

## Key Takeaways

- Amidst heightened volatility in equities globally throughout May, Asian equities outperformed broader global markets.
- Asian markets were led by China over the month, supported by positive government rhetoric and signs of easing lockdowns across major cities.
- Against this backdrop the Antipodes Asia Fund, underperformed the benchmark for the month, with cyclical and infrastructure exposures the notable detractors.

## Commentary

Despite heightened volatility, global equities were relatively unchanged in May (-0.9%) with energy, utilities and financials outperforming and consumer staples, consumer discretionary and information technology underperforming.

US equities underperformed broader markets over the month (-1.2%). The Federal Open Market Committee (FOMC) hiked the federal funds rate by 50bps and further signalled more rate rises are to come, as the FOMC seeks to combat inflation. Whilst the FOMC speakers messaging became more mixed during the month, broader investor fears around economic growth persist.

European equities outperformed (-0.2%) over the month, with strong consumer confidence and high inflation data fuelling a more hawkish tone from the European Central Bank and likelihood of a hike in the near future. The Bank of England also lifted rates again in May.

Asian equities also broadly outperformed (-0.1%). Chinese equities outperformed broader Asian and global markets (+0.9%) with continued commentary highlighting assistance from the Government & People's Bank of China (PBOC). Whilst several cities, including Shanghai, spent much of May in lockdown, there was notable easing in restrictions towards the end of the month. Japanese equities also outperformed over the month (+0.7%) while the Bank of Japan continued their diverging policy, with signs of stability in the Yen. Indian equities were weaker (-6.7%) with the Reserve Bank of India announcing an inter-meeting rate hike rising to combat rising inflation.

Elsewhere, Brent Crude (+12.4% in USD) was strong, Gold (-3.1%) was down, as was the US Dollar (-1.2%).

Key contributors included:

- Internet/Software Asia/EM cluster, notably Meituan and Baidu. Meituan reported first quarter earnings whereby the company registered significant growth in its food delivery, in-store, hotel and travel segments despite lockdown pressures. Similarly, Baidu posted first quarter results that exceeded estimates, as demand for the company's cloud and artificial intelligence products remained strong.
- Hardware cluster, notably TSMC as the chip giant reported strong April 2022 revenue, up 55% year-over-year as the demand for chips continues to grow from data centres and the computational power needed for artificial intelligence and machine learning.

Key detractors included:

- Consumer Cyclical - Asia/EM cluster. Trip.com which was impacted by poorer investor sentiment from continued lockdowns in major Chinese cities throughout May, and a lower expected volume of domestic travellers for the annual Dragon Boat Festival holiday in early June, despite an easing of restrictions later in the month. Indonesian bank, Bank Mandiri and Indian bank, ICICI Bank detracted over the month amidst weaker sentiment and concerns over the outlook for interest rates and an economic slowdown.
- Infrastructure/Property - Asia/EM, notably GDS Holdings with the Chinese data centre developer reporting first quarter results largely in line with expectations, citing the negative impact on move-in rates from lockdowns across a number of provinces during the first quarter.

## Net performance (%)

|                | Fund  | Benchmark | Difference |
|----------------|-------|-----------|------------|
| 1 month        | -1.1  | -0.5      | -0.6       |
| 3 month        | -13.2 | -6.3      | -6.9       |
| Year to date   | -18.5 | -11.2     | -7.4       |
| 1 year         | -24.9 | -15.4     | -9.5       |
| 3 year p.a.    | 1.0   | 4.7       | -3.7       |
| 5 year p.a.    | 2.4   | 5.1       | -2.7       |
| Inception p.a. | 4.8   | 5.6       | -0.8       |

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 summary<sup>1</sup>

|                              |       |
|------------------------------|-------|
| Average net exposure         | 75.9% |
| Upside capture ratio         | 82    |
| Downside capture ratio       | 68    |
| Portfolio standard deviation | 11.3% |
| Benchmark standard deviation | 11.3% |
| Sharpe ratio                 | 0.47  |

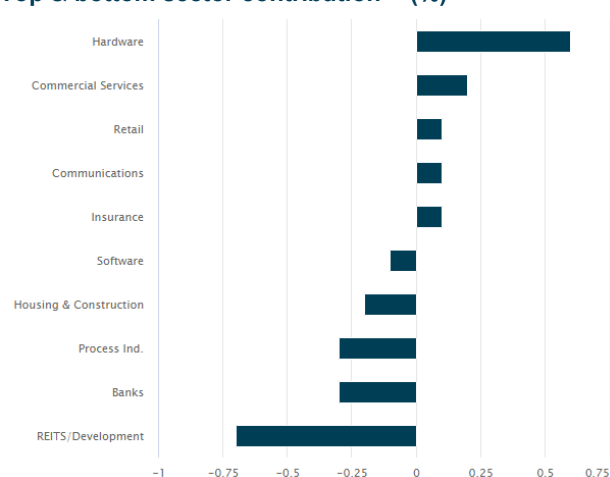
<sup>1</sup>All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return 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     | -0.9%   |
| Short    | -0.1%   |
| Currency | 0.0%    |

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

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



<sup>3</sup> Antipodes classification

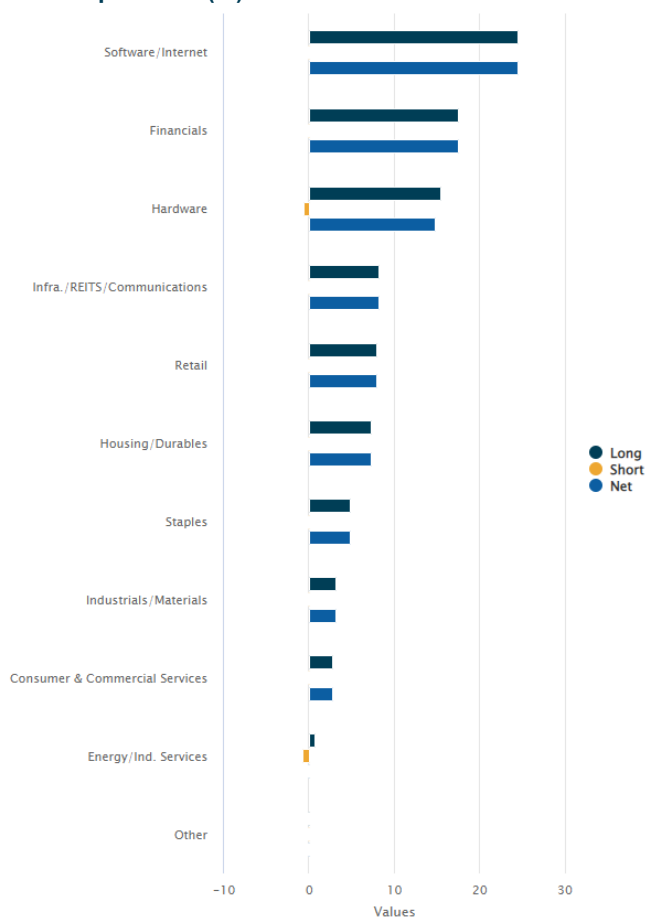
## Fund facts

| Characteristics       |   |
|-----------------------|---|
| Investment manager    | Antipodes Partners                              |
| Inception date        | 1 July 2015                                     |
| Benchmark             | MSCI All Country 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              | \$25m   |
| Strategy AUM          | \$30m   |
| Unit redemption price | 0.9315  |

Asset allocation<sup>4</sup>

|                 | Equities - Long | Other - Long | Equities - Short | Other - Short |
|-----------------|-----------------|--------------|------------------|---------------|
| Weight (%)      | 93.0            | -            | -1.3             | -             |
| Count           | 38              | -            | 3                | -             |
| Avg. weight (%) | 2.4             | -            | -0.4             | -             |
| Top 10 (%)      | 41.9            | -            | -                | -             |
| Top 30 (%)      | 87.6            | -            | -                | -             |

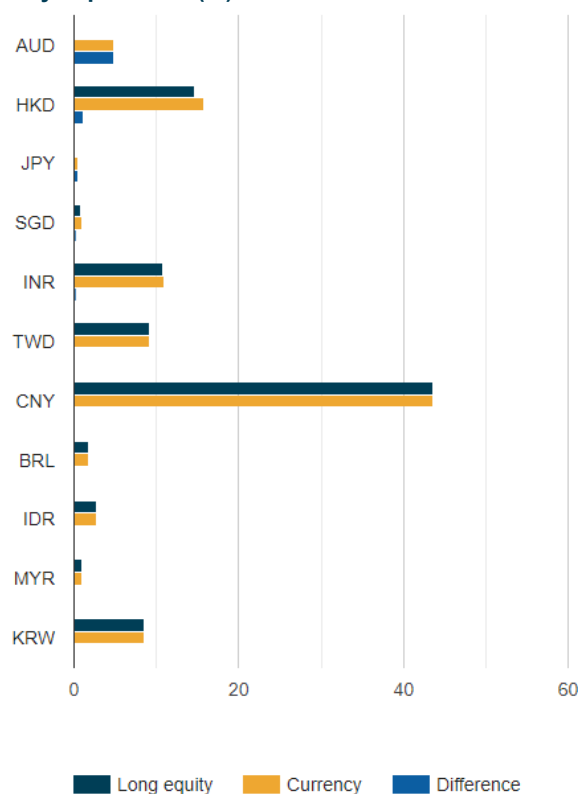
<sup>4</sup> Call (put) options represented as the current option value (delta adjusted exposure)

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

<sup>5</sup> Antipodes classification

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

| Name                 | Country  | Weight |
|----------------------|----------|--------|
| Meituan              | China/HK | 6.1    |
| Taiwan Semiconductor | Taiwan   | 6.0    |
| Tencent              | China/HK | 4.7    |
| Samsung Electronics  | Korea    | 4.3    |
| JD.com               | China/HK | 4.3    |
| Ping An Insurance    | China/HK | 3.5    |
| AIA Group            | China/HK | 3.5    |
| Trip.com Group       | China/HK | 3.3    |
| KE Holdings          | China/HK | 3.1    |
| MediaTek             | Taiwan   | 3.1    |

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  |
|---------------------------|-------|-------|------|
| Developing Asia/EM        | 75.4  | -0.1  | 75.3 |
| - China/Hong Kong         | 58.2  | -0.1  | 58.1 |
| - India                   | 10.8  | -     | 10.8 |
| - Indonesia               | 2.8   | -     | 2.8  |
| - Malaysia                | 0.9   | -     | 0.9  |
| - Singapore               | 0.8   | -     | 0.8  |
| - Rest Developing Asia/EM | 1.8   | -     | 1.8  |
| Developed Asia            | 17.6  | -0.6  | 17.1 |
| - Korea/Taiwan            | 17.6  | -0.6  | 17.1 |
| Rest of World             | -     | -0.6  | -0.6 |
| Total Equities            | 93.0  | -1.3  | 91.7 |
| Cash                      | 7.0   | -     | -    |
| Totals                    | 100.0 | -1.3  | -    |

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

| Band                   | Long | Short | Net  |
|------------------------|------|-------|------|
| Mega (>\$100b)         | 32.1 | 0.0   | 32.1 |
| Large (>\$25b <\$100b) | 28.4 | -0.1  | 28.3 |
| Medium (>\$5b <\$25b)  | 28.2 | -1.2  | 27.0 |
| Small (<\$5b)          | 4.4  | 0.0   | 4.4  |

## 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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