

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	-0.1	-0.1	0.0
3 month	9.5	6.5	2.9
Year to date	4.0	5.9	-1.9
1 year	4.0	5.9	-1.9
3 year p.a.	5.0	10.6	-5.6
5 year p.a.	8.9	10.9	-2.0
Inception p.a.	8.9	10.0	-1.0
Inception	60.2	68.9	-8.7

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	63.5%
Upside capture ratio	77
Downside capture ratio	55
Portfolio standard deviation	8.8%
Benchmark standard deviation	10.9%
Sharpe ratio	1.01

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	0.6%
Short	-0.3%
Currency	-0.3%

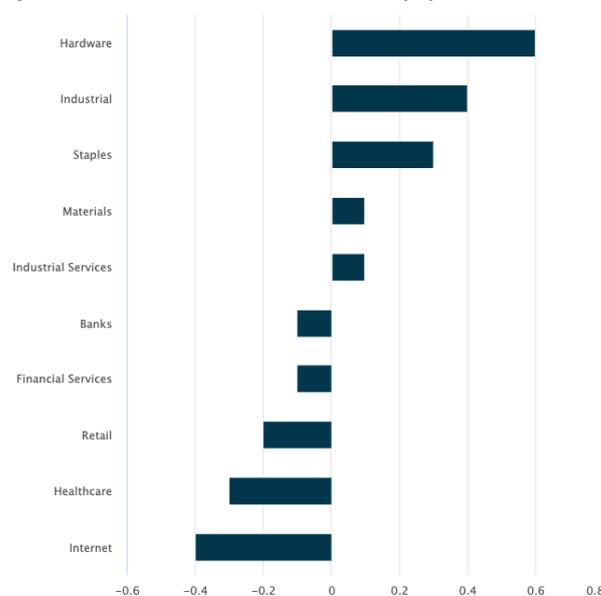
²Based on gross returns in AUD

- 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^{2,3} (%)



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

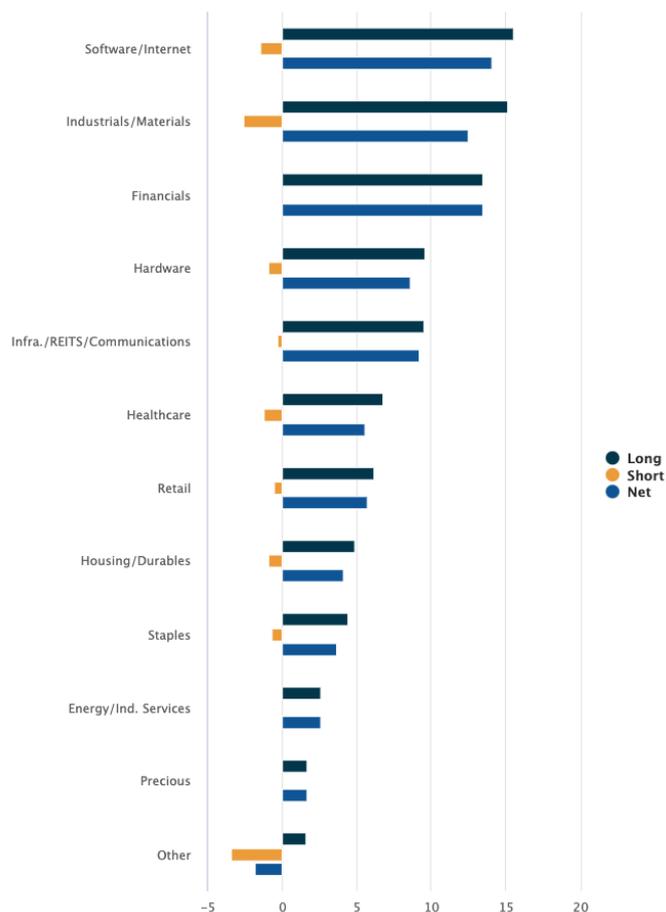
Asset value	
Fund AUM	\$3,181m
Strategy AUM	\$5,856m
Unit redemption price	1.7108

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	91.5	0.9	-12.0	-4.8
Count	62	1	29	6
Avg. weight (%)	1.5	0.9	-0.4	-0.8
Top 10 (%)	27.6	-	-6.9	-
Top 30 (%)	64.1	-	-	-

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

Sector exposure^{4,5} (%)

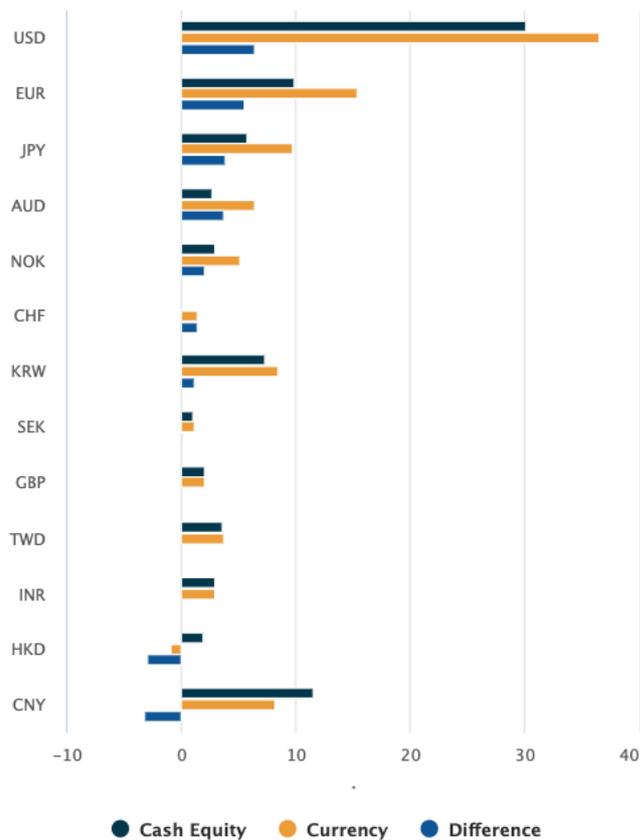


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Électricité de France	France	3.3
Samsung Electronics	Korea	3.0
Microsoft	United States	3.0
Ping An Insurance	China/HK	2.9
Facebook	United States	2.8
Siemens	Germany	2.7
Taiwan Semiconductor	Taiwan	2.6
Capital One Financial	United States	2.5
Volkswagen	Germany	2.4
Merck	United States	2.4

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
United States	33.8	-7.9	25.9
Western Europe	21.9	-1.0	20.9
- Eurozone	15.9	-0.4	15.5
- Rest Western Europe	3.9	-	3.9
- United Kingdom	2.0	-0.6	1.5
Developed Asia	16.8	-3.2	13.6
- Korea/Taiwan	11.0	-0.1	10.9
- Japan	5.8	-3.1	2.7
Developing Asia	16.4	-	16.4
- China/Hong Kong	13.4	-	13.4
- India	3.0	-	3.0
Australia	2.7	-	2.7
Total Equities	91.5	-12.0	79.5
Other	0.9	-4.8	-
Cash	7.6	-	-
Totals	100.0	-16.8	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	41.1	-5.2	35.9
Large (>\$25b <\$100b)	32.6	-3.4	29.2
Medium (>\$5b <\$25b)	16.3	-2.1	14.2
Small (<\$5b)	1.5	-1.3	0.3

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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