

## Company commentary

Company performance for the month was -0.1%, underperforming the benchmark which returned 1.1% for the month. The key contributors and detractors are detailed under the Portfolio Commentary section below.

The Company continues its accelerated on-market buy-back and as at the end of July had bought back \$66.5m of shares at an average price of \$0.95 per share, equivalent to a volume weighted average NTA discount of 14.1%.

Buying back shares at a discount to their NTA has the effect of increasing the NTA per share. The impact from the Company buyback thus far has been approximately 1.8% accretion to the NTA per share. This should be seen as part of the Company's capital management plans, in addition to the 12 month dividend paid of 4.5c per share, equivalent to a dividend yield of 5.0% (before franking) using the 31 July closing price of \$0.905 per share. The Company reported that as at 30 June 2020, Antipodes (the Manager) and affiliates now own in excess of 11 million shares, up from 8.0 million shares at 21 January 2020, making them a top 10 shareholder.

## Market commentary

Global equity strength continued in July (+1.1%, +5.3 in USD) on optimism the COVID-19 impact on the global economy is past the peak combined with positive early stage vaccine trials. Technology remained amongst the strongest sectors. Cyclical sectors were mixed as Consumer Discretionary and Materials lead whilst Energy and Industrials lagged. Investors continued to rotate back into growth over low multiple – or value – stocks.

The key driver of regional equity performance was the weaker US Dollar (DXY - 4.2%). Chinese equities led (+6.8%), benefitting from this theme in addition to June data confirming the economy continued to show signs of normalisation. Emerging Market equities (+4.6%) outperformed on the weaker USD despite an uptick in cases in India and Brazil.

Within Developed Markets, US equities outperformed (+1.7%) with continued support from the large weighting in mega cap technology stocks. The lack of exposure to those sectors in Europe (-0.3%) and Japan (-5.5%) remains an important problem, whilst the weaker USD was a headwind. Europe did get a boost from the European Union agreeing a €750bn COVID-19 recovery fund backed by common bond issuance by the European Commission, a significant step toward potential fiscal integration. The Japan weakness weighed on Asian equities (+0.4%).

Elsewhere, the Gold rally continued given the weaker USD, accommodative central bank policy and record low US real yields. Oil rose 5.5% on better demand prospects.

## Portfolio commentary

Key contributors to performance included:

- Online Services – Emerging Markets (EM) and Developed Markets (DM) clusters, including Alibaba, Facebook, Roku, Amazon, Sony and Tencent as beneficiaries of the ongoing global at-home trends across e-commerce, social media, streamed content and gaming.
- Connectivity/Compute cluster, notably TSMC as the company reported strong business growth in its quarterly results driven by secular demand for its leading edge products among High Performance Compute and 5G oriented customers. Both TSMC and Samsung benefited from an

expectation of a longer term boost to earnings from Intel's possible transition of production from in-house manufacturing to contract manufacturing of their core CPU chips.

- Consumer Defensive – Emerging Markets (EM) cluster, notably Wuliangye as demand for premium baijiu continues to build amongst China's growing high income cohort.
- Newcrest Mining amidst continued Gold strength.

Key detractors to performance included:

- Industrials cluster including Honda and Volkswagen as earnings results reflected a downturn in auto sales from the economic impacts from COVID-19.
- Healthcare cluster, including Gilead and Roche where Q2 results fell short of expectations. Gilead's guidance boost from Remdisivir sales was not enough to offset disappointment from sharp declines in sales of hepatitis C and HIV treatments which we expect to recover. Softness in Roche's COVID-19 impacted Q2 sales is expected to reverse, while its strong pipeline should sustain growth despite competition from biosimilars.
- Software cluster, including VMware and Microsoft following extended periods of strong growth in enterprise demand for cloud solutions.
- Shorts, which can act as a headwind in upward moving markets.

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

	Company	Benchmark	Difference
1 month	-0.1	1.1	-1.2
3 month	-1.0	3.5	-4.5
Year to date	-6.2	-3.2	-3.0
1 year	-3.2	3.0	-6.2
3 year p.a.	3.8	10.9	-7.1
Inception p.a.	6.1	11.4	-5.4
Inception	25.1	51.0	-25.9

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
\$1.080	\$1.089

<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 \$1.070. This represents the NTA excluding all income tax related assets and liabilities. NO Company tax was paid or refunded during the month.

## Dividend history

	Dividend per share	Ex date	Record date	Payable	% franked
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 (%)
Alibaba	China/HK	3.2
Microsoft	United States	3.0
Ping An Insurance	China/HK	2.9
Facebook	United States	2.8
Siemens	Germany	2.8
Samsung Electronics	Korea	2.7
Électricité de France	France	2.7
Capital One Financial	United States	2.7
Roche	Switzerland	2.7
Merck	United States	2.7

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

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (% NAV)	95.7	-	-19.9	-4.9
Count	67	-	43	6
Avg. weight	1.4	-	-0.5	-0.8
Top 10 (% NAV)	28.2	-	-8.4	-
Top 30 (% NAV)	64.5	-	-17.2	-

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

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

Region	Long	Short	Net
North America	35.4	-13.7	21.7
Western Europe	25.7	-2.6	23.1
- Eurozone	19.0	-1.4	17.7
- Rest Western Europe	5.0	-0.3	4.7
- United Kingdom	1.7	-1.0	0.7
Developing Asia	18.0	-0.3	17.7
- China/Hong Kong	16.7	-0.3	16.5
- India	1.2	-	1.2
Developed Asia	14.1	-3.3	10.8
- Korea/Taiwan	8.5	-0.6	7.9
- Japan	5.7	-2.8	2.9
Australia	2.5	-	2.5
<b>Total Equities</b>	<b>95.7</b>	<b>-19.9</b>	<b>75.8</b>
Other	-	-4.9	-
Cash	4.3	-	-
<b>Totals</b>	<b>100.0</b>	<b>-24.8</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 asset value	\$516m
Market capitalisation	\$437m
Strategy AUM	\$5,594m

<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**

1300 010 311

invest@antipodespartners.com

Antipodes Partners Limited  
Level 35, 60 Margaret St  
Sydney NSW 2000 Australia

[antipodespartners.com/apl](http://antipodespartners.com/apl)

## Disclaimer

Antipodes Partners Limited (ABN 29 602 042 035, AFSL 481 580) ('Antipodes Partners', 'Antipodes') is the investment manager of Antipodes Global Investment Company Limited ABN 38 612 843 517 ('APL' or the 'Company').

Antipodes Global Investment Company (ACN 612 843 517) is the issuer of the shares in the Company under the Offer Document. Any offer or sale of securities are made pursuant to definitive documentation, which describes the terms of the offer ('Offer Document') available at [www.antipodespartners.com/apl](http://www.antipodespartners.com/apl).

Any potential investor should consider the relevant Offer Document before deciding whether to acquire, or continue to hold units in, an investment. Past performance is for illustrative purposes only and is not indicative of future performance. This communication is for general information only and was prepared for multiple distribution. This communication is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this communication nor anything contained in it forms the basis of any contract or commitment. Prospective investors who want to acquire under the offer will need to complete an application form that is in or accompanies the Offer Document. The Offer Document is an important document that should be read in its entirety before deciding whether to participate in the offer. Prospective investors should rely only on information in the Offer Document and any supplementary or replacement document. Prospective investors should contact their professional advisers with any queries after reading the Offer Document.

Whilst APL and Antipodes Partners believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, APL and Antipodes Partners disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information.

The information is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. The information in this communication has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. The issuer is not licensed to provide financial product advice. Please consult your financial adviser before making a decision. Any opinions and forecasts reflect the judgment and assumptions of APL and Antipodes Partners and its representatives on the basis of information at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future. The information is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from APL and Antipodes Partners.

The Zenith Investment Partners ("Zenith") Australian Financial Services License No. 226872 rating (Antipodes Global Investment Company Limited rating issued May 2019) referred to in this document is limited to "General Advice" (as defined by the Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Zenith usually charges the product issuer, fund manager or a related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessment's and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>