Defensive sector (28% of global market capitalisation) and North American Domestics (be they Defensives or Cyclicals, in total, another 16% of global market capitalisation).

Our Region-Sector Heat-map (Figure 1) further extends this analysis and we broadly observe:

- Consumer Staples enamored for their perceived Profitability and Growth characteristics (Chart 1), though having significantly underperformed over the past 12 months, still remain one of the most expensive Developed Market sectors
- Healthcare has underperformed to the point now that relative value has appeared
- Interestingly, in a market paying-up for yield (Chart 2) and Global Defensive exposures, Domestic Defensives including traditional yield sectors such as Utilities and Telecommunications have become very cheap, coinciding with the apparent value of Good Yield (funded through cash-flow); within the Global Funds we have taken advantage of this primarily within our European Recovery exposure
- Financials though having significantly outperformed over the past 12 months remain one of the cheapest sectors globally with sentiment and profitability expectations weighed down by macro-concerns, low rates and yield curve compression
- As the broad relief rally in China growth sensitive equities has played out over the past 12 months, Materials have significantly outperformed, though Energy has lagged and remains one of the cheapest sectors globally

Factor Valuations

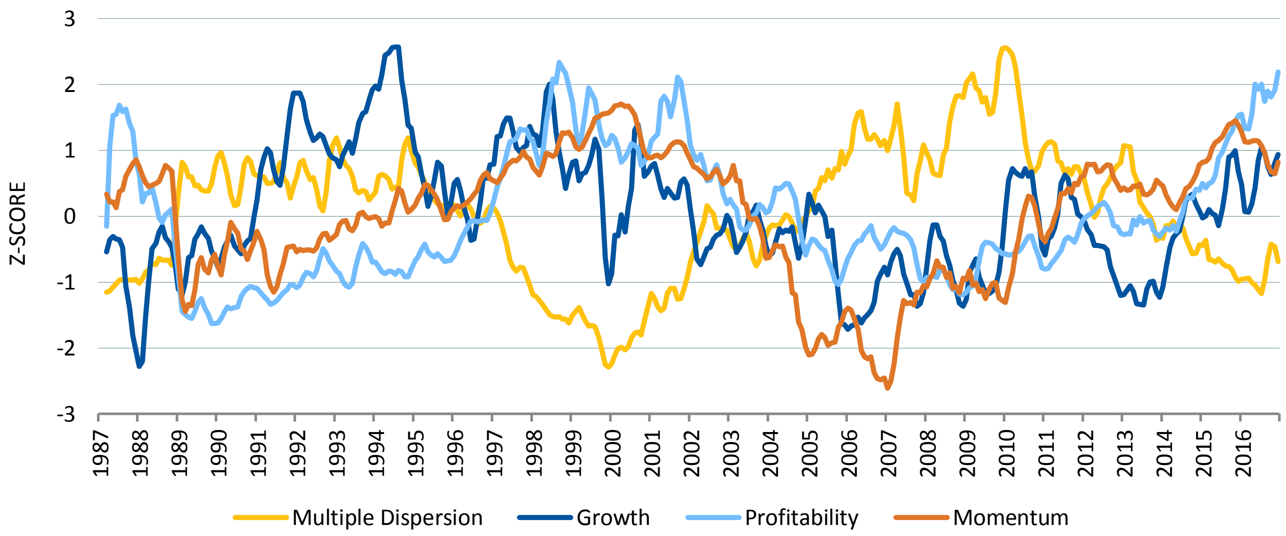
Most quantitative strategies would measure the attraction of a certain “factor” exposure on the basis of its price momentum. These same systematic strategies see Value as a separate factor, by which they mean low multiple stocks, but will only buy Value if it exhibits momentum. At Antipodes Partners, we worry that factors favoured by systematic strategies will eventually become overvalued (a symptom of crowding), offering little margin of safety at the stock level and exposure to “regime change” style draw-down risk at the portfolio level. Hence, we value a range of factors (e.g. Profitability, Growth, Multiple Dispersion, Yield, Good Yield, Momentum, etc., Charts 1 & 2) rather than Value in isolation (we prefer to label Value as Multiple Dispersion to make a clear statement that the starting multiple is meaningless without the context of growth).

Keeping with our philosophy of finding investments with multiple ways of winning, another way we can win is by gaining:

- Cheap exposure to an expensive factor, e.g. Cisco Systems, a very cheap “Profitability” exposure at a PE of 13x where an equivalent exposure would cost on average +20x PE
- An exposure to an out of favour factor based on the view that the market view may change, e.g. “Good Yield” (cash-flow funded) is offered cheaply by many Utility and Telecommunication stocks, as opposed to the expensive “Bad Yield” (capital market funded) offered by many Infrastructure stocks

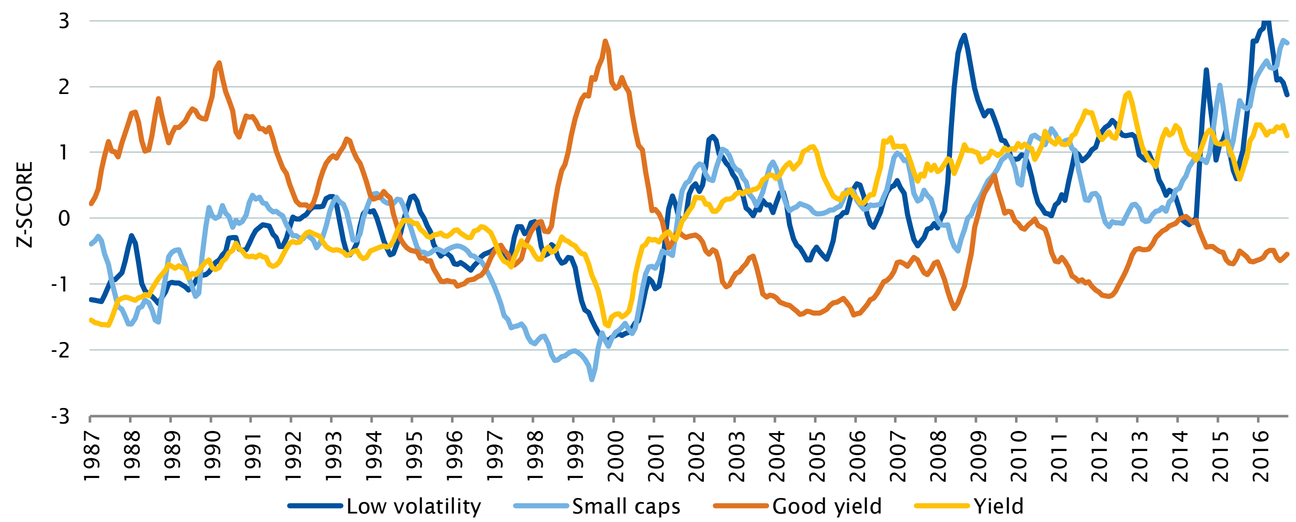
Accordingly, Charts 1 and 2 apply our proprietary quantitative tools to determine how expensive various factors have become relative to the last 30 years (expressed as a Z-Score) by comparing the valuation of the MOST PROFITABLE (HIGHEST GROWTH/MOMENTUM or LOWEST MULTIPLE) stocks to the LEAST PROFITABLE (LOWEST GROWTH/ MOMENTUM or HIGHEST MULTIPLE) stocks.

CHART 1: Z-SCORE (MEDIAN EV/CE OF UPPER QUINTILE RELATIVE TO LOWER QUINTILE 1987 - 2017)



See Glossary for factor definitions. Source: Antipodes Partners

CHART 2: Z-SCORE (MEDIAN EV/CE OF UPPER QUINTILE RELATIVE TO LOWER QUINTILE 1987 - 2017)



See Glossary for factor definitions. Source: Antipodes Partners

With reference to Charts 1and 2 we note:

- The market is celebrating stocks that display high Profitability, Growth and Momentum independently of starting multiple. Further, it's noteworthy that the market's willingness to pay-up for Growth, Profitability and Momentum is approaching the heady days of the late 1990's tech bubble. One can also observe the subsequent derating that occurred as high Growth and Profitability attracted competition and these stocks lost their allure, a clear example of how a high starting multiple was predictive of future sub-par returns.
- Momentum is simply the outcome of the market's obsession with an ever narrowing group of stocks selected on a systematic preference for high Growth and Profitability. Whilst clearly Growth and Profitability matter, for Antipodes Partners these descriptors only offer real meaning in the context of valuation rather than momentum.
- A global preference for small-mid caps over large caps, especially in North America, with Asia Ex-Japan the major exception; in many ways an extrapolation of the valuation dispersion observed between hyper and mature growth businesses.

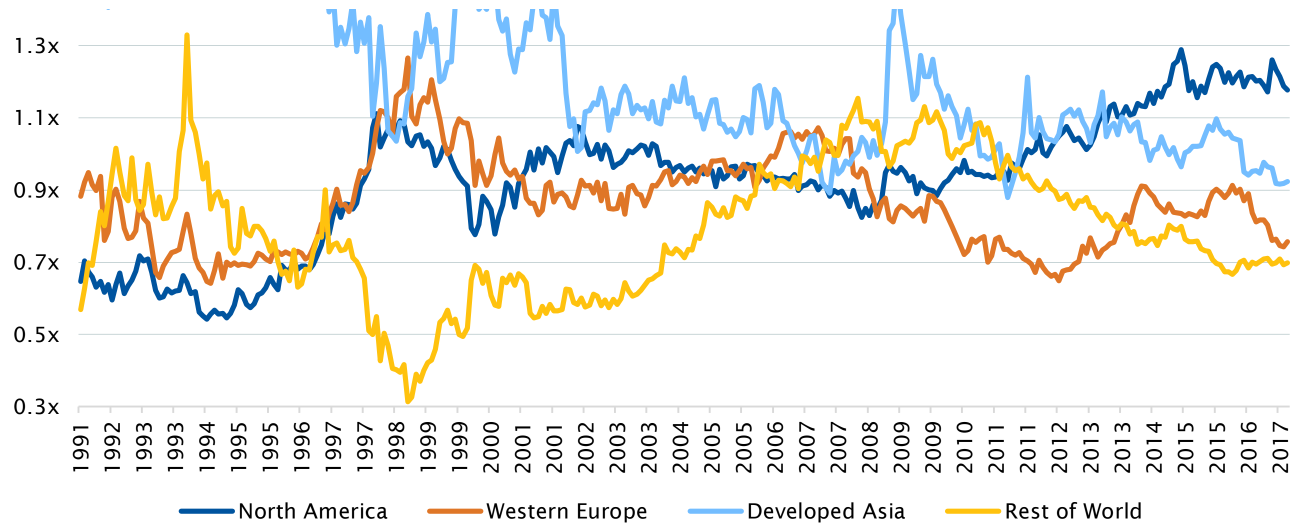
- Extreme thirst for equities with bond like characteristics, i.e. Yield and Low Volatility, without concern as to the inherent risk equities represent. Interestingly, the market fails to pay a premium for Good Yield over Bad Yield.
- Encouragingly, Multiple Dispersion is evident across all regions

More specifically, extreme policy settings in Europe/Developed Asia have led to severe investor herding, evidenced by the extreme overvaluation of Profitability and Growth in these regions. Ironically, investors have the cheapest opportunity to buy balance sheet Resilience and cash covered dividends (Good Yield), even though macro concerns are heightened!

Market Outlook

Let's step-back though and consider the broader question of bond versus equity returns, after-all, equities don't exist in a vacuum. This is a multi-faceted question and here we will only consider the relative merits of various exposures. Generational low interest rates have been symptomatic of lower growth and inflation, made acute by central banks reacting to structural factors such as aging populations, integration of savings rich economies into the world economy, offshoring and more recently deleveraging and excess export capacity.

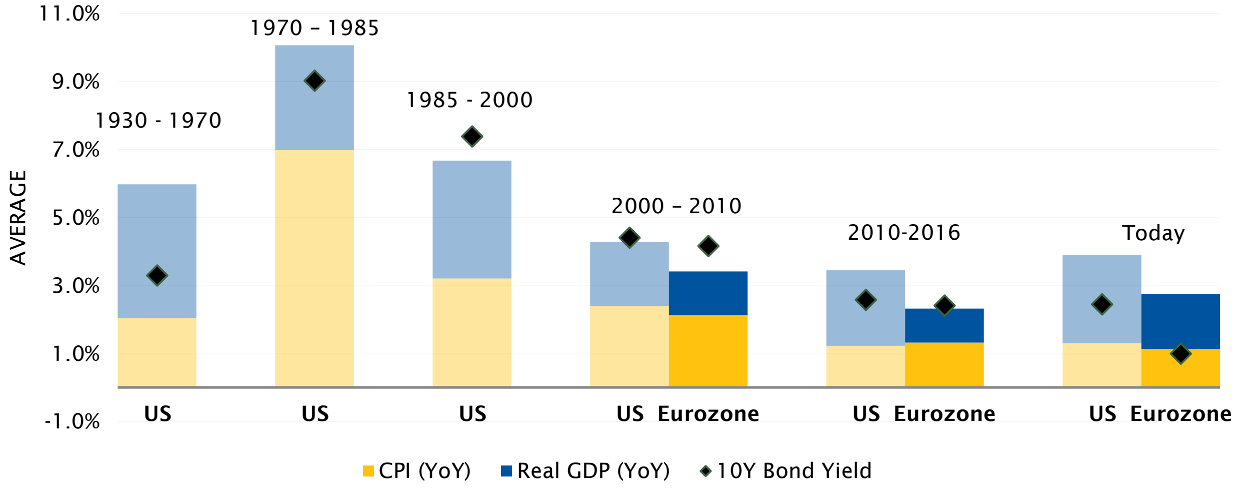
CHART 3: NORTH AMERICAN DOMESTIC EQUITY VALUATIONS ARE DISCOUNTING AN ACCLERATION IN GROWTH – 7Y CYCLICALLY ADJUSTED PE VS. WORLD (1990 - 2017)



See Glossary for CAPE definition. Source: Antipodes Partners

In our last quarterly report, we made a simple observation that considering how investors were positioned and the extremity of valuations (Table 3, Chart 3), U.S. domestically orientated sectors (Retail, Services, Communications and Infrastructure) were increasingly vulnerable to a set-back given the uncertainty that Trump represents. Whilst we've seen a small reset, our CAPE analysis (Table 3) highlights that this remains one of the least attractive parts of the global equity market for prospective returns. That is, U.S. Domestic Equities are priced as if Trump's agenda is signed, sealed and delivered.

CHART 4: EUROZONE BONDS ARE DISCOUNTING A STEEP DECELERATION IN GROWTH (2000 – 2017)



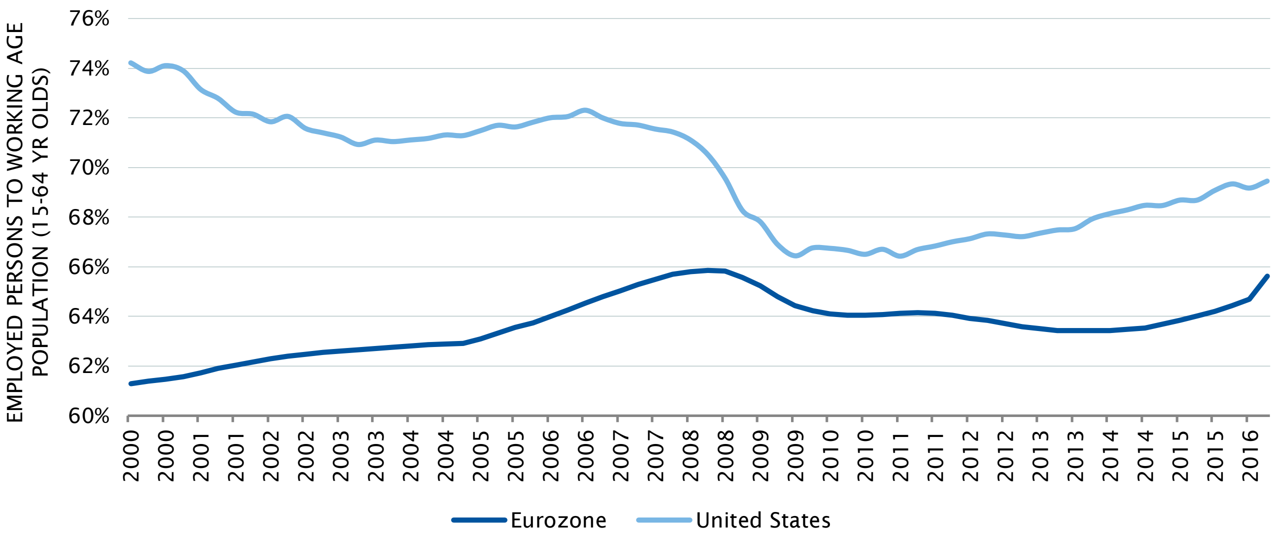
Source: Factset, Robert Shiller, Eurostat

As we highlight in Chart 4, since the 1970's there has been a tight relationship between average nominal 10 year U.S. bond yields and average nominal GDP growth, though we caveat this inference – in the 40 years following the Great Depression, U.S. yields failed to keep pace with nominal growth. In a cyclical sense, global growth has been accelerating for most of the year. Whilst we would hesitate to extrapolate a higher structural rate of long-term global growth, the recent move in rates highlights that global long-term bond yields may have been mispriced, i.e. too low, relative to growth and that this mispricing may be most extreme in the Eurozone.

The more granular observation would be that German yields represent the extreme of global bond mispricing only making sense as a safe-haven asset in an extreme event such as an Italian Eurozone exit. However, taking that turn of events to its logical conclusion, if a weak member such as Italy was to leave, the residual membership by definition looks stronger, i.e. the Euro would increasingly look like the old Deutsche Mark. It seems hard, longer term, to sustain a world of super-low German Bund yields and a weak Euro currency when German nominal growth is tracking +3%.

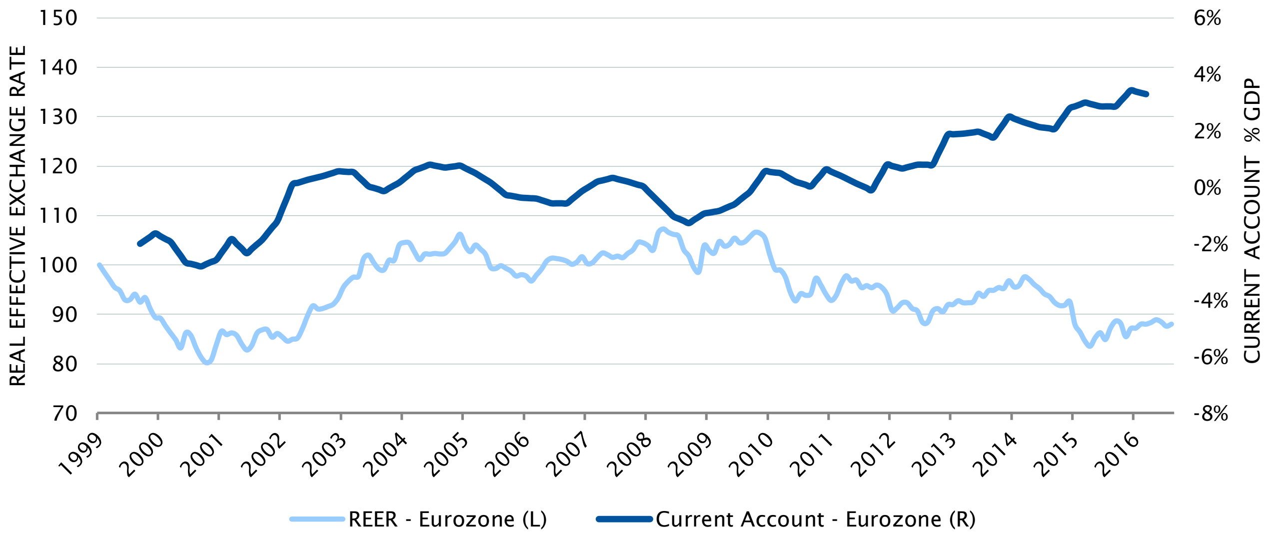
The French Presidential elections (23 April; run-off if need be 7 May) and Legislative elections (11 and 18th June) remain the last of the major Eurozone political events for the year in that the outcome of the German elections (24th September), dare we say, seem far less important given the likely mainstream choices. We don't believe we can add much value in attempting to predict outcomes other than to observe that the French version of parliamentary democracy seems designed for inertia, even more so than the U.S. version, in that the President has very little real power without the backing of Parliament. Whilst a Le Pen victory would likely trigger a round of Eurozone risk aversion, it should not be equated with a French exit from the Eurozone. That would remain a very complicated and, hence, unlikely outcome regardless of how aggressively markets wish to price this.

CHART 5: EUROZONE EMPLOYMENT HAS RECOVERED TO PRE-GFC LEVELS (2000 – 2017)



Source: OECD, BLS, Antipodes Partners

CHART 6: BENEFITS OF A COMPETITIVE EXCHANGE RATE (1999 – 2017)



Source: BIS, Antipodes Partners

On the flipside, absent a negative political surprise, post the French elections, the European Central Bank (ECB) will come under intense political pressure to normalise policy. European economic fundamentals are much stronger than the headlines imply. Based on a workforce participation measure of employment, the Eurozone recovery in employment has been stronger than that in the U.S. (Chart 5). This shouldn't surprise given the Euro is super-competitive trading close to its lows on a Real Effective Exchange Rate (REER) basis (Chart 6). Further, the data suggest that in the face of uncertainty Europeans have deferred consumption which may ultimately result in a catch-up phase and a much more durable recovery.

Given Europe's status as a very large exporter of savings to the rest of the world, the knock-on effects of such a potential policy normalisation should not be underestimated (beyond the potential for the Euro to rebound, just a general tightening in global liquidity conditions). Already the ECB is discussing hiking rates even as it keeps up its rate of QE, i.e. reversing the order of tightening that the Federal Reserve adopted. Why would it do this? Primarily to improve the profitability of the European banking sector, encourage lending whilst also keeping a lid on sovereign yield spreads. Ironically, according to our heat-map, the cheapest sector globally is European Financials, the direct beneficiaries of such a policy.

In summary, the Eurozone bond market (and European Domestic facing equities, especially Financials) are discounting a deep deceleration in growth at the same time that North American domestic facing equities are discounting a reacceleration in growth. Without wanting to make a big call either way, we believe it's highly likely that both markets are mispriced.

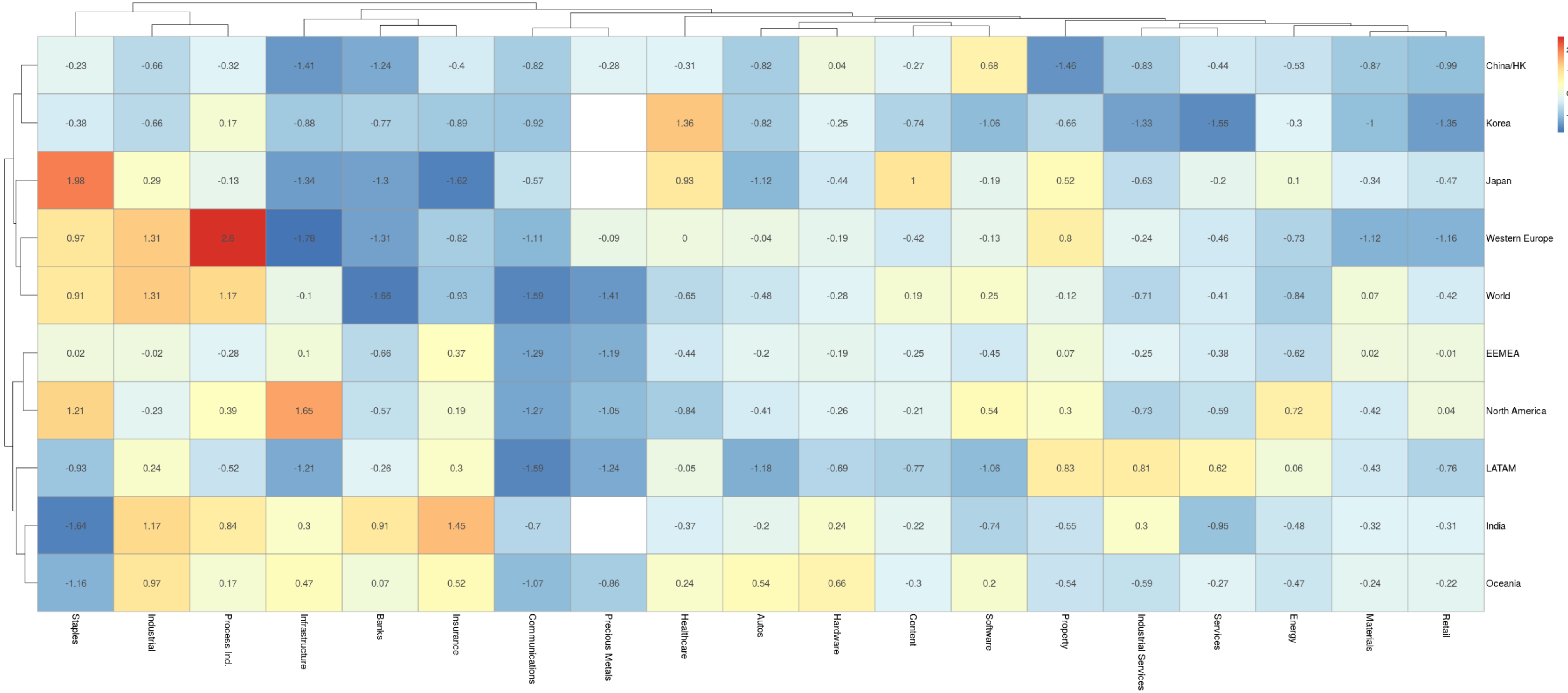
At the core of our investment philosophy we seek in our long investments both attractively priced businesses (margin of safety) and investment resilience (characterised by multiple ways of winning), with the opposite logic applying to our shorts, i.e. no margin of safety and multiple ways of losing. Whilst the investment case will **always** be predicated on idiosyncratic stock factors such as competitive dynamics, product cycles, management and regulatory outcomes, we seek to amplify the investment case by taking advantage of style biases and macroeconomic risks/opportunities.

In our last quarterly we noted that the blind assumption of unendingly low rates made the market vulnerable to a cyclical back-up in yields. Whilst this thesis initially played out and has partially reversed, we believe the risk is still asymmetrically priced. Accordingly, we are avoiding expensive versions of the bond proxies as long investments, accumulating selective opportunities, especially in Europe, that have suffered the most from yield curve compression whilst increasing our shorts on the beneficiaries of the low rate world, i.e. expensive bond proxies and growth.

In summary, we're encouraged by the growing valuation dispersion within and across markets (region/sector/factor) as we think this is indicative of broadening pragmatic value opportunities, both long and short.

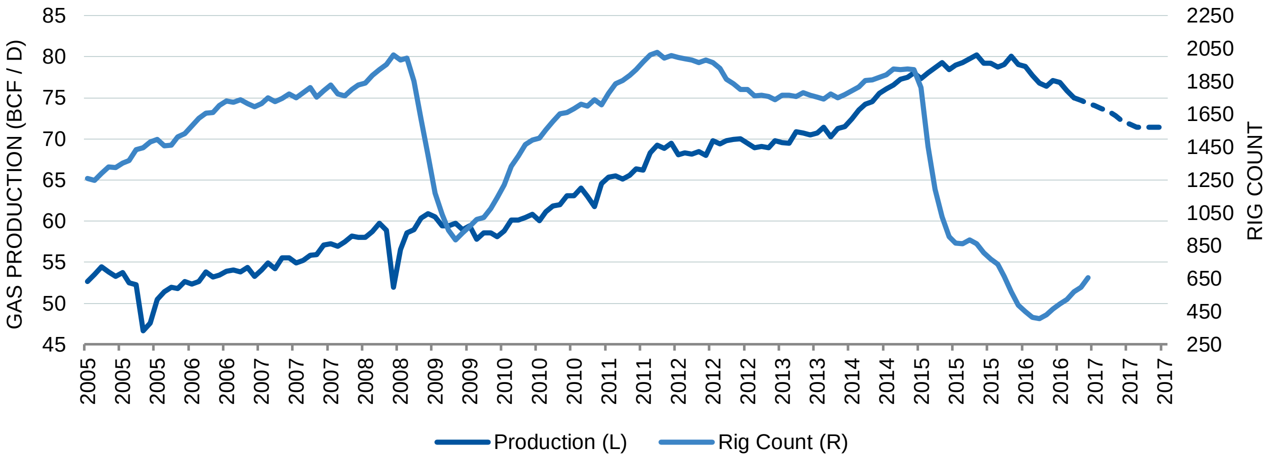
FIGURE 1: ANTIPODES PARTNERS REGION-SECTOR VALUATION HEAT-MAP

The Antipodes Partners Region-Sector Valuation Heat-map provides a more granular illustration of valuation clustering across sectors and regions. Cell colouring indicates the degree to which a sectors' enterprise value to sales multiple (price to book for financial sectors) relative to the world is above or below its 21 year relative trend (expressed as a z-score). The warmer the colour, the greater the relative multiple versus history; vice versa for the cooler blues, with extremes highlighted by the boldest of colours.



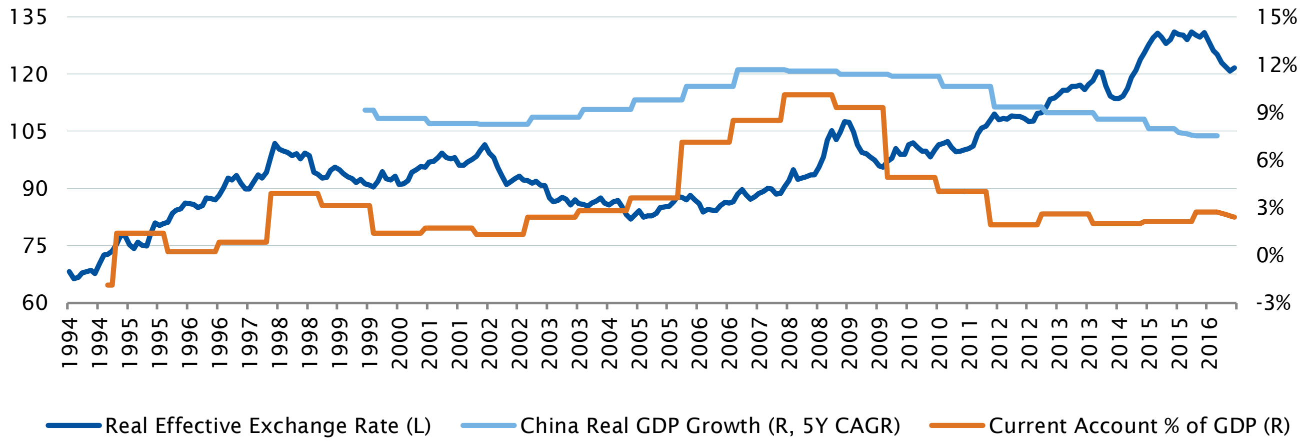
ADDITIONAL CHARTS

CHART 7: U.S. NATURAL GAS PRODUCTION AND RIG COUNTS (2005 - 2017)



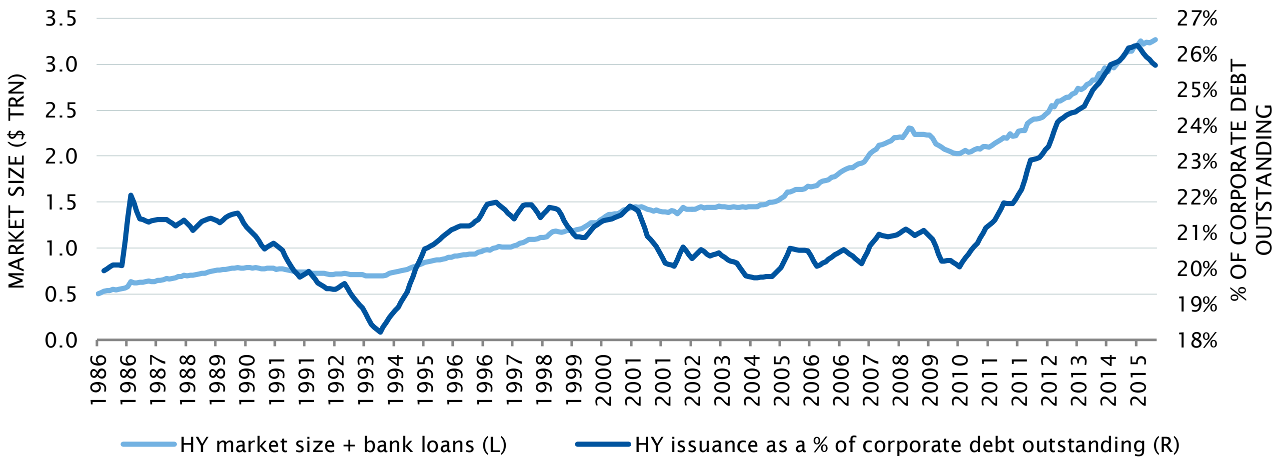
Source: EIA, Antipodes Partners

CHART 8: THE RENMINBI IS THE RELEASE VALVE (1994 – 2016)



Source: Federal Reserve, BIS

CHART 9: HIGH YIELD DEBT OUTSTANDING (1986 - 2017)



Source: Deutsch Bank

Glossary

ACWI

MSCI All Country World Net Index in AUD.

CAPITAL EMPLOYED (CE)

The capital used by a business to earn a return, i.e. net working capital, net property plant and equipment, non-goodwill intangibles (e.g. patents, spectrum licenses) and goodwill.

CLUSTER

A collection of positions which exhibit similarities in their return profile including operational, end-market, style and macro characteristics.

CURRENT ACCOUNT (CA)

The sum of a country's trade balance, income from abroad and net current transfers.

CYCLICALLY ADJUSTED PRICE TO EARNINGS RATIO

Today's price divided by average inflation adjusted earnings (averaged over 7 years to reflect a typical earnings cycle). Median CAPE's uses 25 years of history for developed markets and 20 years for emerging.

ENTERPRISE VALUE

The total cost to acquire a business on market, including all liabilities and obligations.

ENTERPRISE VALUE TO CAPITAL EMPLOYED (EV/CE)

The enterprise value of a company relative to its operating capital employed, including goodwill, but excluding associates and investments.

ENTERPRISE VALUE TO SALES (EV/SALES)

The enterprise value of a company relative to its sales. Sales may be reflect the last 12 months of operations or a future estimate.

EXPECTED MARKET RETURN (EMR)

The annualised expected market return if the 3Y forward CAPE (based on consensus estimates) were to revert to the median through price movements alone (capital gains) plus the long term average dividend yield.

EXPOSURE

See *cluster*.

FACTOR

Antipodes Partners defined factors include:

- *Bad Yield*; Yield funded through debt or equity issuance (as opposed to cash-flow), vice versa *Good Yield*
- *Good Yield*; Yield funded through cash-flow (as opposed to debt or equity issuance), vice versa *Bad Yield*
- *Growth*; A composite of short, medium and long term growth rates
- *Momentum*; A composite of short, medium and long term price change in common currency terms
- *Multiple Dispersion* or *"Value"*; A composite of valuation multiples, absolute and vs. world relative history
- *Profitability*; A composite of short, medium and long term profitability ratios
- *Resilience*; A composite of balance sheet quality and earnings stability ratios
- *Size*; Market capitalisation in common currency terms

- *Volatility*; Standard deviation of 180 day local currency price change
- *Yield*; Total yield to shareholders inclusive of net equity issuance

GROSS MERCHANDISING VALUE (GMV)

- Total value of merchandise sold over a period of time on an e-commerce website.

PERIPHERY

- In the context of the Eurozone, countries with a relatively smaller contribution to aggregate GDP than the core (Germany and France).

PRICE TO BOOK (PB)

The share price of a company relative to its book value per share (BPS). BPS may be reflect the last 12 months of operations or a future estimate.

PRICE TO EARNINGS (PE)

The share price of a company relative to its earnings per share (EPS). EPS may be reflect the last 12 months of operations or a future estimate.

REAL EFFECTIVE EXCHANGE RATE (REER)

A weighted average of a country's currency relative to its trading partners, adjusted for the effects of inflation.

SECTOR

Antipodes Partners defined global sectors include:

- *Global Cyclicals*; Energy, Industrial Services, Materials, Process Industries, Industrials, Autos and Hardware
- *Global Defensives*; Software, Healthcare, Staples and Content
- *Precious*; Gold and other Precious Metals

Antipodes Partners defined domestic sectors include:

- *Domestic Cyclicals*; Retail, Services and Property
- *Domestic Defensives*; Communications and Infrastructure
- *Financials*; Banks and Insurance

STYLE

See *factor*.

Z-SCORE

A quantity expressing the degree to which something differs from the mean, or average. A score greater than 0 suggests a value that is greater than average and vice versa.

Fund Summaries

	Antipodes Global Fund – Long Only	Antipodes Global Fund	Antipodes Asia Fund
Investment Objective	Outperform the benchmark over the investment cycle (typically 3-5 years) at below market levels of risk	Absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years) at below market levels of risk	Absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years) at below market levels of risk
Typical Investment Range	Equity exposure: 75-100% Cash: 0-25%	Net equity exposure: 50-100% Max gross exposure: 150%	Net equity exposure: 50-100% Japan limit: 30%; Oceania & Non-Asian emerging market limit: 15%
Benchmark	MSCI All Country World Net Index in AUD	MSCI All Country World Net Index in AUD	MSCI All Country Asia ex Japan Net Index in AUD
Leverage	Not permitted	Max gross exposure: 150%	Max gross exposure: 150%
Stock Shorting	Not permitted	Permitted	Permitted
Derivatives	Hedging for risk management limited to 10% of NAV[9]	Permitted	Permitted
Currency Management	Hedging for risk management[10]	Permitted	Permitted
Fee Structure	1.20% plus performance fee of 15% of outperformance above benchmark net of base fee	1.20% plus performance fee of 15% of outperformance above benchmark net of base fee	1.20% plus performance fee of 15% of outperformance above benchmark net of base fee
Buy/ sell spread	0.30% / 0.30%	0.30% / 0.30%	0.30% / 0.30%
Distribution frequency	Annual	Annual	Annual
APIR code	WHT0057AU	IOF0045AU	IOF0203AU
ARSN code	118 075 764	087 719 515	096 451 393
Platform availability	FirstWrap HUB24 mFund (AGP01)	Aegis AMP North Asgard BT Panorama BT Wrap FirstWrap HUB24 IOOF – Portfolio Service Macquarie Wrap Macquarie Accumulator MLC Navigator Netwealth PremiumChoice	AMP North BT Panorama BT Wrap HUB24 IOOF – Portfolio Service Macquarie Wrap MLC Navigator Netwealth PremiumChoice

9 By using exchange trade derivatives; currency hedges excluded

10 Hedges would reference underlying stock exposures and a net short position would not be permitted

Antipodes Global Fund

ARSN 087 719 515 APIR IOF0045AU

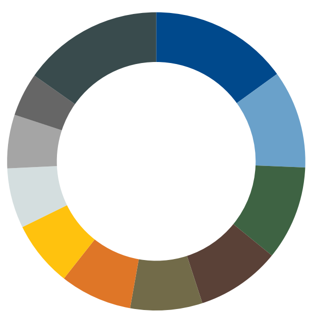
FUND UPDATE AS AT 31 MARCH 2017

FUND FACTS

Portfolio manager	Jacob Mitchell
Inception date[1]	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	$1,237m
Strategy	$2,021m
Unit redemption price	$1.5643
Changes to key service providers	Nil
Risk profile	High (refer to PDS)

[1] Investment strategy adopted 1 July 2015

SECTOR ALLOCATION[2]



[2] Antipodes Partners classification

TOP 10 HOLDINGS

Name	Country	% of Fund
Hyundai Motor Co.	Korea	4.6
Samsung Electronics	Korea	2.9
Baidu	China/HK	2.8
Gilead Sciences	United States	2.8
RWE AG	Germany	2.8
Cisco Systems	United States	2.7
Office Depot	United States	2.5
KB Financial Group	Korea	2.5
China Mobile Limited	China/HK	2.4
Inpex Corporation	Japan	2.4

GEOGRAPHIC ALLOCATION (%)

Region/Country[3]	Long	Net	Currency
United States	**22.8**	**5.0**	**36.0**
Developed Asia	**22.4**	**19.5**	**14.5**
Korea	13.4	13.4	7.6
Japan	9.0	6.2	6.8
Developing Asia	**19.6**	**16.5**	**9.6**
China/Hong Kong	17.2	15.5	7.4
India	2.3	0.9	2.2
Western Europe	**21.7**	**16.1**	**27.4**
Eurozone	19.1	15.7	17.0
United Kingdom	2.3	1.5	5.4
Other	0.4	-1.1	5.1[4]
Australia	**1.2**	**-2.1**	**11.3**
Other	1.7	1.7	1.2
Total Equities	**89.4**	**56.7**	-
Cash	**10.6**	-	-
Total	**100.0**	-	**100.0**

[3] Includes depositary receipts [4] 4.5% exposure to Norwegian Krone

Antipodes Global Fund – Long Only

ARSN 118 075 764 APIR WHT0057AU

FUND UPDATE AS AT 31 MARCH 2017

FUND FACTS

Portfolio manager	Jacob Mitchell
Inception date[1]	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	$531m
Strategy	$929m
Redemption price per unit	$1. 0770

[1] Investment strategy adopted 1 July 2015

SECTOR ALLOCATION[2]

[2] Antipodes Partners classification

TOP 10 HOLDINGS

Name	Country	% of Fund
Hyundai Motor Co.	Korea	4.7
Baidu	China/HK	2.9
Samsung Electronics	Korea	2.9
Gilead Sciences	United States	2.8
RWE AG	Germany	2.8
Cisco Systems	United States	2.6
Office Depot	United States	2.5
KB Financial Group	Korea	2.5
Telecom Italia	Italy	2.3
Inpex Corporation	Japan	2.3

GEOGRAPHIC ALLOCATION (%)

Region/Country[3]	Long	Currency
United States	**21.9**	**31.0**
Developed Asia	**22.3**	**15.5**
Korea	13.4	8.1
Japan	8.9	7.4
Developing Asia	**19.7**	**15.2**
China/Hong Kong	17.9	13.1
India	1.8	2.1
Western Europe	**21.0**	**27.7**
Eurozone	18.0	16.9
United Kingdom	2.3	5.1
Other	0.6	5.7[4]
Australia	**1.4**	**9.4**
Other	1.7	1.2
Total Equities	**88.0**	-
Cash	**12.0**	-
Total	**100.0**	**100.0**

[3] Includes depositary receipts [4] 4.8% exposure to Norwegian Krone

Antipodes Asia Fund

ARSN 096 451 393 APIR IOF0203AU

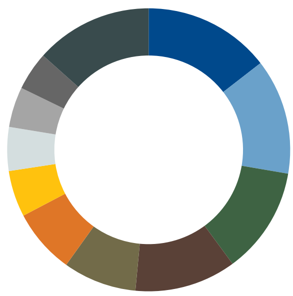
FUND UPDATE AS AT 31 MARCH 2017

FUND FACTS

Portfolio manager	Jacob Mitchell
Inception date[1]	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	$59m
Unit redemption price	$1.2387
Changes to key service providers	Nil
Risk profile	High (refer to PDS)

[1] Investment strategy adopted 1 July 2015

SECTOR ALLOCATION[2]



[2] Antipodes Partners classification. Long portfolio only

TOP 10 HOLDINGS

Name	Country	% of Fund
Hyundai Motor Co.	Korea	5.0
Samsung Electronics	Korea	4.0
KB Financial Group	Korea	3.9
Baidu	China/HK	3.9
China Mobile Limited	China/HK	3.3
Jiangsu Yanghe Brewery	China/HK	3.1
Inpex Corporation	Japan	2.8
Panasonic Corporation	Japan	2.7
PICC Property & Casualty	China/HK	2.7
ICICI Bank Limited	India	2.6

GEOGRAPHIC ALLOCATION (%)

Region/Country[3]	Long	Net	Currency
United States	-	-	**26.5**
Developed Asia	**36.8**	**30.7**	**27.5**
Korea	22.9	22.9	14.8
Japan	13.9	7.8	12.7
Developing Asia	**49.2**	**42.8**	**26.0**
China/Hong Kong	39.7	37.1	16.6
India	8.8	5.9	8.7
Other	0.7	-0.2	0.6
Australia	**2.2**	**-4.9**	**14.3**
Other	4.4	4.4	5.7
Total Equities	**92.6**	**73.1**	-
Cash	**7.4**	-	-
Total	**100.0**	-	**100.0**

[3] Includes depositary receipts

DISCLAIMER