

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.

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.

Net performance (%)

	Fund	Benchmark	Difference
1 month	0.2	-0.1	0.2
3 month	11.6	6.5	5.1
Year to date	6.1	5.9	0.2
1 year	6.1	5.9	0.2
3 year p.a.	7.1	10.6	-3.5
5 year p.a.	11.2	10.9	0.2
Inception p.a.	10.5	10.0	0.5
Inception	73.0	68.9	4.1

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	88.1%
Upside capture ratio	100
Downside capture ratio	82
Portfolio standard deviation	11.3%
Benchmark standard deviation	10.9%
Sharpe ratio	0.94

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	0.3%
Currency	0.0%

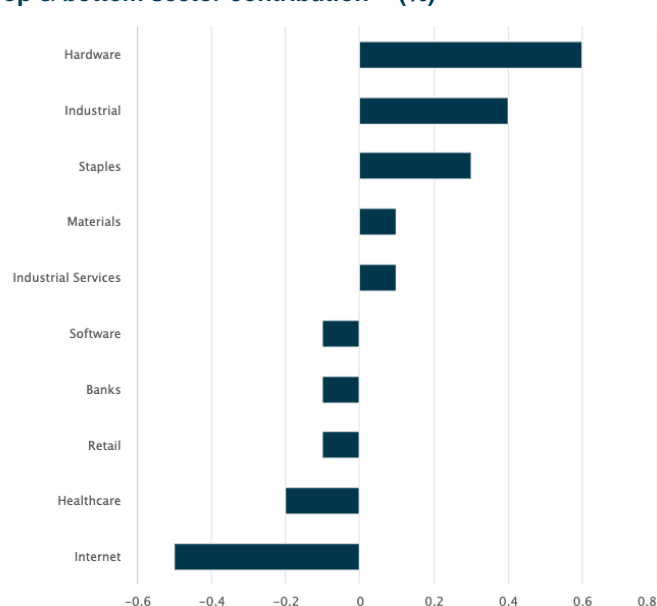
² Based on gross returns in AUD

- 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.

Top & bottom sector contribution^{2,4} (%)



⁵ Antipodes classification

Fund facts

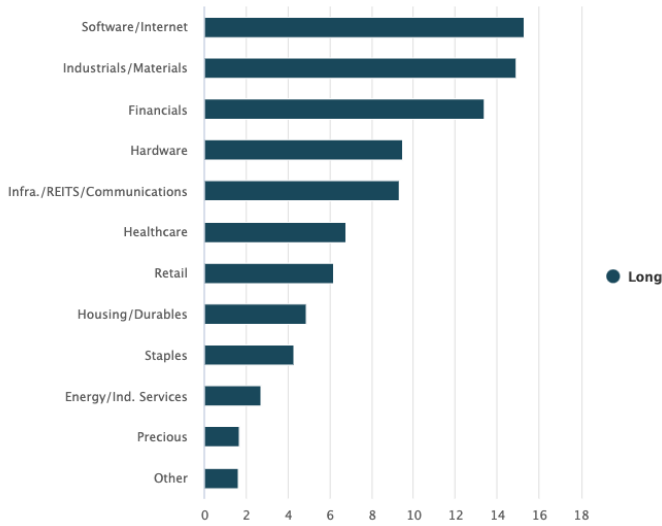
Characteristics	
Investment manager	Antipodes Partners
Inception 1 date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$1,023m
Strategy AUM	\$2,601m
Unit redemption price	1.1772

Asset allocation³

	Equities - Long	Other - Long
Weight (%)	90.5	-
Count	62	-
Avg. weight (%)	1.5	-
Top 10 (%)	27.3	-
Top 30 (%)	63.3	-

³Call (put) options represented as the current option value (delta adjusted exposure)

Sector exposure^{3,4} (%)

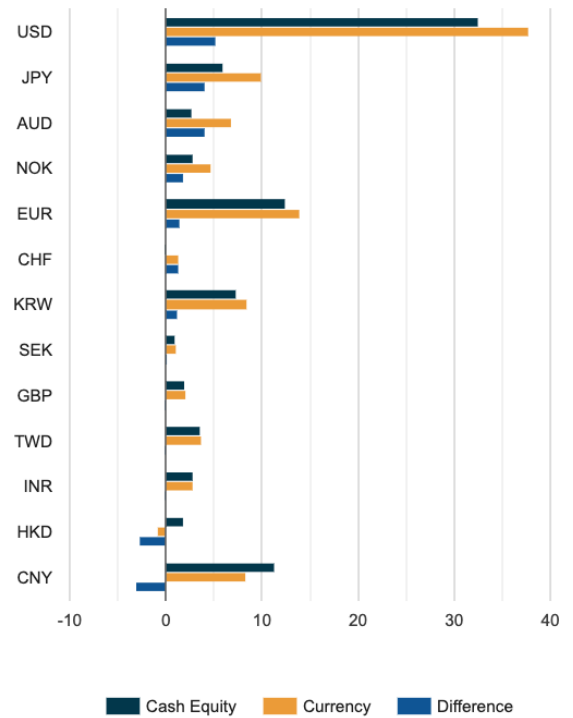


⁴ Antipodes classification

Top 10 equity longs³ (%)

Name	Country	Weight
Électricité de France	France	3.2
Samsung Electronics	Korea	3.0
Ping An Insurance	China/HK	2.9
Microsoft	United States	2.9
Facebook	United States	2.8
Siemens	Germany	2.6
Taiwan Semiconductor	Taiwan	2.6
Capital One Financial	United States	2.5
Volkswagen	Germany	2.4
Merck	United States	2.4

Currency exposure^{3,5} (%)



⁵ Where possible, regions, countries and currencies classified on a look through basis

Regional exposure^{3,4,5} (%)

Region	Long
United States	33.4
Western Europe	21.5
- Eurozone	15.7
- Rest Western Europe	3.8
- United Kingdom	2.0
Developed Asia	16.8
- Korea/Taiwan	10.9
- Japan	5.9
Developing Asia	16.1
- China/Hong Kong	13.3
- India	2.8
Australia	2.7
Total Equities	90.5
Cash	9.5
Totals	100.0

Market cap exposure³ (%)

Band	Weight
Mega (>\$100b)	40.6
Large (>\$25b <\$100b)	32.2
Medium (>\$5b <\$25b)	16.1
Small (<\$5b)	1.5

Investment Manager

- Global 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 features

- Objective 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 to maximum 25%
- Flexibility to hedge for risk management purposes:
 - Currency exposure of the underlying stock position (net short currency position not permitted)
 - Equity market exposure via exchange traded derivatives (limited to 10% of NAV)
 - Leverage not permitted

Fund Ratings



Further information

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