

Commentary

Global equities started the year lower as violent moves in highly shorted retail stocks led to volatility and de-risking in other areas of the market (+0.1% following weakness in the AUD). Whilst some cyclical sectors outperformed, led by Energy and Consumer Discretionary, investors continued to exhibit a preference for momentum and growth over low multiple - or value - stocks, with Communications Services and Healthcare also outperforming.

Markets started the month higher as the global roll out of vaccinations and prospects of further fiscal and monetary stimulus outweighed concerns about virus driven restrictions. Emerging Markets outperformed (+3.7%) led by China (+6.9%) as strong economic momentum on a rebound in global growth and optimism of reduced US/China tensions led to an acceleration of southbound inflows after a period of underperformance.

US equities performed in line. A group of heavily shorted stocks in the US rallied strongly as a community of retail investors coordinated a short squeeze, forcing investors to de-gross their portfolios. President Biden continues to push a \$1.9tn stimulus package including a \$1,400 payment to individuals, supported by a slim Democratic Senate majority following success in the Georgia Senate race.

Elsewhere, Brent Crude rallied strongly on demand optimism for a third month (+6.3% in USD) and Gold (-1.3% in USD) retreated.

Key contributors to performance included:

Net performance (%)

	Fund	Benchmark	Difference
1 month	3.7	4.7	-1.0
3 month	9.0	9.9	-1.0
Year to date	3.7	4.7	-1.0
1 year	18.1	18.8	-0.7
3 year p.a.	9.3	8.9	0.3
5 year p.a.	13.9	14.5	-0.5
Inception p.a.	11.0	9.9	1.1
Inception	79.2	69.8	9.5

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	73.0%
Upside capture ratio	76
Downside capture ratio	33
Portfolio standard deviation	9.0%
Benchmark standard deviation	11.3%
Sharpe ratio	1.25

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	4.2%
Short	0.0%
Currency	-0.4%

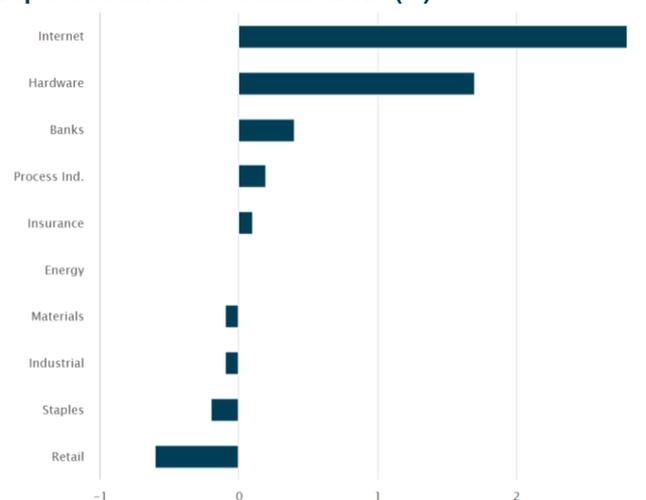
⁴ Based on gross returns in AUD

- Online services, including Tencent and Meituan. Tencent has entered into a tech partnership with automaker Geely to develop smart vehicle cockpits and autonomous driving technology while Meituan is emerging as a strong competitor in China's community group buying segment.
- Connectivity/Compute cluster, notably TSMC and MediaTek. TSMC lifted its medium term growth targets due to strong demand for leading edge semiconductor manufacturing in the company's key end markets, particularly high performance compute. TSMC continues to take market share with key customers, reinforcing its dominant position relative to peers. Likewise MediaTek reported a very strong result and strong order flow, underwriting continued earnings growth. Evidence suggests the company continues to close the gap with Tier 1 semiconductor companies and is taking market share in mobile devices, gaming and datacentres.
- Industrials, notably LG Chem, as the company reported material volume growth in its EV batteries division.

Key detractors to performance included:

- Consumer Cyclical including KB Financial, as performance of financials and travel related exposures consolidated as COVID-19 data deteriorated into 2020 year end.
- Li Ning, Consumer Defensive cluster, following a sustained period of strong performance.

Top & bottom sector contribution³ (%)



³ Antipodes classification

Fund facts

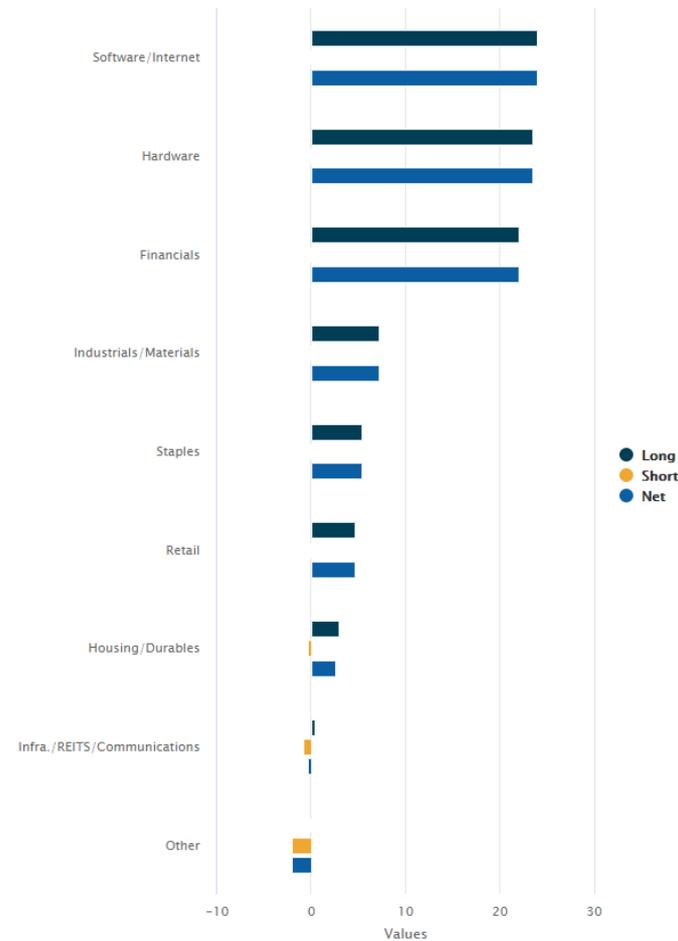
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country Asia ex Japan Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$89m
Strategy AUM	\$96m
Unit redemption price	1.5250

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	90.5	-	-3.2	-
Count	33	-	4	-
Avg. weight (%)	2.7	-	-0.8	-
Top 10 (%)	51.1	-	-	-
Top 30 (%)	89.5	-	-	-

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

Sector exposure^{4,5} (%)

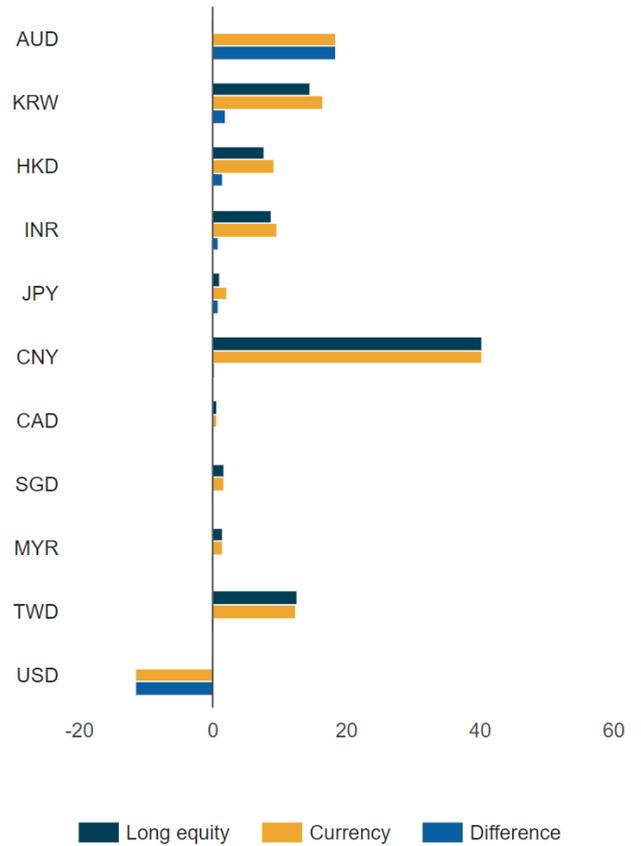


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Tencent	China/HK	8.5
Taiwan Semiconductor	Taiwan	8.2
Samsung Electronics	Korea	6.6
HDFC Bank	India	4.6
Meituan	China/HK	4.6
Alibaba	China/HK	4.2
MediaTek	Taiwan	3.7
ICICI Bank	India	3.6
AIA Group	China/HK	3.6
LG Chem	Korea	3.5

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	59.7	-2.4	57.3
- China/Hong Kong	47.9	-2.4	45.5
- India	8.8	-	8.8
- Rest Developing Asia	3.0	-	3.0
Developed Asia	28.2	-0.8	27.4
- Korea/Taiwan	27.1	-	27.1
- Japan	1.1	-0.8	0.3
Australia	2.1	-	2.1
Canada	0.5	-	0.5
Total Equities	90.5	-3.2	87.3
Cash	9.5	-	-
Totals	100.0	-3.2	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	54.5	-2.0	52.5
Large (>\$25b <\$100b)	21.7	-0.7	21.1
Medium (>\$5b <\$25b)	9.7	-0.5	9.2
Small (<\$5b)	4.5	0.0	4.5

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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