

## Commentary

Global equities advanced in December (+3.5% in USD), ending 2019 at all-time highs as the US and China agreed to a phase-one trade deal leading to a more optimistic economic backdrop.

Cyclical sectors outperformed led by Energy and Materials whilst Industrials and Real Estate underperformed. Investors exhibited a preference for value over momentum.

Asian equities outperformed. The trade sensitive countries, Korea and China led. US equities lagged as the US Federal Reserve indicated that it expects to leave interest rates unchanged in 2020 after three straight cuts.

European equities outperformed as the UK general election resulted in a clear victory for the Conservative party giving clarity about the near-term path of Brexit. New ECB president, Christine Lagarde, reaffirmed the bank's commitment to keep interest rates at very low levels and maintain the pace of quantitative easing until inflation rises.

Elsewhere, global government bond yields advanced for a fourth straight month and the softer US dollar helped commodities advance with Brent Oil +5.0%.

Against this backdrop the Antipodes Global-Long Strategy (USD) returned 4.5% underperforming the benchmark of 3.5%.

## USD performance (%)

	Fund	Benchmark	Difference
1 month	4.5	3.5	1.0
3 months	8.9	9.0	0.0
YTD	18.6	26.6	(8.0)
1 year	18.6	26.6	(8.0)
2 year p.a.	3.2	7.1	(3.9)
3 year p.a.	11.9	12.4	(0.6)
Inception p.a	59.1	45.8	13.2
Inception	10.0	8.1	1.9

Strategy is based on the Australian Unit Trust. This is a representative USD account only. The account is managed in AUD and converted USD. Returns are quoted in USD and gross of applicable fees. Past performance is not a reliable indicator of future performance.

## Performance & risk summary<sup>1</sup>

	Strategy
Average net exposure	87.8%
Upside capture ratio	102
Downside capture ratio	86
Portfolio standard deviation	12.5%
Benchmark standard deviation	12.0%
Sharpe ratio	0.74

<sup>1</sup> All metrics are based on gross of fee returns in USD 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	4.0
Currency	0.5

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

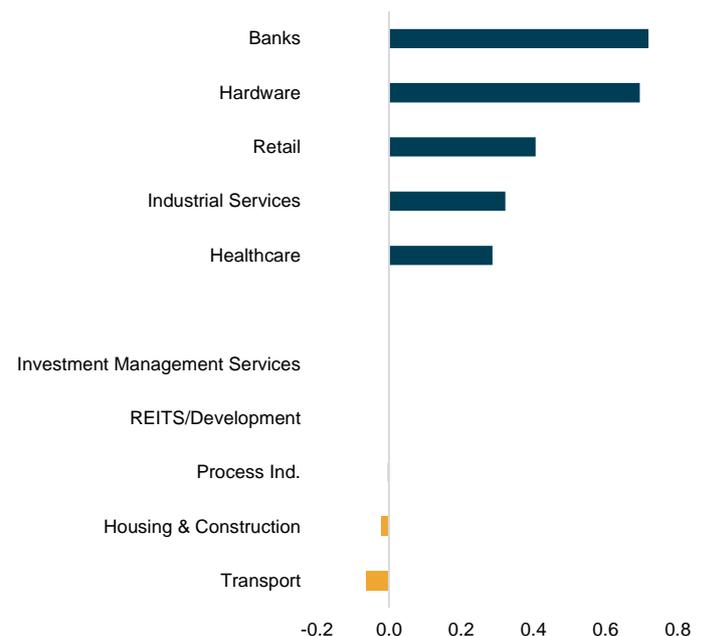
Key contributors included:

- Connectivity/Compute cluster notably Samsung Electronics as the market increasingly expects a strong uptake in 5G devices in 2020, while inventory has rebalanced.
- Oil/Natural gas cluster, notably Technip which benefited from the rise in oil price over the month as well as rebounding from oversold levels.
- Consumer Cyclical - Asia/Emerging Markets cluster, notably KB Financial as the company announced a share cancellation programme, a rare move among Korean financial holding companies, and a positive signpost toward shareholder return.

Key detractors included:

- Industrials cluster including General Electric, consolidating recent outperformance on an expectation of a stabilisation in economic activity.
- FedEx in Consumer Cyclical - Developed Market cluster, on a mixed result which showed solid volume growth in their domestic ground delivery business despite the lost Amazon volume, but investments in technology and faster delivery turnaround is dragging on profitability. Pricing pressure in the International delivery business also proved a headwind.
- Currency detracted from performance, notably our position in the US dollar.

## Top & bottom sector contribution (%)<sup>2,3</sup>



<sup>3</sup> Antipodes classification

## Fund facts

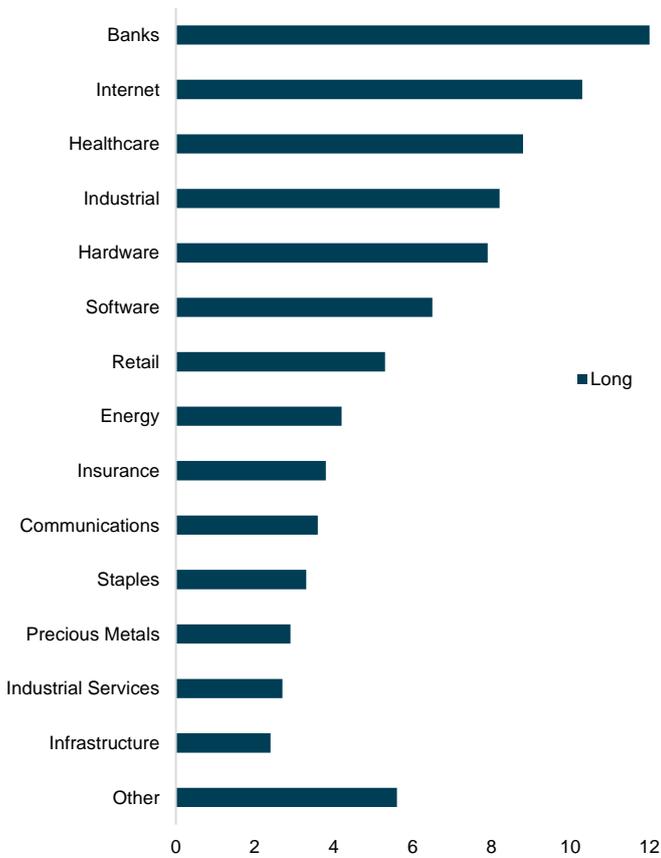
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country World Net Index in USD
Strategy AUM	US\$1,647m
Domicile/Structure	Australia (Unit Trust) Ireland (UCITs) Separately Managed Accounts

**Asset allocation**

	Long
	Equities
Weight (% NAV)	87.4
Count	65
Avg. weight	1.3
Top 10 (% NAV)	26.4
Top 30 (% NAV)	62

<sup>4</sup> Index futures and other non-single stock derivatives

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

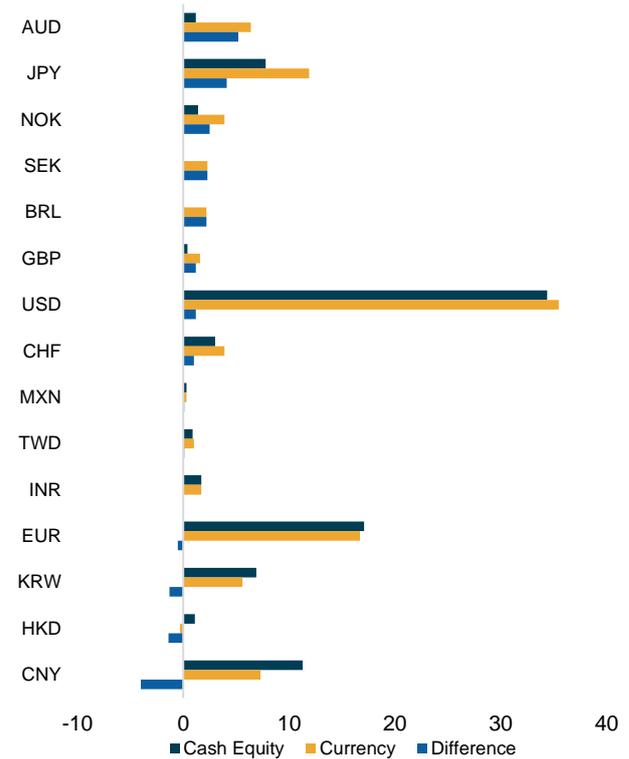


<sup>3</sup> Antipodes classification

**Top 10 equity longs (%)**

Name	Country	Weight
Facebook	United States	3.0
Alibaba	China/HK	3.0
Microsoft	United States	2.9
Ping An Insurance	China/HK	2.6
Samsung	Korea	2.6
Roche	Switzerland	2.5
KB Financial	Korea	2.5
ING	Netherlands	2.5
Siemens	Germany	2.5
General Electric	United States	2.5

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



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

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

Region	Long
<b>North America</b>	<b>34.4</b>
<b>Developed Asia</b>	<b>15.6</b>
Korea/Taiwan	7.8
Japan	7.8
<b>Developing Asia</b>	<b>14.2</b>
China/Hong Kong	12.5
India	1.7
<b>Western Europe</b>	<b>21.9</b>
Eurozone	17.1
United Kingdom	0.4
Rest Western Europe	4.3
<b>Australia</b>	<b>1.2</b>
<b>Rest of World</b>	<b>0.3</b>
<b>Total equities</b>	<b>87.4</b>
<b>Cash</b>	<b>12.6</b>
<b>Totals</b>	<b>100.0</b>

**Market cap exposure (%)**

Band	Long
Mega (>\$100b)	34.8
Large (>\$25b <\$100b)	30.6
Medium (>\$5b <\$25b)	19.5
Small (<\$5b)	2.5

## 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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