

Company commentary

Company performance for the month was -1.1%, underperforming the benchmark which returned 1.1%. The key contributors and detractors are detailed under the Portfolio Commentary section below.

On 22 October 2021, the Company provided an important update on the scheme of arrangement (Scheme) by way of an [ASX announcement](#) and [Scheme Booklet](#) which is also available on the [Scheme website](#).

The Scheme will enable shareholders to exchange their shares in the Company for units in the Antipodes Global Shares (Quoted Managed Fund) (ASX:AGX1), an existing actively managed ETF for which Antipodes Partners Limited is investment manager.

Shareholders are able to vote on the Scheme by proxy ahead of the Scheme meeting via the [Boardroom online voting website](#) or via the [virtual Scheme meeting](#) that will take place on 24 November 2021. You will need your personalised voter access code (VAC) in order to access both websites. This was provided to shareholders via email from the Company on 22 October 2021 or via post.

The exchange value of APL shares under the Scheme will be calculated off the post-tax NTA of APL (less a Retention Amount estimate to be \$0.0006 per share) on the Calculation Date, expected to be 15 December 2021. Shareholders will receive their AGX1 units on the Implementation Date, expected to be 17 December 2021, if the Scheme is approved.

At 29 October 2021, the post-tax NTA of APL was \$1.171 and compares to the closing APL share price of \$1.135 per share on the same date (a discount of 3.1%). The NAV for AGX1 on the same date was \$5.7688 per unit.

For more information on AGX1, please visit the [fund's website](#)

Market commentary

Global Equities were up in October (+1.1%) with Consumer Discretionary, Information Technology, Energy and Financial sectors outperforming, whilst Communications Services, Consumer Staples, Materials and Healthcare underperformed. US equities were strong (+2.9%) with solid corporate earnings, the US Treasury debt ceiling issue kicked into December, and previous worries such as inflation and Chinese regulation and Evergrande contagion dissipating, whilst European equities were up (+0.5%) also on good earnings and dispelled fears, but with a surging Gas price as a headwind.

Asian equities were down (-4.2%) with Chinese equities underperforming (-1.2%) with macro data disappointing overall. Japan underperformed (-7.1%) with an election overhang for most of the month.

Elsewhere, Brent Crude (+7.5% in USD) continued to rally, while Gold (+1.5%) was up and the US Dollar (DXY -0.11%) was slightly down.

Portfolio commentary

Key contributors included:

- Infrastructure/Property - Developed Markets, notably Electricite de France (EDF) and Frontier Communications. EDF reacted positively on the back president Macron's announcement of intention the French government's co-investment commitment alongside EDF in the development small modular nuclear reactors by 2030. Frontier Communications benefitted from the signing of a multi-year strategic agreement with AT&T to bring fibre-optic connectivity to customers outside AT&T's current footprint.
- Microsoft, in the Internet/Software - Developed Markets cluster, which delivered higher than expected 1Q22 results driven by strong revenue performance in its cloud, server, and Office businesses in the September quarter.
- Merck, in the Healthcare cluster, which delivered strong 3Q21 results, whereby the company flagged a growing early stage development pipeline and disclosure of supply and purchase commitments with several governments on its oral COVID antiviral drug, Molnupiravir.

Key detractors included:

- Industrials cluster, notably Airbus and Toyota. Amid a broader rotation away from cyclicals upon further delta variant disruptions, Airbus reported a 19% drop in third-quarter operating profit and hinted at difficulties receiving parts on time, leading to a flattening of 3Q deliveries. Similarly, there were temporary impacts around Toyota's ability to fulfil CY21 production targets given the ongoing concerns around chip shortages.
- Trip.com, within the Consumer Cyclical - Asia/Emerging Markets cluster detracted as new Covid cases emerged in a number of Chinese provinces after the Golden Week holiday, pointing to a further disruption to local travel.
- Facebook (Meta Platforms Inc.), within the Internet/Software - Developed Markets cluster, which suffered negative press when a former Facebook employee accused the company of putting profits over safety, before later in the month announcing a corporate rebranding, to Meta Platforms, in an effort to better encompass the company's reach beyond social media platforms.
- Short positioning in Internet/Software - Developed Market cluster, which acted as a headwind in rising markets.

Performance (%)^{1,2,3}

	Company	Benchmark	Difference
1 month	-1.1	1.1	-2.2
3 month	1.2	1.1	0.1
Year to date	10.1	20.0	-9.9
1 year	17.8	28.3	-10.5
3 year p.a.	5.9	15.2	-9.3
5 year p.a.	8.7	15.0	-6.4
Inception p.a.	8.6	14.5	-5.9

Past performance is not a reliable indicator of future performance. All p.a. returns are annualised

¹ Movement in NTA before tax for the period, adjusted for dividends and income taxes paid and the dilutionary effect of share capital transactions. This figure incorporates underlying portfolio performance net of portfolio related fees and costs, less administration costs of the Company. ² MSCI All Country World Net Index in AUD (portfolio's benchmark). ³ Inception is 11 October 2016.

Company performance since inception^{1,3}



Net tangible assets (NTA^{5,6})^{4,7}

Pre-tax NTA	Post-tax NTA
\$1.198	\$1.171

⁴ These figures are unaudited and approximate only. ⁵ Pre-tax NTA includes provision for tax on realised gains/losses and other earnings, but excludes any provision for tax on unrealised gains/losses and any deferred tax assets relating to capitalised issue costs and income tax losses. ⁶ Post-tax NTA includes tax on both realised and unrealised gains/losses and other earnings, and includes deferred tax assets relating to capitalised issue costs and income tax losses.

⁷ NTA before tax was \$1.210. This represents the NTA excluding all income tax related assets and liabilities. Company tax of \$0.001 per share was paid during the month.

Dividend history⁸

	Dividend per share	Ex date	Record date	Payable	% franked
APL	4c	08/09/21	9/09/21	30/09/21	100%
APL	2c	09/03/21	10/03/21	31/03/21	50%
APL	2.5c	08/09/20	09/09/20	30/09/20	50%
APL	2c	05/03/20	06/03/20	27/03/20	50%
APL	2.5c	06/09/19	09/09/19	14/10/19	50%
APL	2c	07/03/19	08/03/19	22/03/19	50%
APL	5c	19/10/18	22/10/18	31/10/18	50%

⁸ Maiden dividend covered the 20-month period from IPO to June 2018.

Asset allocation⁹

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	96.3	-	-17.4	-8.1
Count	60	-	36	5
Avg. weight (%)	1.6	-	-0.5	-1.6
Top 10 (%)	30.2	-	-11.0	-
Top 30 (%)	70.2	-	-16.7	-

⁹ Non-equity derivatives.

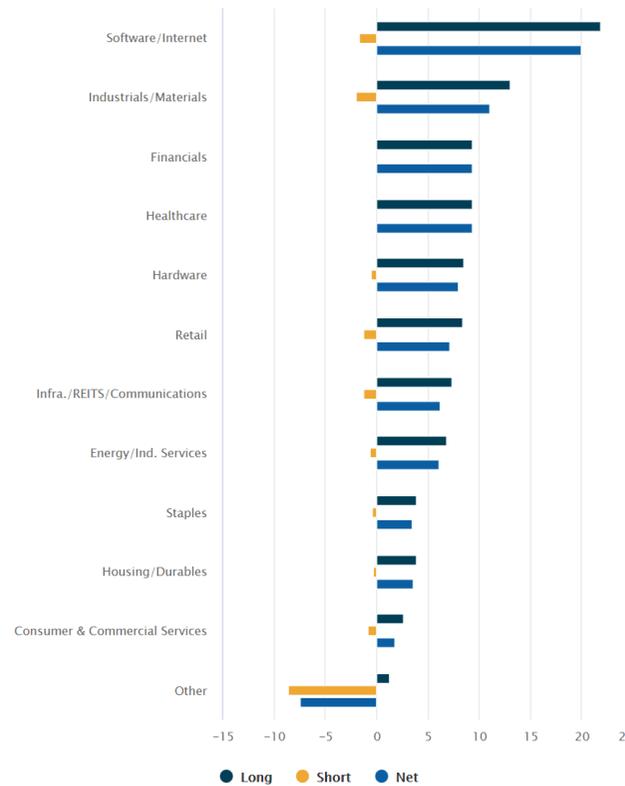
Top 10 equity longs

Name	Country	Weight (%)
Microsoft	United States	3.9
Meta Platforms	United States	3.5
Siemens	Germany	3.3
Tencent	China/HK	3.1
Frontier Communications Parent	United States	3.1
Sanofi	France	2.9
Teck Resources	Canada	2.6
Tesco	United Kingdom	2.6
Taiwan Semiconductor	Taiwan	2.6
Merck	United States	2.6

Regional exposure^{10,11} (%)

Region	Long	Short	Net
North America	44.7	-11.6	33.1
Western Europe	25.4	-0.7	24.8
- Eurozone	19.5	-0.7	18.9
- United Kingdom	4.3	-	4.3
- Rest Western Europe	1.6	-	1.6
Developing Asia/EM	14.1	-0.8	13.3
- China/Hong Kong	12.3	-0.8	11.4
- India	1.8	-	1.8
Developed Asia	10.9	-1.2	9.6
- Korea/Taiwan	5.7	-	5.7
- Japan	5.2	-1.2	3.9
Australia	1.3	-	1.3
Other equity	-	-3.0	-3.0
Total Equities	96.3	-17.4	79.0
Other	-	-8.1	-
Cash	3.7	-	-
Totals	100.0	-25.5	-

¹⁰ Where possible, regions, countries and currencies classified on a look through basis. ¹¹ Antipodes classification.

Sector exposure¹¹ (%)

Characteristics

Investment manager	Antipodes Partners Limited
ASX code	APL
Inception date	11 October 2016
Listing date	18 October 2016
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.10% p.a. ¹²
Performance fee	15% of net return in excess of benchmark

Asset value

Company net tangible assets	\$559m
Market capitalisation	\$542m
Strategy AUM	\$5,979m

¹² Inclusive of the net impact of GST and RITC.

Company features

- Aims 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.
- 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 allowable gross exposure limit of 150% of NAV.

About the Manager



Jacob Mitchell
Chief Investment Officer
Lead Portfolio Manager

Antipodes Partners Limited is an award-winning global asset manager offering a fundamental, value-focused investment approach founded in 2015 by Jacob Mitchell, formerly Deputy Chief Investment Officer of Platinum Asset Management, together with a number of former colleagues and like-minded value investors.

Antipodes is majority owned by its investment team and its performance culture is underpinned by sensible incentives, a focused offering and the outsourcing of non-investment functions to minority partner Pinnacle Investment Management Limited.



Further information

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