

## Commentary

Global equities retreated for a second month in October (-0.4%) on a resurgence in COVID-19 cases and risk aversion ahead of the US election. Whilst investors continued to exhibit a slight preference for growth over low multiple - or value - stocks, there was a rotation in the market as Tech underperformed and Financials outperformed. Elsewhere, Consumer Discretionary outperformed, whilst Healthcare and Energy lagged.

US equities fell (-0.6%) as the market began to factor in the potential of a Democratic sweep of the House, Senate and the Presidency against a backdrop of continued gridlock on a new fiscal package. Cyclical outperformed on the potential of more aggressive stimulus under a Blue sweep, while the US technology giants retreated despite posting strong earnings. Europe underperformed as new COVID lockdowns in several major countries weighed on the consumer outlook (-3.7%).

Asia broadly outperformed (+3.2%) led by China (+6.9%) as the relaxation of internal COVID restrictions and the unveiling of the central government's 14th Five Year Plan, led to optimism over momentum in its economic recovery.

Elsewhere, US Treasury yields rose sharply on post-election fiscal hopes. Brent Crude continued to fall on continued demand concerns.

Key contributors to performance included:

- Online Services Asia/Emerging Markets (EM) including Tencent, which benefited from recovery in digital advertising and attention on payments

## Net performance (%)

	Fund	Benchmark	Difference
1 month	2.1	-0.4	2.5
3 month	3.1	2.3	0.8
Year to date	-3.0	-1.0	-2.0
1 year	-0.4	2.9	-3.3
3 year p.a.	3.2	8.7	-5.4
5 year p.a.	6.5	8.5	-1.9
Inception p.a.	7.8	8.9	-1.1
Inception	49.4	57.9	-8.4

Past performance is not a reliable indicator of future performance. Returns are quoted in AUD and net of applicable fees, costs and taxes

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

Average net exposure	62.9%
Upside capture ratio	75
Downside capture ratio	55
Portfolio standard deviation	8.4%
Benchmark standard deviation	10.8%
Sharpe ratio	0.92

<sup>1</sup>All metrics are based on gross of fee returns in AUD 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	1.8%
Short	0.2%
Currency	0.2%

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

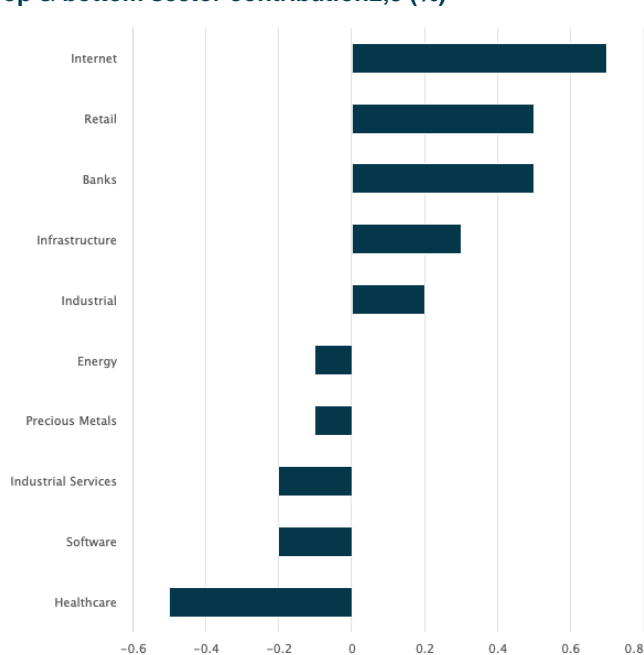
businesses with the Ant Group IPO, and Alibaba which highlighted ventures in retail and food delivery are moving towards profitability.

- Consumer Cyclical Asia/EM, notably KB Financial and HDFC Bank, as both reported strong results highlighting ongoing normalisation of their domestic economies. In particular, recovery has gathered pace in India and HDFC has taken market share.
- EDF (Infrastructure Developed Markets), which revised full year guidance upwards for nuclear generation and benefited from incremental news around imminent regulatory reform and restructuring.
- Tapestry (Consumer Cyclical DM), which delivered a strong result driven by e-commerce and sales in China. Further, initiatives to focus the product offer, increase prices and reduce discounts have begun to bear fruit.

Key detractors to performance included:

- Healthcare cluster including Merck and Sanofi as pharma has been impacted by the potential for adverse drug pricing policies under a potential Democratic clean sweep in the US elections.
- Oil/natural gas cluster including TechnipFMC which reported a better than expected result but failed to revise full year guidance upwards.
- Siemens (Industrials cluster), following a period of strong performance over the prior six months.

## 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 AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June

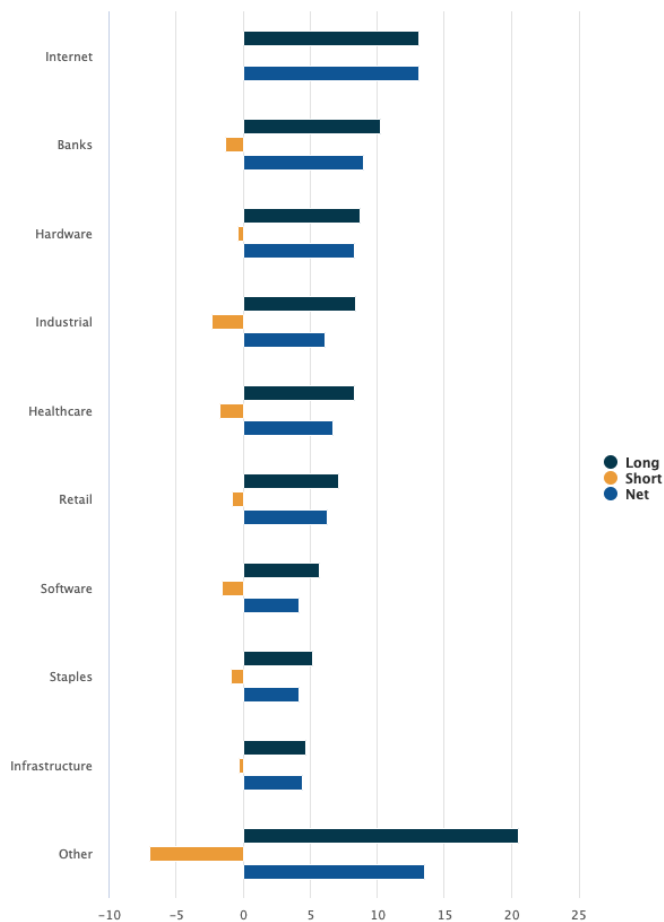
Asset value	
Fund AUM	\$2,977m
Strategy AUM	\$5,476m
Unit redemption price	1.5979

Asset allocation<sup>4</sup>

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (% NAV)	91.8	0.0	-16.1	-5.5
Count	62	1	37	6
Avg. weight	1.5	0.0	-0.4	-0.9
Top 10 (% NAV)	27.7	-	-7.8	-
Top 30 (% NAV)	65.9	-	-14.7	-

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

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

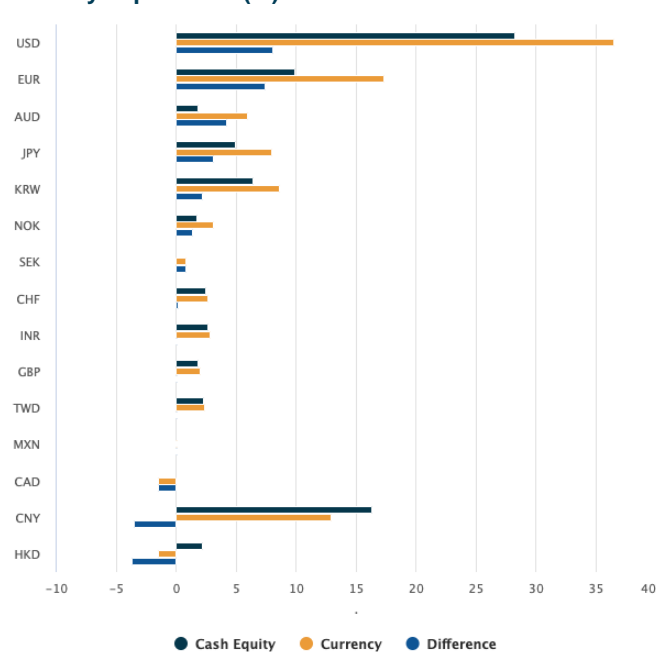


<sup>5</sup> Antipodes classification

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

Name	Country	Weight
Électricité de France	France	3.2
Tencent	China/HK	3.1
Ping An Insurance	China/HK	2.9
Facebook	United States	2.9
Alibaba	China/HK	2.9
Microsoft	United States	2.8
Siemens	Germany	2.6
Roche	Switzerland	2.5
KB Financial Group	Korea	2.4
Capital One Financial	United States	2.4

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	32.9	-9.4	23.5
Western Europe	22.3	-3.2	19.1
- Eurozone	16.3	-2.3	14.0
- Rest Western Europe	4.2	-	4.2
- United Kingdom	1.8	-0.9	0.9
Developing Asia	21.2	-0.3	20.9
- China/Hong Kong	18.5	-0.3	18.3
- India	2.7	-	2.7
Developed Asia	13.7	-3.3	10.4
- Korea/Taiwan	8.7	-0.7	8.0
- Japan	5.0	-2.6	2.3
Australia	1.8	-	1.8
<b>Total Equities</b>	<b>91.8</b>	<b>-16.1</b>	<b>75.7</b>
Other	-	-5.5	-
Cash	8.2	-	-
<b>Totals</b>	<b>100.0</b>	<b>-21.6</b>	<b>-</b>

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

Band	Long	Short	Net
Mega (>\$100b)	39.4	-6.7	32.7
Large (>\$25b <\$100b)	29.5	-4.2	25.4
Medium (>\$5b <\$25b)	18.9	-4.2	14.7
Small (<\$5b)	3.9	-1.0	2.9

## 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)

## Fund Ratings



## Further information

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