

Commentary

Global equity strength continued for a fifth consecutive month (+6.1% in USD, +2.9% in AUD, +4.6% in NZD) as global growth indicators picked up and COVID-19 vaccine developments progressed. Whilst some cyclical sectors outperformed, led by Consumer Discretionary and Industrials, investors continued to exhibit a preference for growth over low multiple - or value - stocks.

Japanese equities led (+7.6% in USD, +4.4% in AUD, +6.1% in NZD), regaining the ground lost at the end of July. Towards the end of the month, Prime Minister Shinzo Abe announced his resignation due to a long-standing health problem. Chinese equities were a small underperformer (+5.3% in USD, +2.1% in AUD, +3.8% in NZD) on rising tensions with the US, which imposed new sanctions on technology giant Huawei, although exports expanded strongly and COVID-19 infection rates fell.

US equities outperformed (+7.5% in USD, +4.2% in AUD, +5.9% in NZD) as the Fed confirmed monetary policy will remain supportive post a shift to an average inflation target. The strength in US technology giants continued unabated as investors increasingly view the tech sector as a COVID-19 haven.

Elsewhere, global bond yields rose from record low levels as risk appetite improved. Gold (-0.4% in USD) halted a five month winning streak. Brent Crude (+4.0%) rallied amid the threat of tropical activity in the US Gulf Coast interrupting supply.

Net performance (%)

	Fund	Benchmark	Difference
1 month	2.0	0.4	1.6
3 month	8.7	9.3	-0.6
Year to date	1.5	1.7	-0.3
1 year	8.6	10.8	-2.2
3 year p.a.	8.0	7.9	0.1
5 year p.a.	9.9	9.6	0.3
Inception p.a.	8.7	7.4	1.2
Inception	53.7	44.8	8.9

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

Performance & risk summary¹

Average net exposure	71.3%
Upside capture ratio	72
Downside capture ratio	33
Portfolio standard deviation	8.9%
Benchmark standard deviation	11.5%
Sharpe ratio	0.99

¹All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility. The Sharpe ratio measures returns on a risk adjusted basis with a figure > 1 indicating a higher return than the benchmark for the respective levels of return volatility

Performance contribution² (%)

	1 month
Long	2.5%
Short	-0.1%
Currency	-0.3%

⁴ Based on gross returns in AUD

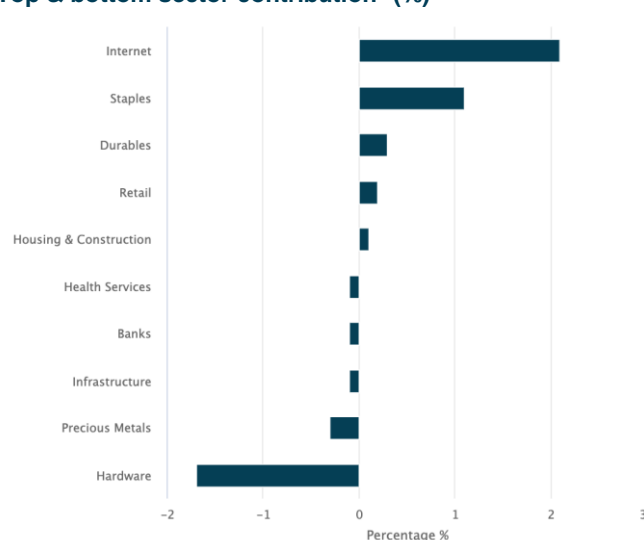
Key contributors to performance included:

- Online Services cluster including Alibaba, JD.com and Meituan. JD reported a 30% increase in customers and revenue, and a material increase in profitability thanks to cost control, whilst Alibaba announced its intention to separately list Ant Group (operates AliPay).
- Consumer Defensive cluster including Li Ning, Yili and Yum China on strong results and outlook. Li Ning reported a material increase in profit due to higher prices and cost control, guiding a stronger 2H20 as retail spending in China normalises. Yili reported growth in premium categories such as milk and ice cream, and continues to take share in yoghurt and milk. Yum China expects sales to continue to recover in 2H20 and is on track to open 800+ stores this year.

Key detractors to performance included:

- Connectivity/Compute cluster including Samsung Electronics, TSMC and MediaTek following escalation in US-China tech tensions, preventing Huawei accessing chips designed/manufactured using US equipment, after a period of outperformance. MediaTek is temporarily affected, though we expect the three players can emerge from this transition with secular trends intact.
- Newcrest as the gold price tapered, and following a period of outperformance.
- Shorts, which can act as a headwind in strong upward moving markets.

Top & bottom sector contribution³ (%)



³ Antipodes classification

Fund facts

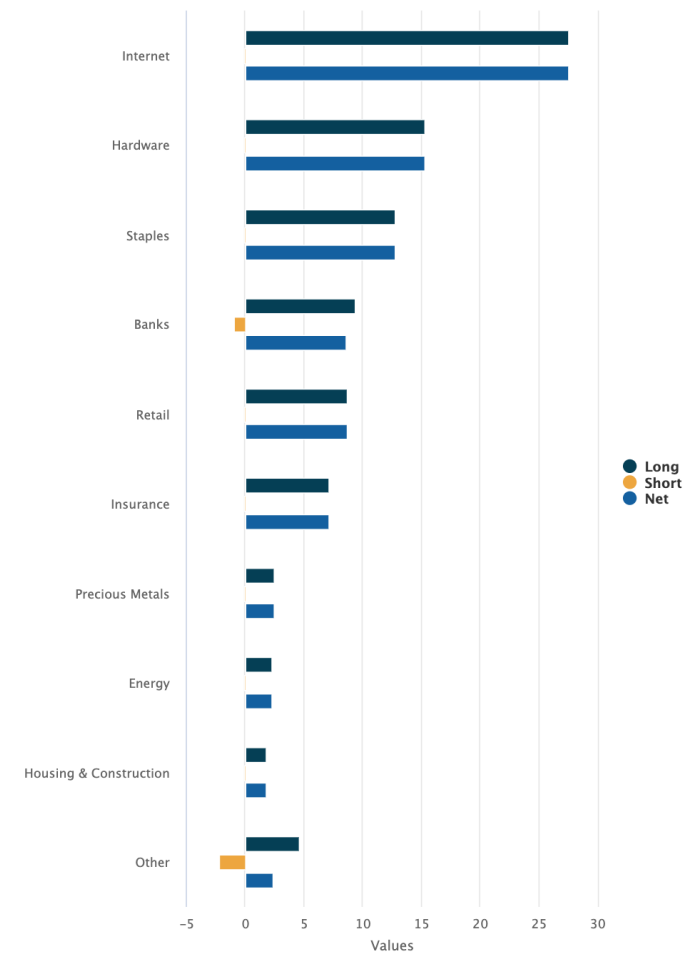
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country Asia ex Japan Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$78m
Strategy AUM	\$85m
Unit redemption price	1.3084

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (% NAV)	92.2	-	-3.1	-
Count	33	-	5	-
Avg. weight	2.8	-	-0.6	-
Top 10 (% NAV)	49.9	-	-	-
Top 30 (% NAV)	89.9	-	-	-

⁴ Call (put) options represented as the current option value (delta adjusted exposure)

Sector exposure^{4,5} (%)

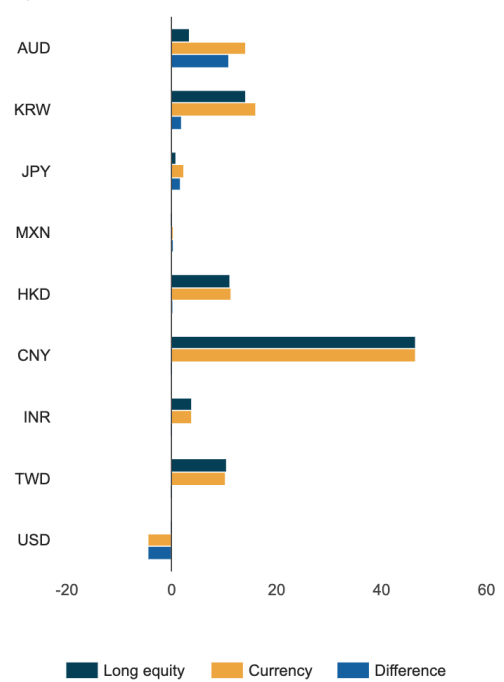


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Alibaba	China/HK	8.4
Tencent Holdings	China/HK	8.0
Taiwan Semiconductor Manufa...	Taiwan	7.0
Samsung Electronics	Korea	4.8
JD.com	China/HK	4.2
HDFC Bank	India	3.7
Inner Mongolia Yili Industrial Gr...	China/HK	3.6
Meituan Dianping	China/HK	3.5
NAVER	Korea	3.5
AIA Group	China/HK	3.3

Currency exposure^{4,5} (%)



⁶ Where possible, regions, countries and currencies classified on a look through basis

Regional exposure^{4,5,6} (%)

Region	Long	Short	Net
Developing Asia	63.6	-2.5	61.1
- China/Hong Kong	57.6	-2.5	55.2
- India	3.7	-	3.7
- Rest Developing Asia	2.3	-	2.3
Developed Asia	25.3	-0.6	24.7
- Korea/Taiwan	24.5	-	24.5
- Japan	0.8	-0.6	0.2
Australia	3.3	-	3.3
Total Equities	92.3	-3.1	89.2
Cash	7.7	-	-
Totals	100.0	-3.1	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	47.8	-1.3	46.5
Large (>\$25b <\$100b)	19.1	-1.5	17.7
Medium (>\$5b <\$25b)	15.9	-0.3	15.6
Small (<\$5b)	9.4	0.0	9.4

Investment Manager

- Global and Asian pragmatic value manager, long only and long-short
- Structured to reinforce alignment between investors and the investment team
- We attempt 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

Fund Ratings



Fund features

- Objective to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years)
- The fund may invest in companies that are listed:
 - On Asian share markets
 - 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
- Flexibility to hedge for risk management purposes:
- 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 gross exposure of 150% of NAV

Further information

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