

Commentary

Global equities continued to rebound in June, +3.2% in USD 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 (+4.9%) outperformed with EM Asia (+8.2%), supported by the weaker US dollar. Chinese equities (+9.3%) led as activity normalised with a backdrop of ongoing policy support. European equities rose (+4.1%) as the region successfully contained the virus spread and the European Central Bank delivered further easing.

US equities underperformed (+2.2%) 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 (+2.3%) 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:

- Shorts, which can act as a headwind in upward moving markets.
- 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.

USD performance (%)

	Fund	Benchmark	Difference
1 month	2.4	3.2	-0.8
3 month	11.9	19.2	-7.3
Year to date	-7.5	-6.3	-1.2
1 year	-3.6	2.1	-5.7
2 year p.a.	-2.5	3.9	-6.4
3 year p.a.	1.4	6.1	-4.7
5 year p.a.	6.7	6.5	0.3
Inception p.a.	6.7	6.5	0.3
Inception	38.4	36.7	1.6

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 summary¹

Average net exposure	62.3%
Upside capture ratio	75
Downside capture ratio	64
Portfolio standard deviation	11.4%
Benchmark standard deviation	14.5%
Sharpe ratio	0.45

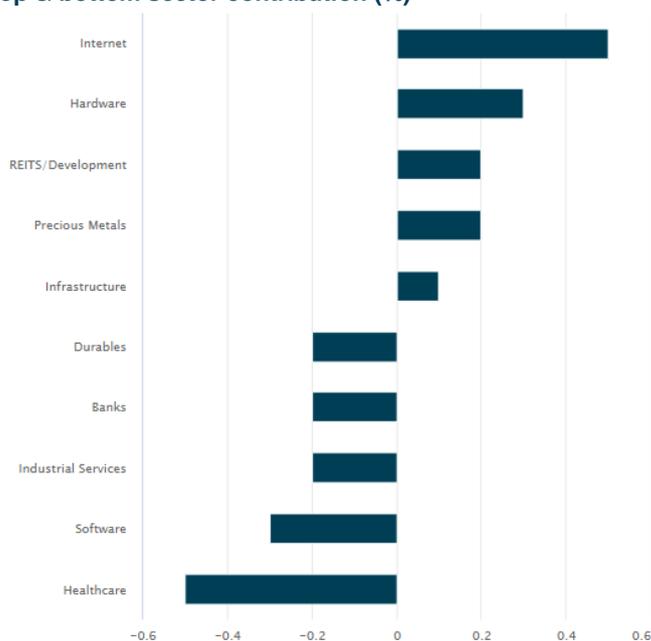
¹ All metrics are based on gross of fee returns in USD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility. 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 contribution² (%)

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (% NAV)	93.0	-	-19.0	-6.0
Count	66	-	44	6
Avg. weight	1.4	-	-0.4	-1.0
Top 10 (% NAV)	28.3	-	-7.2	-
Top 30 (% NAV)	64.6	-	-15.6	-

² Based on gross returns in USD

Top & bottom sector contribution (%)^{2,3}



³ Antipodes classification

Fund facts

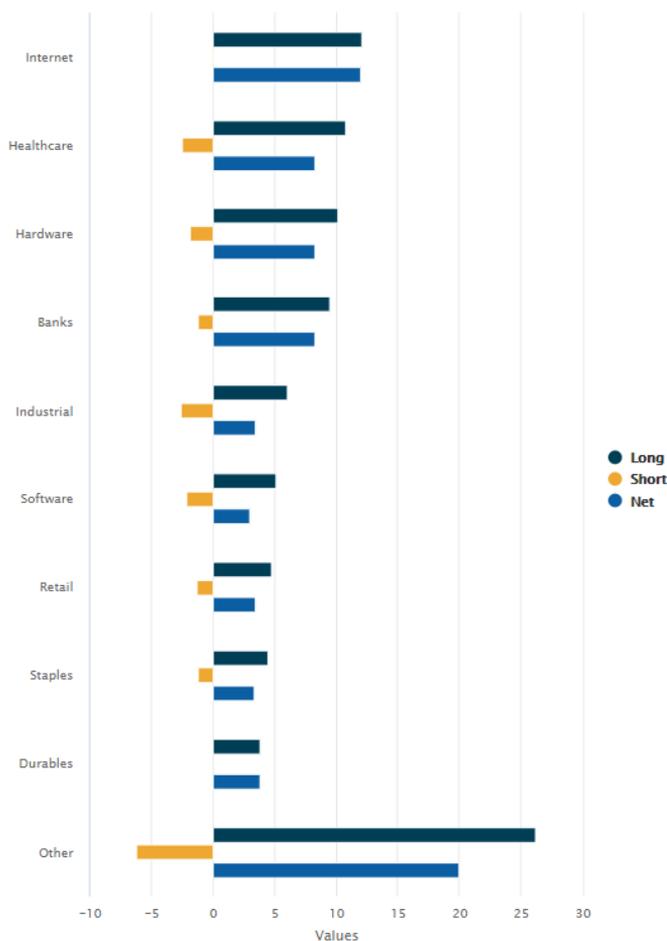
Characteristics	
Investment manager	Antipodes Partners
Inception 1 date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Asset value	
Fund AUM	\$2,285m
Strategy AUM	\$3,968m

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (% NAV)	93.0	-	-19.0	-6.0
Count	66	-	44	6
Avg. weight	1.4	-	-0.4	-1.0
Top 10 (% NAV)	28.3	-	-7.2	-
Top 30 (% NAV)	64.6	-	-15.6	-

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

Sector exposure^{4,5} (%)

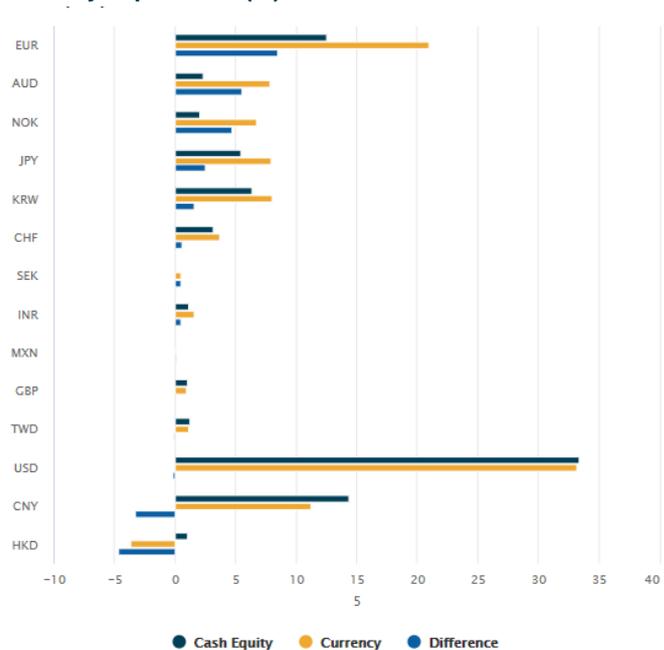


⁵Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Microsoft	United States	3.4
Siemens	Germany	3.0
Alibaba	China/HK	3.0
Facebook	United States	2.9
Ping An Insurance	China/HK	2.8
Électricité de France	France	2.8
Roche	Switzerland	2.7
Merck	United States	2.7
Sanofi	France	2.5
Samsung Electronics	Korea	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
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
Total Equities	94.3	-18.5	75.8
Other	0.0	-5.1	-
Cash	5.7	-	-
Totals	100.0	-23.6	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	31.4	-1.4	30.0
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

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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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