

## Company commentary

Company performance for the month was -0.3%, underperforming the benchmark which returned -0.1% for the month. The key contributors and detractors are detailed under the Portfolio Commentary section below.

The NTA discount at which the Company's shares trade remained steady at approximately 10% during the month. The combination of improved investment performance of the portfolio and the Conditional Tender Offer (CTO) that triggered in October 2021, would result in an off market buy-back of up to 25% of the Company's shares at post-tax NTA less 2%, are both expected to continue to drive an improvement in the NTA discount during 2021.

The Company wishes shareholders a Happy New Year and thanks shareholders for their support in 2020, a strange year which saw the Company's share price start and end the year at the similar level of \$1.04 per share. This 'stability' in the share price masks the volatile global equity market experienced during the year which saw the Company's share price touch a low of \$0.805 on 23rd March 2020 as global markets reacted to the onset of COVID-19. The Company is pleased to report that the Company performance was up 3.5% for the year. Shareholders received a combined interim and final dividend for FY2020, paid during the year of 4.5c per share.

## Market commentary

Global equity strength continued in December (+4.6% in USD, -0.1% in AUD following US dollar weakness) as COVID-19 vaccine optimism continued to boost sentiment. Global cyclical stocks outperformed, however investors still exhibited stylistic preference for growth and momentum over low multiple - or value - stocks. Materials, Information Technology and Financials outperformed, whilst Utilities and Industrials lagged.

Emerging Markets (+2.5%) broadly outperformed, led by Korea (+11.3%), supported by continued weakness in the US dollar (DXY -2.1%) and optimism over the global economic rebound. China lagged (-0.5%) as the Chinese regulator announced anti-competitive policies and the US added more Chinese companies to a trade blacklist, prohibiting US persons from investing in companies with links to China military.

US equities (-0.6%) marginally underperformed, but were supported by the passage of another \$900bn stimulus package in response to the pandemic and the Fed's commitment to easy policy. Europe (0.0%) performed in line as the UK and EU finalised a Brexit deal, offsetting concerns over further lockdowns as virus cases escalated.

Elsewhere, Brent Crude rose strongly (+8.2% in USD) on demand optimism and Gold (+7.1% in USD) rebounded on higher inflation expectations.

## Portfolio commentary

Key contributors to performance included:

- Industrials cluster including Siemens and Norsk Hydro, following the outperformance of global cyclicals. Norsk, in particular, has rallied with the ongoing recovery in aluminium prices.
- Connectivity/Compute, notably Samsung Electronics on further evidence of improving supply-demand dynamics in DRAM memory due to limited supply growth, which bodes well for DRAM memory prices in 2021.

- Capital One Financial, Consumer Cyclical Developed Markets (DM), continued its strong performance in a month where US Financials outperformed on the back of rising yields, a successful stimulus package and greater clarity on distributions from the Federal Reserve.

Key detractors to performance included:

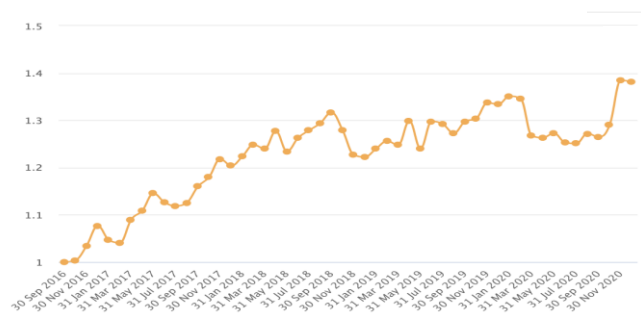
- Online Services EM, notably Alibaba and Tencent on continued regulatory pressure to prevent anti-competitive behaviour. We remain constructive on Chinese internet given the growth opportunity for e-commerce in lower tier cities and in new categories, and low penetration of digital ads.
- Healthcare cluster notably Sanofi, which indicated a six-month delay to their (second generation) COVID-19 vaccine to improve the immune response in the elderly.
- ING Groep, Consumer Cyclical DM, fell along with other European banks following the ECB's decision to limit capital distributions, including a recommendation to delay distributions until September 2021.

## Performance (%)<sup>1,2,3</sup>

	Company	Benchmark	Difference
1 month	-0.3	-0.1	-0.2
3 month	9.2	6.5	2.6
Year to date	3.5	5.9	-2.4
1 year	3.5	5.9	-2.4
3 year p.a.	4.7	10.6	-5.9
Inception p.a.	7.9	12.6	-4.7
Inception	38.1	65.3	-27.2

Past performance is not a reliable indicator of future performance. <sup>1</sup> Movement in NTA before tax for the period, adjusted for dividends and income taxes paid and the dilutionary effect of share capital transactions. This figure incorporates underlying portfolio performance net of portfolio related fees and costs, less administration costs of the Company. <sup>2</sup> MSCI All Country World Net Index in AUD (portfolio's benchmark). <sup>3</sup> Inception is 11 October 2016.

## Company performance since inception<sup>1,3</sup>



## Net tangible assets (NTA)<sup>5,6</sup> 4,7

Pre-tax NTA	Post-tax NTA
\$1.167	\$1.148

<sup>4</sup> These figures are unaudited and approximate only. <sup>5</sup> Pre-tax NTA includes provision for tax on realised gains/losses and other earnings, but excludes any provision for tax on unrealised gains/losses and any deferred tax assets relating to capitalised issue costs and income tax losses. <sup>6</sup> Post-tax NTA includes tax on both realised and unrealised gains/losses and other earnings, and includes deferred tax assets relating to capitalised issue costs and income tax losses.

<sup>7</sup> NTA before tax was \$1.156. This represents the NTA excluding all income tax related assets and liabilities. Company tax of \$0.002 was paid during the month.

## Dividend history

	Dividend per share	Ex date	Record date	Payable	% franked
APL	2.5c	08/09/20	09/09/20	30/09/20	50%
APL	2c	05/03/20	06/03/20	27/03/20	50%
APL	2.5c	06/09/19	09/09/19	14/10/19	50%
APL	2c	07/03/19	08/03/19	22/03/19	50%
APL	5c	19/10/18	22/10/18	31/10/18	50%

## Top 10 equity longs

Name	Country	Weight (%)
Électricité de France	France	3.3
Samsung Electronics	Korea	3.0
Ping An Insurance	China/HK	2.9
Microsoft	United States	2.9
Facebook	United States	2.8
Siemens	Germany	2.7
Taiwan Semiconductor	Taiwan	2.6
Capital One Financial	United States	2.5
Volkswagen	Germany	2.4
Merck	United States	2.4

**Asset allocation<sup>8</sup>**

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	91.1	0.9	-12.0	-4.3
Count	62	1	29	6
Avg. weight (%)	1.5	0.9	-0.4	-0.7
Top 10 (%)	27.5	-	-6.9	-
Top 30 (%)	63.8	-	-	-

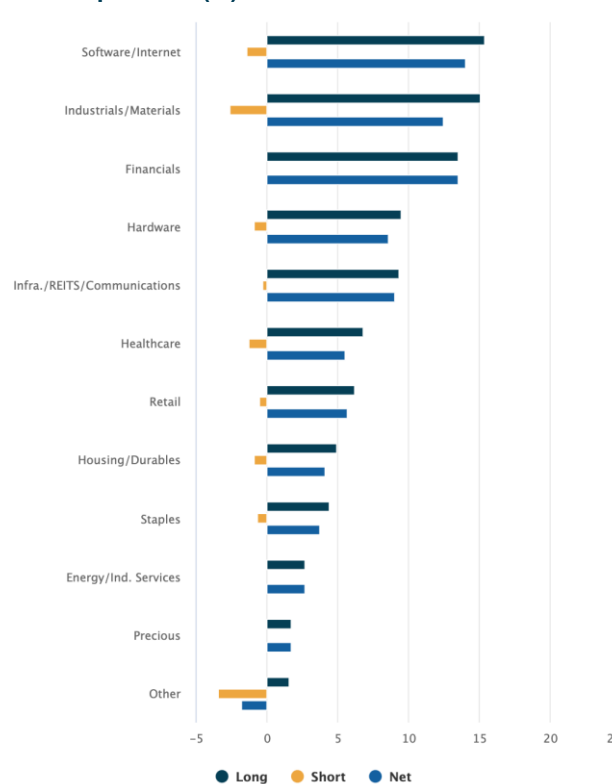
<sup>8</sup> Non-equity derivatives.

**Regional exposure<sup>9,10</sup> (%)**

Region	Long	Short	Net
United States	33.7	-7.9	25.8
Western Europe	21.8	-1.0	20.8
- Eurozone	15.8	-0.4	15.4
- Rest Western Europe	3.9	-	3.9
- United Kingdom	2.0	-0.6	1.5
Developed Asia	16.8	-3.2	13.6
- Korea/Taiwan	10.9	-0.1	10.9
- Japan	5.8	-3.1	2.7
Developing Asia	16.2	-	16.2
- China/Hong Kong	13.4	-	13.4
- India	2.8	-	2.8
Australia	2.7	-	2.7
<b>Total Equities</b>	<b>91.1</b>	<b>-12.0</b>	<b>79.1</b>
Other	0.9	-4.3	-
Cash	8.0	-	-
<b>Totals</b>	<b>100.0</b>	<b>-16.3</b>	<b>-</b>

<sup>9</sup> Where possible, regions, countries and currencies classified on a look through basis. <sup>10</sup> Antipodes classification.

**Sector exposure<sup>10</sup> (%)**



**Characteristics**

Investment manager	Antipodes Partners Limited
ASX code	APL
Inception date	11 October 2016
Listing date	18 October 2016
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.10% p.a. <sup>11</sup>
Performance fee	15% of net return in excess of benchmark

**Asset value**

Company net tangible assets <sup>4</sup>	\$548m
Market capitalisation	\$496m
Strategy AUM	\$5,856m

<sup>11</sup> Inclusive of the net impact of GST and RITC.

**Company features**

Aims to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years).

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% to 100%; maximum allowable gross exposure limit of 150% of NAV.

**About the Manager**



**Jacob Mitchell**  
Chief Investment Officer  
Lead Portfolio Manager

Antipodes Partners Limited is an award-winning global asset manager offering a fundamental, value-focused investment approach founded in 2015 by Jacob Mitchell, formerly Deputy Chief Investment Officer of Platinum Asset Management, together with a number of former colleagues and like-minded value investors.

Antipodes is majority owned by its investment team and its performance culture is underpinned by sensible incentives, a focused offering and the outsourcing of non-investment functions to minority partner Pinnacle Investment Management Limited.



**Further information**

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