

Commentary

Global equity strength continued for a fifth consecutive month (+2.9%, +6.1% in USD) 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.

US equities outperformed (+4.2%) 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, despite lofty valuations. Negotiations on a new COVID-19 relief bill stalled in Washington. Japanese equities led (+4.4%), quickly 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.

Europe underperformed (+1.0%) given its lack of technology exposure. COVID-19 cases worsened with France and Spain entering a second wave and new travel restrictions were established across the continent.

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

Key contributors to performance included:

- Consumer Cyclical Developed Markets cluster notably ING which

Net performance (%)

	Fund	Benchmark	Difference
1 month	1.7	2.9	-1.2
3 month	0.3	3.5	-3.1
Year to date	-4.4	-0.4	-4.0
1 year	0.5	6.2	-5.7
3 year p.a.	4.5	11.6	-7.1
5 year p.a.	7.1	9.3	-2.2
Inception p.a.	7.8	9.4	-1.6
Inception	47.3	58.8	-11.5

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	62.6%
Upside capture ratio	75
Downside capture ratio	58
Portfolio standard deviation	8.5%
Benchmark standard deviation	10.9%
Sharpe ratio	0.90

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	2.9%
Short	-0.8%
Currency	-0.3%

²Based on gross returns in AUD

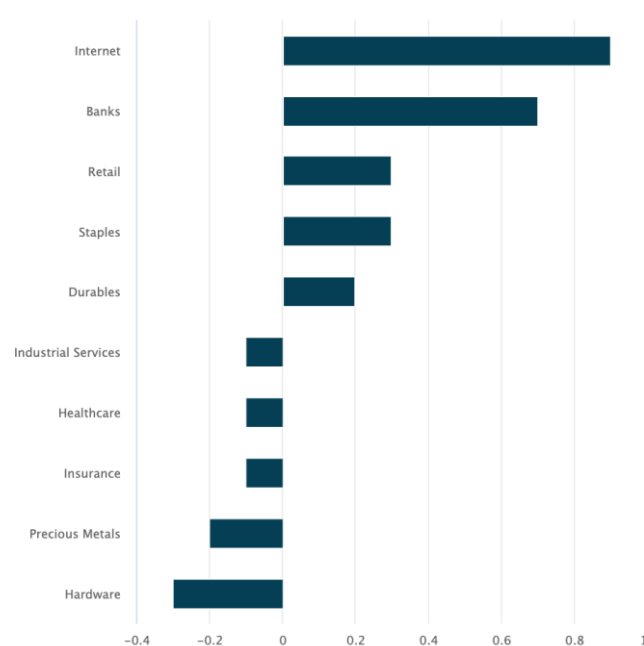
reported a strong result with flat earnings and provisions expected to fall in 2H20. Excess capital places ING in a good position to pay dividends in 2021, valuing the stock on a 10% yield.

- Industrials cluster including Volkswagen and Siemens as the market become more constructive around reopening. Siemens reported another strong result driven by Digital Industries (automation, including hardware and software), where profitability rose thanks to software sales. Pleasingly, orders and market share also rose.
- Online Services in Developed and Emerging Markets including Facebook and Alibaba, as Facebook continues to announce new product initiatives and Alibaba announced its intention to separately list Ant Group, which operates Alipay.

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 contribution^{2,3} (%)



³Antipodes classification

Fund facts

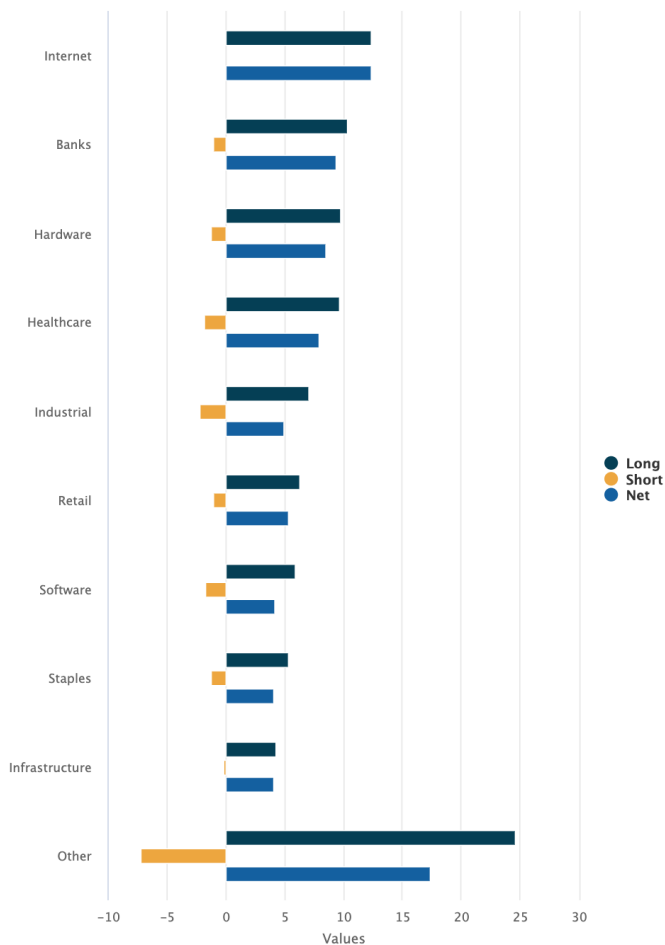
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$3,189m
Strategy AUM	\$5,663m
Unit redemption price	1.5752

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (% NAV)	95.7	-	-17.5	-4.9
Count	65	-	37	6
Avg. weight	1.5	-	-0.5	-0.8
Top 10 (% NAV)	28.0	-	-8.5	-
Top 30 (% NAV)	65.4	-	-16	-

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

Sector exposure^{4,5} (%)

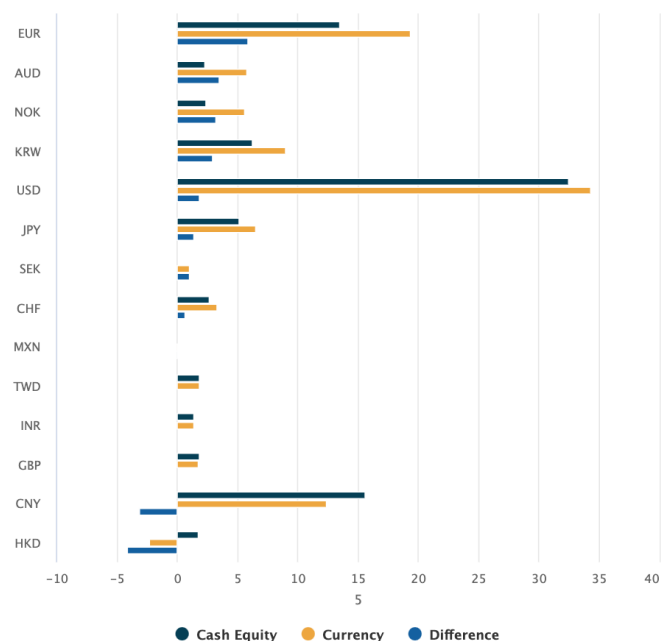


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Facebook	United States	3.2
Microsoft	United States	2.9
Ping An Insurance	China/HK	2.9
Alibaba	China/HK	2.9
Siemens	Germany	2.8
Électricité de France	France	2.8
Capital One Financial	United States	2.7
Roche	Switzerland	2.7
Tencent Holdings	China/HK	2.6
Merck	United States	2.5

Currency exposure^{4,6} (%)



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

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

Region	Long	Short	Net
North America	35.7	-12.0	23.6
Western Europe	25.9	-2.1	23.8
- Eurozone	19.1	-1.3	17.8
- Rest Western Europe	5.0	-	5.0
- United Kingdom	1.8	-0.8	0.9
Developing Asia	18.7	-0.3	18.5
- China/Hong Kong	17.3	-0.3	17.0
- India	1.4	-	1.4
Developed Asia	13.1	-3.0	10.0
- Korea/Taiwan	8.0	-0.5	7.4
- Japan	5.1	-2.5	2.6
Australia	2.3	-	2.3
Total Equities	95.7	-17.5	78.2
Other	-	-4.9	-
Cash	4.3	-	-
Totals	100.0	-22.4	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	41.0	-6.9	34.1
Large (>\$25b <\$100b)	28.6	-4.6	24.0
Medium (>\$5b <\$25b)	20.6	-3.9	16.8
Small (<\$5b)	5.4	-2.1	3.4

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)

Fund Ratings



Further information

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