

## Commentary

Global equities retreated (-0.1%, -3.2% in USD), breaking a five-month winning streak on COVID-19 fears and US political uncertainty. Cyclical sectors were mixed as Industrials and Materials outperformed whilst Energy and Financials lagged. Defensive sectors such as Utilities and Consumer Staples were also strong.

US equities underperformed (-0.7%) as Democratic Presidential candidate Joe Biden maintained a lead in the polls, a Democratic majority in the Senate became more likely, and negotiations on a new COVID-19 fiscal relief bill stalled. New COVID-19 restrictions and concerns over stalling economic recovery ahead of the next Brexit negotiations weighed on Europe (-0.3%).

Asia broadly outperformed (+2.6%) led by Japan as Yoshihide Suga was appointed Prime Minister and existing economic policies are expected to be maintained. China lagged (-0.4%) on elevated US-China tech tensions.

Elsewhere, Brent Crude fell on demand concerns. The US dollar rallied (DXY +1.9%) on safe-haven demand however Gold fell for a second month.

Key contributors to performance included:

- Connectivity/compute cluster, including Samsung Electronics and TSMC, as Samsung benefited from a rebound in handset sales while demand for TSMC's leading edge solutions is stronger than expected.

## Net performance (%)

	Fund	Benchmark	Difference
1 month	-0.3	-0.1	-0.2
3 month	2.9	3.9	-1.0
Year to date	-4.9	-0.6	-4.3
1 year	-0.9	3.9	-4.8
3 year p.a.	5.0	10.4	-5.4
5 year p.a.	9.0	9.9	-0.8
Inception p.a.	8.7	9.2	-0.5
Inception	55.0	58.5	-3.6

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 summary<sup>1</sup>

Average net exposure	87.9%
Upside capture ratio	97
Downside capture ratio	86
Portfolio standard deviation	10.9%
Benchmark standard deviation	10.8%
Sharpe ratio	0.80

<sup>1</sup>All 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 contribution<sup>2</sup> (%)

1 month	
Long	-0.1%
Currency	-0.2%

<sup>2</sup> Based on gross returns in AUD

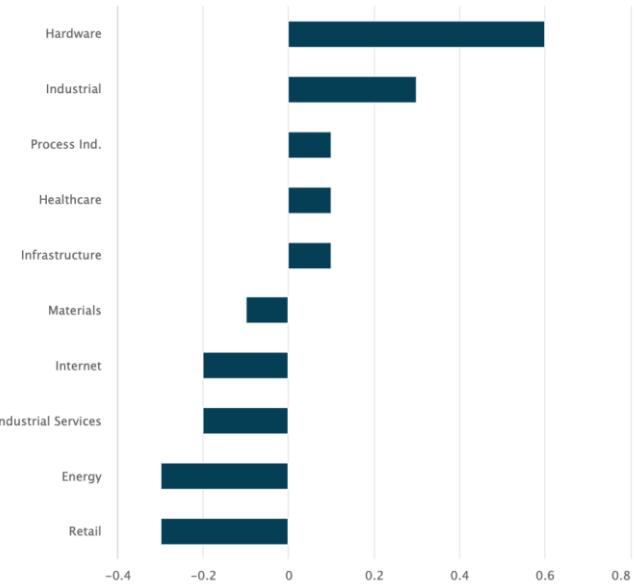
Additionally, both leading incumbent semiconductor companies are expected to benefit from the US restricting China's access to chips designed/manufactured using US tools, curtailing China's tech independence and necessitating dependence on the Koreans/Taiwanese.

- Capital One Financial, Consumer Cyclical – Developed Markets (DM), as recent metrics showed ongoing resilience in credit quality, and credit cards (industry-wide) showed the first inflection in loan growth since March 2020.

Key detractors to performance included:

- Oil/Natural Gas cluster, notably TechnipFMC and CNOOC which weakened with the oil price, while the market overlooks Technip's c. \$3b in contract wins over the September quarter.
- Online Services DM notably Facebook, after a sustained period of outperformance.
- Consumer Cyclical DM cluster, notably ING Groep, which, along with other banks, was affected by potential money laundering concerns over 2000 – 2017 with the bulk of these cases backward looking. Importantly, ING has invested heavily in compliance and given excess capital, any incremental fines should not threaten dividends.

## Top & bottom sector contribution<sup>2,4</sup> (%)



<sup>5</sup> Antipodes classification

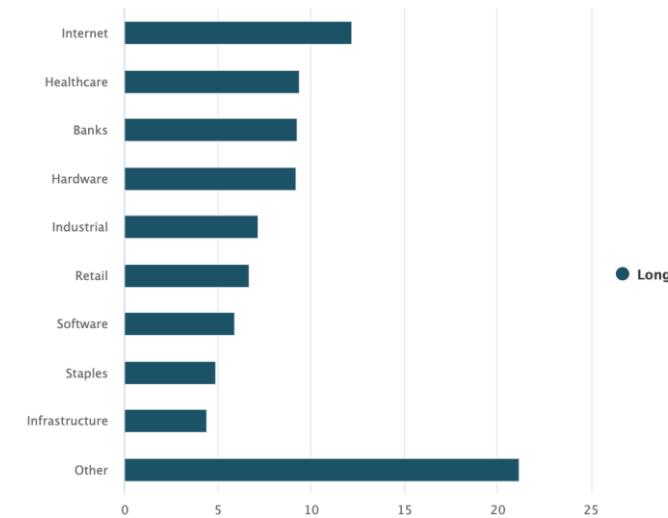
## Fund facts

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	\$906m
Strategy AUM	\$2,420m
Unit redemption price	1.0561

**Asset allocation<sup>3</sup>**

	Equities - Long	Other - Long
Weight (% NAV)	90.4	-
Count	66	-
Avg. weight	1.4	-
Top 10 (% NAV)	27.5	-
Top 30 (% NAV)	64.1	-

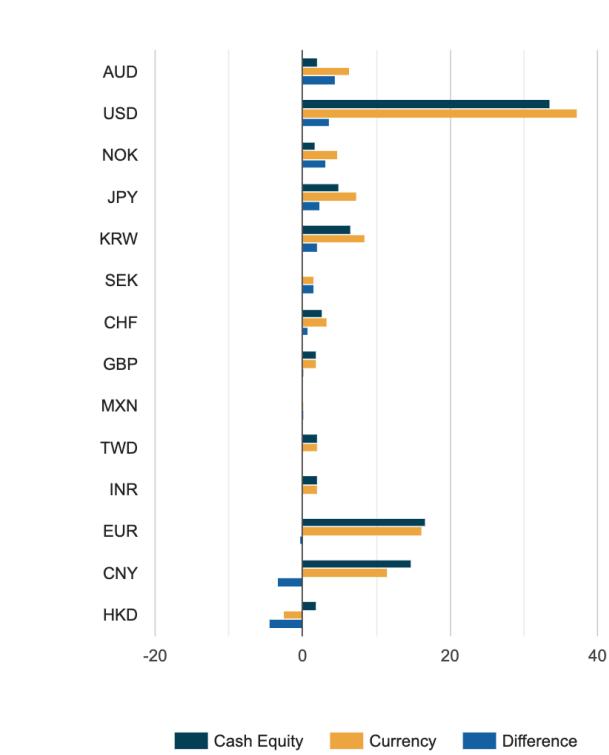
<sup>3</sup>Call (put) options represented as the current option value (delta adjusted exposure)

**Sector exposure<sup>3,4</sup> (%)**

<sup>4</sup> Antipodes classification

**Top 10 equity longs<sup>3</sup> (%)**

Name	Country	Weight
Ping An Insurance	China/HK	3.1
Facebook	United States	2.9
Électricité de France	France	2.9
Microsoft	United States	2.9
Alibaba	China/HK	2.8
Tencent	China/HK	2.7
Roche	Switzerland	2.7
Samsung Electronics	Korea	2.6
Siemens	Germany	2.5
Capital One Financial	United States	2.5

**Currency exposure<sup>3,5</sup> (%)**

<sup>5</sup> Where possible, regions, countries and currencies classified on a look through basis

**Regional exposure<sup>3,4,5</sup> (%)**

Region	Long
United States	33.6
Western Europe	22.7
- Eurozone	16.5
- Rest Western Europe	4.4
- United Kingdom	1.8
Developing Asia	18.7
- China/Hong Kong	16.7
- India	2.0
Developed Asia	13.6
- Korea/Taiwan	8.5
- Japan	5.0
Australia	2.0
Total Equities	90.4
Cash	9.6
Totals	100.0

**Market cap exposure<sup>3</sup> (%)**

Band	Weight
Mega (>\$100b)	40.7
Large (>\$25b <\$100b)	27.8
Medium (>\$5b <\$25b)	17.4
Small (<\$5b)	4.6

## 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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