

Commentary

Global equities continued to rebound in June (+3.2% in USD, -0.5% in AUD following strength in AUD) as global economic data improved as COVID-19 restrictions eased. Cyclical sectors such as Consumer Discretionary, Materials and Financials performed well in response to re-opening. Persistent growth in US infections from mid-June, however, saw investors rotate back into growth over low multiple – or value – stocks. Consequently, Technology remained the strongest sector, whilst Utilities, Healthcare and Energy lagged.

Regional government response to the virus spread was the key driver of equity performance. Asian equities (+1.2%) outperformed with EM Asia (+4.4%), supported by the weaker US dollar. Chinese equities (+5.4%) led as activity normalised with a backdrop of ongoing policy support. European equities rose (+0.3%) as the region successfully contained the virus spread and the European Central Bank delivered further easing.

US equities underperformed (-1.4%) despite improving economic data, as the relaxed lockdown measures and nationwide protests led to a pickup in infections. Joe Biden took the lead over Donald Trump in the polls ahead of the November 2020 elections.

Elsewhere, Oil rose 9% on better demand prospects. Gold reached levels not seen since 2012 given central bank policy.

Key contributors to performance included:

- Infrastructure/Property Developed Markets (DM) cluster notably Simon Property Group on malls reopening, strong retail sales and traffic approaching pre-COVID levels. SPG guided a full year cash dividend equivalent to ~8% yield versus peers paying stock dividends.
- Online Services Emerging Markets (EM) cluster, notably Tencent on strong mobile gaming revenue, a deep pipeline of games for release, e-commerce initiatives and a potential deal with an online video platform which could see Tencent dominate long form video.
- Connectivity/Compute cluster including Samsung Electronics and Qualcomm as the market takes a constructive view on 2021 handset demand which is positive for memory and semiconductor demand/prices.

Key detractors to performance included:

- Healthcare cluster, including Merck and Medtronic. Concerns over Keytruda concentration should be offset by progress in Merck's vaccine business, expanding drug pipeline and animal health optionality. While accelerating infections may impact elective procedures, Medtronic's pipeline growth and critical procedures exposure are offsets.
- Uber (Online Services DM) as the merger with Grubhub did not proceed. Despite this, Uber Eats remains a leading food delivery business and ride hailing alone justifies Uber's valuation.

Net performance (%)

	Fund	Benchmark	Difference
1 month	-0.4	-0.5	0.1
3 month	4.0	6.0	-2.0
Year to date	-7.6	-4.3	-3.3
1 year	-2.8	4.1	-6.8
2 year p.a.	0.3	7.6	-7.4
3 year p.a.	5.7	10.0	-4.3
5 year p.a.	8.5	8.8	-0.3
Inception p.a.	8.5	8.8	-0.3
Inception	50.6	52.6	-2.0

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	87.6%
Upside capture ratio	98
Downside capture ratio	86
Portfolio standard deviation	11.1%
Benchmark standard deviation	11.1%
Sharpe ratio	0.76

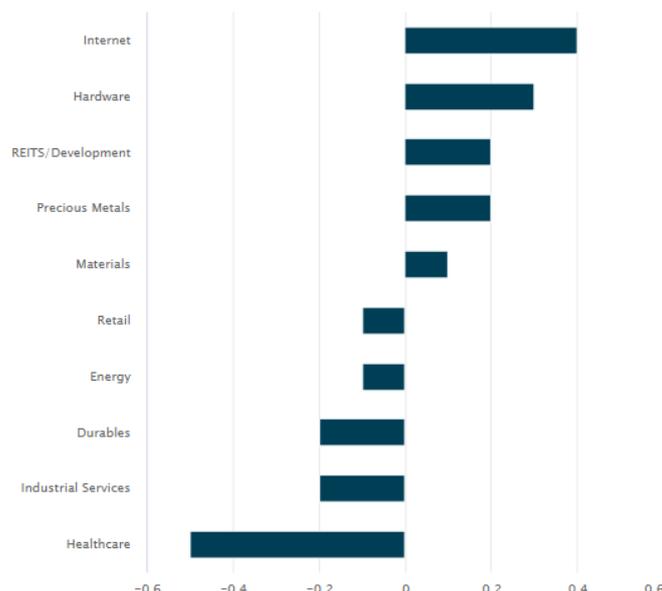
¹All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility. 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	0.2%
Currency	-0.5%

² Based on gross returns in AUD

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



⁵ Antipodes classification

Fund facts

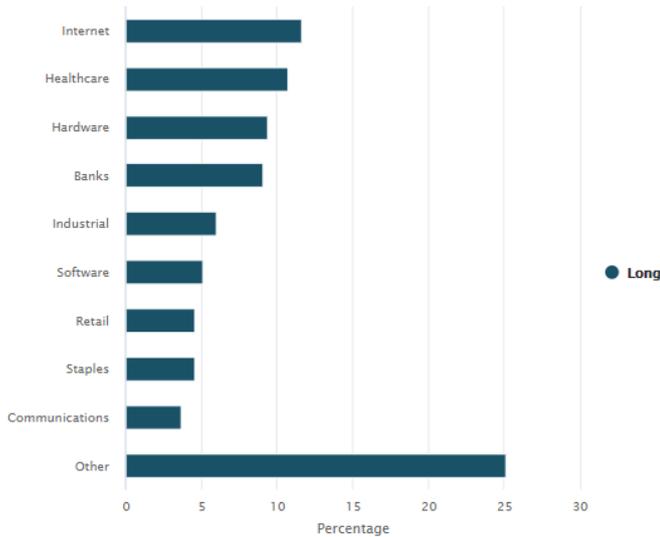
Characteristics	
Investment manager	Antipodes Partners
Inception 1 date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$939m
Strategy AUM	\$2,115m
Unit redemption price	1.0263

Asset allocation³

	Equities - Long	Other - Long
Weight (% NAV)	89.8	0.7
Count	66.0	1
Avg. weight	1.4	0.7
Top 10 (% NAV)	27.7	-
Top 30 (% NAV)	63.0	-

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

Sector exposure^{3,4} (%)

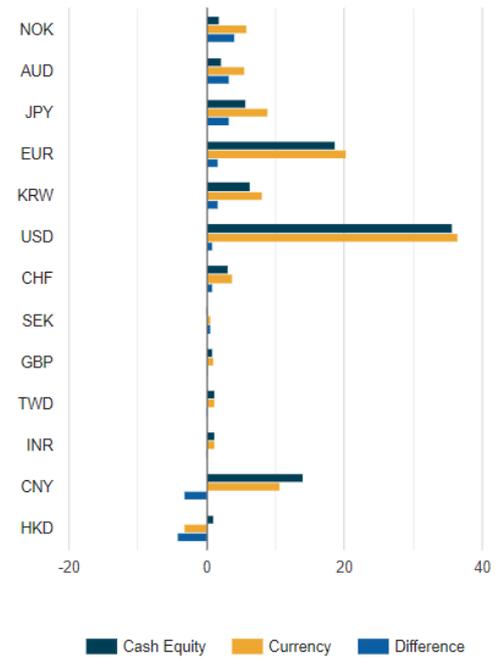


⁴ Antipodes classification

Top 10 equity longs³ (%)

Name	Country	Weight
Microsoft	United States	3.4
Siemens	Germany	3.0
Alibaba	China/HK	2.9
Ping An Insurance	China/HK	2.8
Facebook	United States	2.8
Roche	Switzerland	2.7
Électricité de France	France	2.7
Merck	United States	2.6
Sanofi	France	2.4
Tencent Holdings	China/HK	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	34.9
Western Europe	23.5
- Eurozone	17.7
- Rest Western Europe	4.9
- United Kingdom	0.9
Developing Asia	16.1
- China/Hong Kong	15.0
- India	1.1
Developed Asia	13.1
- Korea/Taiwan	7.5
- Japan	5.6
Australia	2.2
Total Equities	89.8
Other	0.7
Cash	9.5
Totals	100.0

Market cap exposure³ (%)

Band	Weight
Mega (>\$100b)	37.2
Large (>\$25b <\$100b)	28.8
Medium (>\$5b <\$25b)	19.3
Small (<\$5b)	4.5

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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