

## Commentary

Global equities rebounded in February as the rapid rollout of vaccination programs and the supportive monetary and fiscal backdrop boosted sentiment (+2.3%). Cyclical sectors exposed to the re-opening of economies, such as Energy, Financials, Industrials and Materials outperformed, at the expense of defensive sectors such as Utilities, Healthcare and Consumer Staples. Investors exhibited a preference for low multiple - or value - stocks over momentum and growth.

US equities (+2.6%) marginally outperformed on expectations of a significant acceleration in consumption once restrictions are lifted, supported by Joe Biden's proposed \$1.9t "Rescue Plan". Improving growth expectations led to an aggressive steepening of the US yield curve (US10yr yield rose from 1.07% to 1.40%) led by real yields. This weighed on large-cap tech and healthcare which dominate the index market cap and hit the headline indices into month end, despite cyclicals holding up on a relative basis.

Asia (+1.3%) and Emerging Markets (+0.8%) lagged with China (-1.0%) the major underperformer due to a small rise in COVID cases leading to new restrictions over Lunar New Year alongside fears of premature tightening from the PBOC due to rising house prices.

Elsewhere, the rally in Brent Crude on demand optimism continued for a fourth month (17.0%) and Gold (-6.5%) retreated on the move in real yields.

The key contributors to the portfolio were the cyclical exposures due to confidence around vaccine roll out and continued normalisation in economic activity, and additional stimulus.

## USD performance (%)

	Fund	Benchmark	Difference
1 month	3.7	2.3	1.4
3 month	7.1	6.6	0.5
Year to date	2.4	1.9	0.5
1 year	27.6	30.2	-2.6
3 year p.a.	5.5	10.3	-4.8
5 year p.a.	12.5	14.2	-1.7
Inception p.a.	10.6	10.1	0.4
Inception	76.5	72.7	3.9

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>

Average net exposure	63.9%
Upside capture ratio	80
Downside capture ratio	65
Portfolio standard deviation	12.4%
Benchmark standard deviation	15.0%
Sharpe ratio	0.73

<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	3.2%
Short	0.0%
Currency	-0.3%

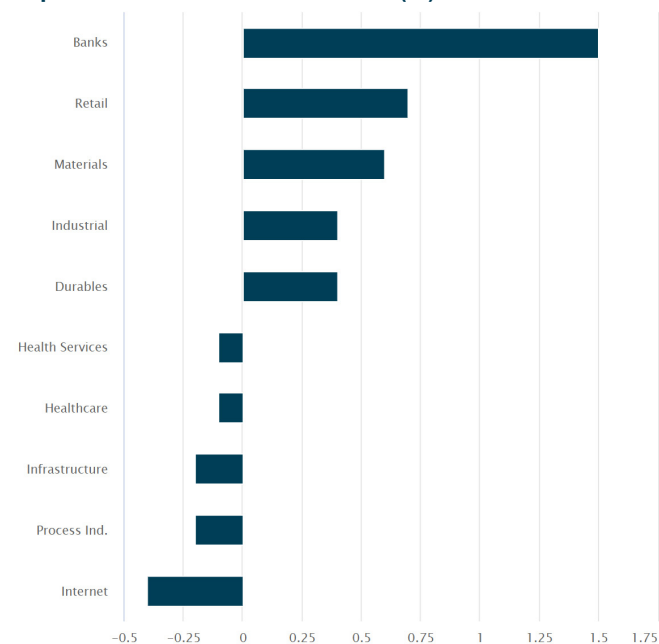
<sup>2</sup> Based on gross returns in USD

- Consumer Cyclical Developed Markets (DM) including ING Groep and Capital One, as both reported solid results and lifted distributions, and have considerable excess capital to facilitate additional distributions.
- Consumer Cyclical EM, notably HDFC Bank which continues to report strong loan growth as the Indian economy normalises ahead of expectations and Trip.com, as the market has become more constructive on travel with the roll out of vaccines.
- Industrials cluster, including Norsk Hydro, as aluminium (and base metals broadly) has moved on expectations of continued improvement in economic activity, and General Electric, which continues to perform with the belief vaccines will drive a normalisation in travel (GE's aviation business). Additionally, GE reported a strong result with profits increasing across the remaining healthcare, renewables and power divisions.
- Oil/Natural gas cluster including Equinor.

Key detractors to performance included:

- Healthcare cluster, including Merck, as investors have shied away from big cap pharma following the Democratic clean sweep in the US elections (concern around the possibility of adverse drug pricing policies) in preference for more economically sensitive exposures.

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



<sup>3</sup> Antipodes classification

## Fund facts

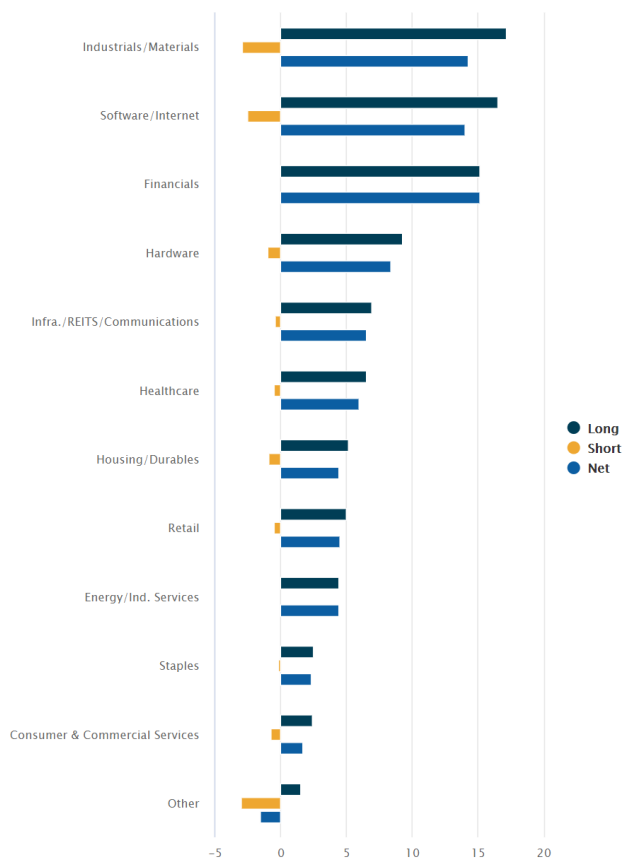
Characteristics	
Investment manager	Antipodes Partners
Inception 1 date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Asset value	
Fund AUM	\$2.460m
Strategy AUM	\$4.555m

Asset allocation<sup>4</sup>

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	92.7	0.7	-12.7	-6.0
Count	59	1	26	5
Avg. weight (%)	1.6	0.7	-0.5	-1.2
Top 10 (%)	30.1	-	-8.0	-
Top 30 (%)	66.7	-	-	-

<sup>4</sup> Call (put) options represented as the current option value (delta adjusted exposure)

Sector exposure<sup>4,5</sup> (%)

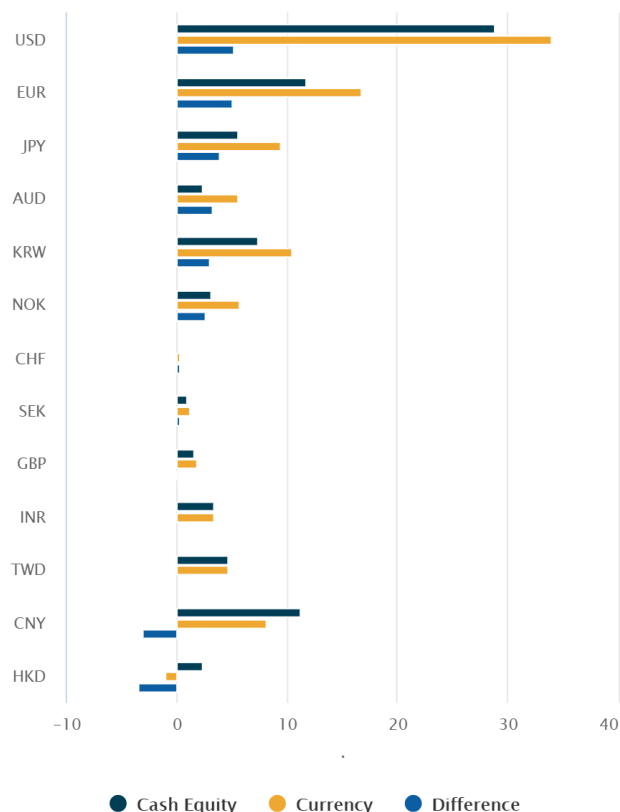


<sup>5</sup>Antipodes classification

Top 10 equity longs<sup>4</sup> (%)

Name	Country	Weight
Facebook	United States	3.6
Siemens	Germany	3.4
ING Groep	Netherlands	3.2
Microsoft	United States	3.2
Ping An Insurance	China/HK	3.1
Volkswagen	Germany	2.9
Taiwan Semiconductor	Taiwan	2.8
Samsung Electronics	Korea	2.8
HDFC Bank	India	2.7
Tencent	China/HK	2.5

Currency exposure<sup>4,6</sup> (%)



<sup>6</sup> Where possible, regions, countries and currencies classified on a look through basis

Regional exposure<sup>4,5,6</sup> (%)

Region	Long	Short	Net
North America	35.3	-11.7	23.6
Western Europe	27.5	-2.9	24.6
Eurozone	21.2	-1.2	20.0
Rest Western Europe	5.3	-0.7	4.6
United Kingdom	1.0	-0.9	-
Developing Asia	15.5	-0.5	15.0
China/Hong Kong	14.3	-0.5	13.8
India	1.2	-	1.2
Developed Asia	13.8	-3.5	10.4
Korea/Taiwan	7.1	-0.6	6.5
Japan	6.8	-2.9	3.9
Australia	2.0	-	2.0
Rest of World	0.2	-	0.2
<b>Total Equities</b>	<b>94.3</b>	<b>-18.5</b>	<b>75.8</b>
Other	-	-5.1	-
Cash	5.7	-	-
<b>Totals</b>	<b>100.0</b>	<b>-23.6</b>	<b>-</b>

Market cap exposure<sup>4</sup> (%)

Band	Long	Short	Net
Mega (>\$100b)	31.4	-1.4	30
Large (>\$25b <\$100b)	34.6	-6.2	28.3
Small (>\$5b <\$25b)	21.4	-6.8	14.7
Small (<\$5b)	5.5	-2.8	2.7

## 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 Ratings



## Further information

☎ 1300 010 311

✉ [invest@antipodespartners.com](mailto:invest@antipodespartners.com)

## Australia Head Office

Antipodes Partners Limited  
Level 35, 60 Margaret St  
Sydney NSW 2000  
Australia

## UK Office

Antipodes Partners Limited  
6th Floor, Nova North  
11 Bressenden Place  
London SW1E 5BY UK

## Fund features

- Objective to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years)
- The strategy may invest in companies that are listed:
  - On Asian share markets
  - On global share markets and which derive >65% of their revenues from Asia
  - In Japan (maximum 30% net exposure)
  - In Oceania and non-Asian emerging markets (maximum 15% net exposure)
- Equity shorts and currency positions used to take advantage of attractive risk-return opportunities, offset specific long portfolio risks and provide some protection from negative tail risk. Derivatives may also be used to amplify high conviction ideas
- Typical net equity exposure of 50% to 100%; maximum gross exposure of 150% of NAV

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**Antipodes Global Fund – USD**

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