

Key Takeaways

- Asian equities underperformed broader global markets over the month of July.
- Despite the PBOC announcing further stimulus measures, Chinese equities were weaker amid concerns on the property sector and the continued impacts of lockdown restrictions.
- Antipodes Asia Fund, strongly underperformed the benchmark for the month and is behind over the calendar-year-to-date.

Commentary

Global equities were up in July (+5.4%) with Information Technology, Consumer Discretionary and Industrials outperforming whilst Communication Services, Healthcare and Materials underperformed.

US equities outperformed (+7.7%) despite inflation data remaining elevated and more signs of economic slowdown, with equity markets starting to reprice and adjust the chances of a less-hawkish Federal Reserve pivot to being more market supportive, whilst corporate earnings were better than feared. European equities were positive but underperformed the broader market (+3.4%) with the overhang of the Russian gas supply crisis and the collapse of the Italian coalition government forcing early elections. Whilst in the UK, the process of finding a new Prime Minister from the Conservative party commenced after the resignation of Boris Johnson. The ECB made a historic hike while giving more details on their new Transmission Protection Instrument to support weaker sovereign yields.

Asian equities underperformed broader markets over the month (-0.3%). Chinese equities were weak (-9.4%) despite the PBOC announcing further loan stimulus and GDP data surprising on the upside, with zero-COVID restrictions and property sector fears, which included the threat of mortgage strikes, weighing on sentiment. Japanese equities were positive for the month, despite underperforming global markets (+4.2%) whereby the former Prime Minister Shinzo Abe was tragically assassinated.

Elsewhere, Brent Crude (-4.2% in USD) was down, Gold (-2.3%) was lower, whilst the US Dollar (+1.2%) was stronger.

Key contributors included:

- Hardware cluster, including TSMC which reported a record net profit in its second quarter earnings, exceeding analyst expectations in a 43.5% revenue increase year-on-year. The company highlighted weakness in consumer

markets such as smartphones and PCs but noted its data centre and automotive business remained steady. Similarly, Samsung reported solid second quarter earnings, driven largely by the strong performance of its chip division, highlighting strong demand for memory chips in the sever sector which offset weakness in consumer products.

- ICICI Bank within the Consumer Cyclical – Asia/EM cluster contributed after delivering strong first quarter results exceeding analyst estimates, driven by strong domestic loan growth. Similarly, Bank Mandiri reported strong second quarter results, with estimate beats across all key line items and another upgrade to full year earnings guidance.

Key detractors included:

- Consumer Cyclical – Asia/EM cluster, notably Chinese property exposures as sentiment turned negative on the sector amid concerns around home buyers threatening to stop servicing mortgages on certain unfinished projects, and lockdown stress. Later in the month, a reported move by Beijing to establish a fund to support developers generated optimism within the property sector.
- Similarly, KE holdings within the Internet/Software – Asia EM cluster detracted over the month, with the real estate platform impacted by the weaker sentiment felt in the property sector and lockdown restrictions.
- Internet/Software – Asia/EM, including Alibaba, whereby in early July fines were imposed on technology companies for failing to properly report past deals, with five transactions carried out by Alibaba highlighted by the regulator. Whilst the potential impact of the fines was capped, investor sentiment turned poorer amid concerns that this could signal renewed regulatory concerns for the company.

Net performance (%)

	Fund	Benchmark	Difference
1 month	-8.7	-2.6	-6.1
3 month	-5.0	-3.5	-1.5
Year to date	-21.7	-13.8	-7.9
1 year	-22.9	-15.7	-7.3
3 year p.a.	-1.7	1.9	-3.6
5 year p.a.	2.0	4.6	-2.5
Inception p.a.	4.1	5.0	-0.9

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

Performance & risk summary¹

Average net exposure	76.2%
Upside capture ratio	82
Downside capture ratio	70
Portfolio standard deviation	11.9%
Benchmark standard deviation	11.2%
Sharpe ratio	0.39

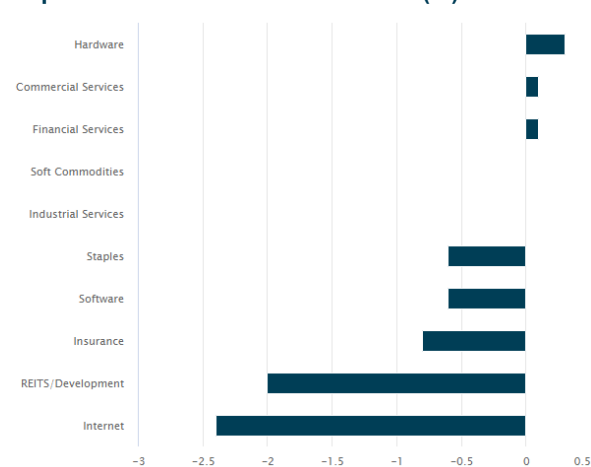
¹All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility.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

	1 month
Long	-8.2%
Short	-0.4%
Currency	-0.1%

² Based on gross returns in AUD

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



³ Antipodes classification

Fund facts

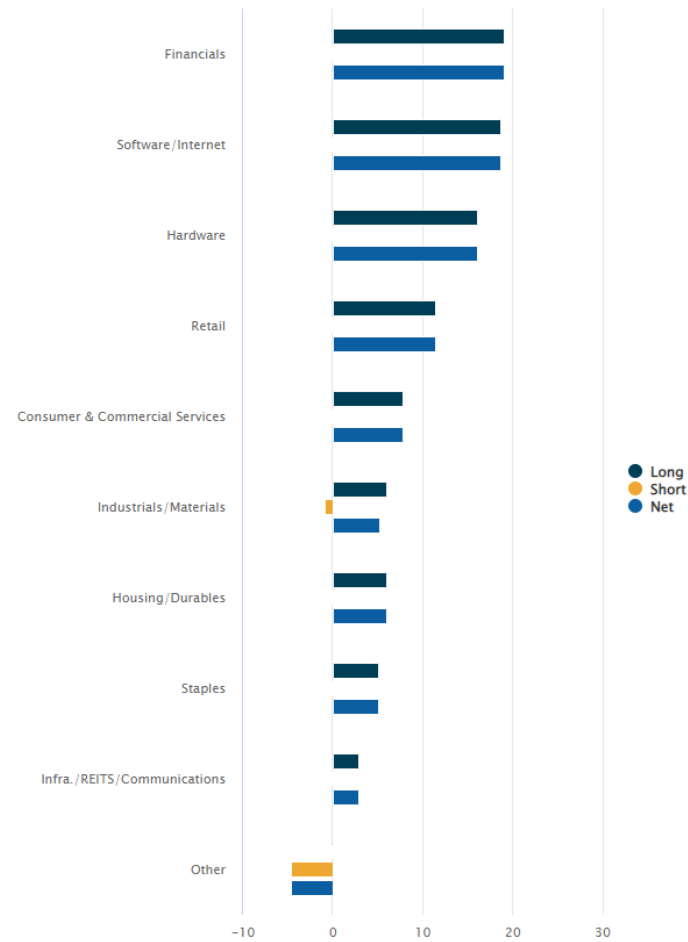
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country Asia ex Japan Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$23m
Strategy AUM	\$29m
Unit redemption price	0.8951

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	93.6	-	-5.2	-
Count	38	-	3	-
Avg. weight (%)	2.5	-	-1.7	-
Top 10 (%)	39.7	-	-	-
Top 30 (%)	85.9	-	-	-

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

Sector exposure^{4,5} (%)

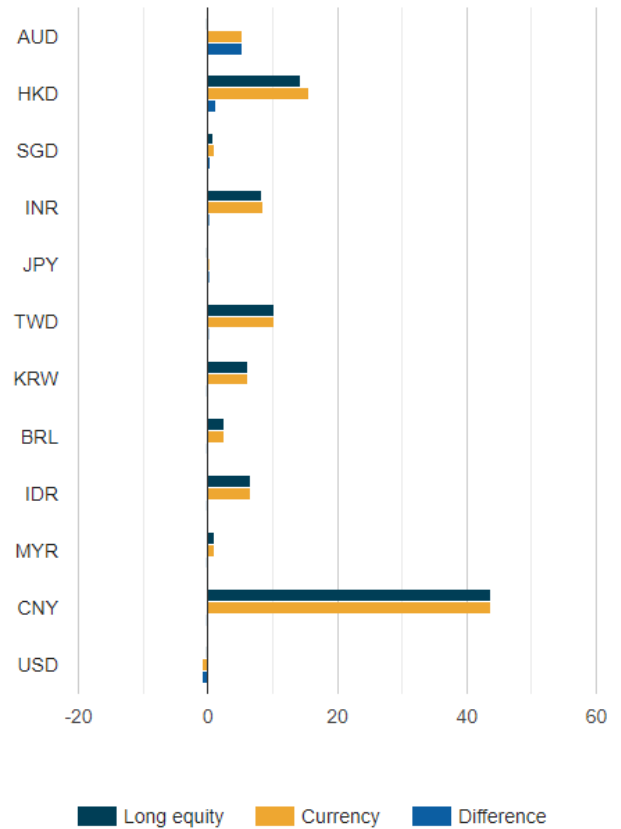


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Taiwan Semiconductor	Taiwan	7.1
JD.com	China/HK	4.6
Samsung Electronics	Korea	4.1
Meituan	China/HK	3.9
PT Bank Mandiri (Persero)	Indonesia	3.8
AIA Group	China/HK	3.7
ICICI Bank	India	3.3
Ping An Insurance	China/HK	3.1
KE Holdings	China/HK	3.1
MediaTek	Taiwan	3.1

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
Developing Asia/EM	77.3	-3.4	73.9
- China/Hong Kong	58.1	-	58.1
- India	8.3	-3.4	4.9
- Indonesia	6.5	-	6.5
- Malaysia	1.0	-	1.0
- Singapore	0.8	-	0.8
- Rest Developing Asia/EM	2.6	-	2.6
Developed Asia	16.3	-1.1	15.2
- Korea/Taiwan	16.3	-1.1	15.2
Australia	-	-0.8	-0.8
Total Equities	93.6	-5.2	88.4
Cash	6.4	-	-
Totals	100.0	-5.2	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	34.2	-4.5	29.7
Large (>\$25b <\$100b)	23.9	-0.8	23.1
Medium (>\$5b <\$25b)	27.7	0.0	27.7
Small (<\$5b)	7.8	0.0	7.8

Investment Manager

- Global and Asian 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 fund 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)
- In the absence of finding securities that meet minimum risk-return criteria, cash may be held
- Flexibility to hedge for risk management purposes:
 - 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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Link to [Product Disclosure Statement](#)

Link to [Target Market Determination](#)

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