

## Commentary

Global equities retreated (-3.2%), breaking a five-month winning streak on COVID-19 fears and US political uncertainty. Cyclical sectors were mixed as Industrials and Materials outperformed whilst Energy and Financials lagged. Defensive sectors such as Utilities and Consumer Staples were also strong. US equities underperformed (-3.8%) as Democratic Presidential candidate Joe Biden maintained a lead in the polls, a Democratic majority in the Senate became more likely, and negotiations on a new COVID-19 fiscal relief bill stalled. New COVID-19 restrictions and concerns over stalling economic recovery ahead of the next Brexit negotiations weighed on Europe (-3.3%). Asia broadly outperformed (-0.6%) led by Japan as Yoshihide Suga was appointed Prime Minister and existing economic policies are expected to be maintained. China lagged (-3.4%) on elevated US-China tech tensions. Elsewhere, Brent Crude fell (-6.6%) on demand concerns. The US dollar rallied (DXY +1.9%) on safe-haven demand however Gold (-3.6%) fell for a second month.

Key contributors to performance included:

- Connectivity/compute cluster, including Samsung Electronics and TSMC, as Samsung benefited from a rebound in handset sales while demand for TSMC's leading edge solutions is stronger than expected. Additionally, both leading incumbent semiconductor companies are

expected to benefit from the US restricting China's access to chips designed/manufactured using US tools, curtailing China's tech independence and necessitating dependence on the Koreans/Taiwanese.

- Capital One Financial, Consumer Cyclical - Developed Markets (DM), as recent metrics showed ongoing resilience in credit quality, and credit cards (industry-wide) showed the first inflection in loan growth since March 2020.

Key detractors to performance included:

- Oil/Natural Gas cluster, notably TechnipFMC and CNOOC which weakened with the oil price, while the market overlooks Technip's c. \$3b in contract wins over the September quarter.
- Online Services DM notably Facebook, after a sustained period of outperformance.
- Consumer Cyclical DM cluster, notably ING Groep, which, along with other banks, was affected by potential money laundering concerns over 2000 - 2017 with the bulk of these cases backward looking. Importantly, ING has invested heavily in compliance and given excess capital, any incremental fines should not threaten dividends.

## USD performance (%)

	Fund	Benchmark	Difference
1 month	-3.6	-3.2	-0.4
3 month	5.6	8.1	-2.5
Year to date	-2.3	1.4	-3.7
1 year	5.1	10.4	-5.3
3 year p.a.	1.3	7.1	-5.9
5 year p.a.	8.8	10.3	-1.5
Inception p.a.	7.5	7.7	-0.2
Inception	46.1	47.8	-1.7

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	62.8%
Upside capture ratio	76
Downside capture ratio	66
Portfolio standard deviation	11.6%
Benchmark standard deviation	14.6%
Sharpe ratio	0.52

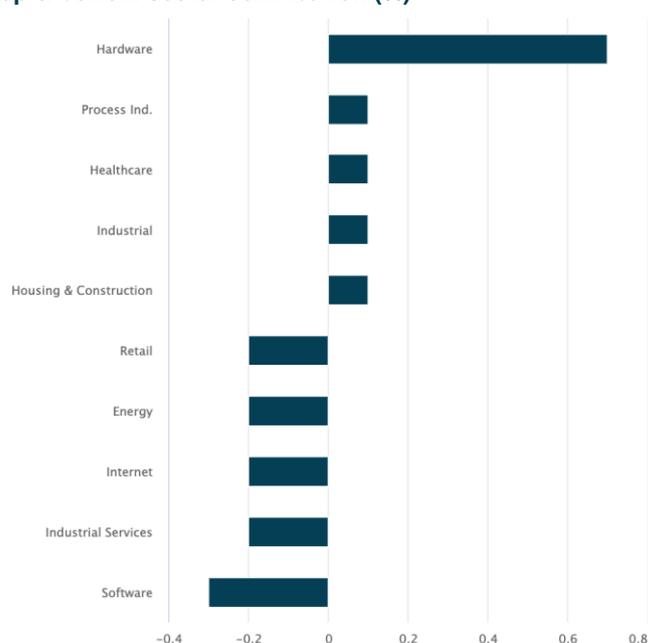
<sup>1</sup> All metrics are based on gross of fee returns in USD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return 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	-0.2%
Short	-0.2%
Currency	-0.1%

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

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



<sup>3</sup> Antipodes classification

## Fund facts

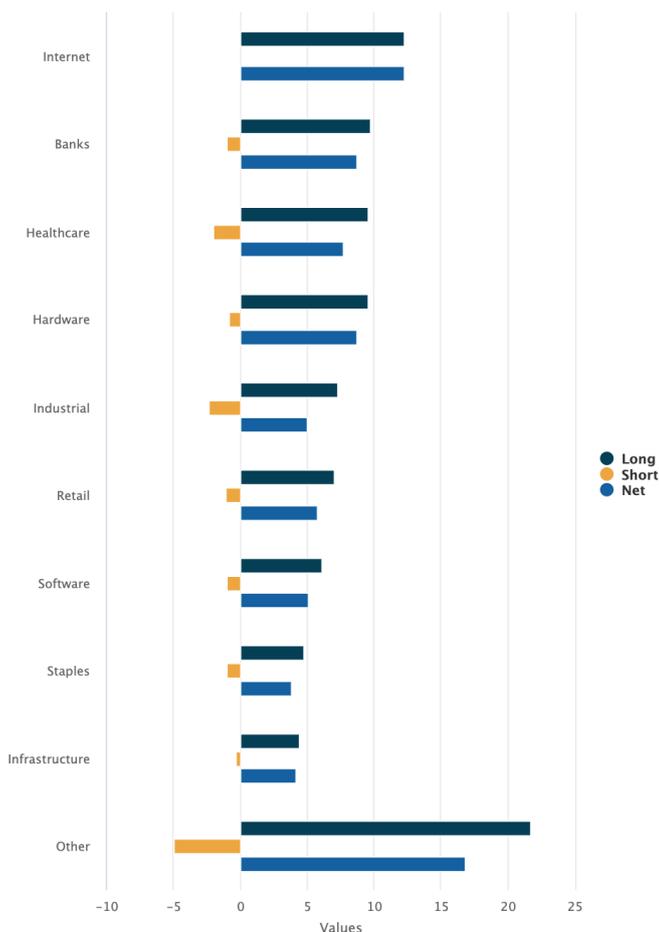
Characteristics	
Investment manager	Antipodes Partners
Inception 1 date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Asset value	
Fund AUM	\$2,213m
Strategy AUM	\$3,969m

Asset allocation<sup>4</sup>

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (% NAV)	92.5	-	-14.4	-5.2
Count	66	1	32	6
Avg. weight	1.4	-	-0.5	-0.9
Top 10 (% NAV)	27.7	-	-6.6	-
Top 30 (% NAV)	65.1	-	-14.2	-

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

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

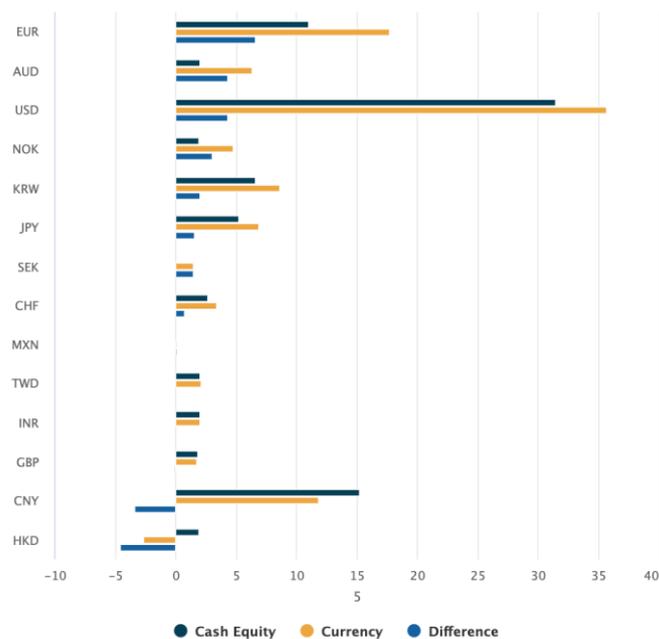


<sup>5</sup>Antipodes classification

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

Name	Country	Weight
Électricité de France	France	3.0
Microsoft	United States	2.9
Ping An Insurance	China/HK	2.9
Alibaba	China/HK	2.8
Facebook	United States	2.7
Roche	Switzerland	2.7
Tencent	China/HK	2.7
Capital One Financial	United States	2.7
Samsung Electronics	Korea	2.6
Siemens	Germany	2.6

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	0.0	-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	30.0
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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