

Key Takeaways

- Asian equities outperformed broader global markets over the month.
- Asian markets were led by China over the month, with the relaxing of lockdown restrictions and supportive government rhetoric.
- The Antipodes Asia Fund strongly outperformed the benchmark for the month, finishing ahead for the June quarter.

Commentary

Global equities were down in June (-4.5%) with healthcare, consumer staples and utilities outperforming whilst materials, energy and information technology underperformed. US equities were down (-4.4%) with headline inflation higher than expected, resulting in the Federal Reserve hiking the funds rate by 75bps, rather than the anticipated 50bps. With macroeconomic data showing signs of an economic slowdown, fears of a hard landing and deeper recession intensified. European equities underperformed broader global markets over the month (-6.1%) with fears of an energy crisis lead recession intensifying in the event of Russia reducing the flow of natural gas into the region. With European inflation data coming in stronger than expected, the ECB reiterated its hawkish tone while introducing supportive measures for sovereign periphery yields. The Bank of England hiked rates again, with the Swiss Reserve Bank and Norwegian central bank, Norges Bank, both hiking rates above market expectation.

Asian equities outperformed (-1.6%). Chinese equities were strong (+12.5%) upon the relaxing of COVID-19 restrictions, complimented by supportive government commentary. Japanese equities were down over the month (-3.9%), driven by low industrial production with the Bank of Japan continuing their yield curve control regime to keep monetary policy loose.

Elsewhere, Brent Crude (-6.5% in USD) was down, Gold (-1.6%) was lower, whilst the US Dollar (+2.9%) was stronger.

Key contributors included:

- Consumer Cyclical – Asia/EM cluster, including Trip.com and Yum China. Trip.com reported top-line results exceeding analyst expectations with management also highlighting that airline ticket bookings on its global platforms increased 270% from the corresponding quarter in 2021. Similarly, Yum China

also benefited from lockdowns easing and consumers returning to stores and restaurants during the month.

- Internet/Software – Asia/EM cluster, with Chinese technology stocks rallying during the month as China's leadership vowed to drive economic stimulus and end speculation around the crackdown on internet companies. Online real estate platform KE Holdings benefitted from sell side research upgrades, whilst JD.com surged upon news of a mooted expansion into on-demand food delivery service.
- Consumer Defensive – Asia/EM cluster, notably Wuliangye which benefitted from the easing of Chinese lockdowns and a subsequent broader uplift in domestic consumption, with scheduled events and functions able to selectively recommence.

Key detractors included:

- Hardware cluster, with the recent pullback in portfolio holdings TSMC and Mediatek over the quarter reflecting heightened investor concerns of a broader economic slowdown impacting the semiconductor industry as well as increasing chip material prices. Similarly, Samsung Electronics was impacted by a downturn in the semiconductor market and concerns over a drop in consumer demand for smartphones, PCs, electronic devices, and a slowdown in business-to-business demand.
- Industrials cluster, notably Larsen & Toubro Ltd whereby the Indian conglomerate sold-off after a period of strong performance amid inflation and economic growth concerns in India.

Net performance (%)

	Fund	Benchmark	Difference
1 month	5.3	-0.4	5.6
3 month	5.8	-0.6	6.5
Year to date	-14.2	-11.5	-2.7
1 year	-22.3	-18.1	-4.1
3 year p.a.	1.2	2.8	-1.6
5 year p.a.	3.7	5.4	-1.6
Inception p.a.	5.5	5.5	0.0

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	76.1%
Upside capture ratio	82
Downside capture ratio	62
Portfolio standard deviation	11.4%
Benchmark standard deviation	11.2%
Sharpe ratio	0.53

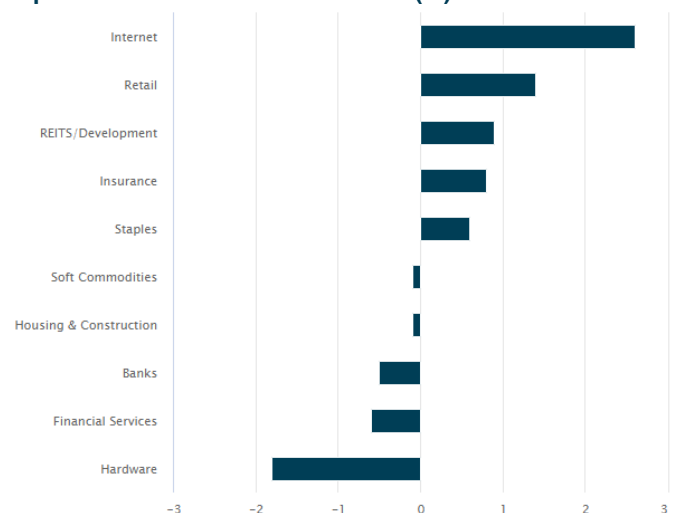
¹All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility. 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	5.0%
Short	0.3%
Currency	0.0%

² Based on gross returns in AUD

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



³ Antipodes classification

Fund facts

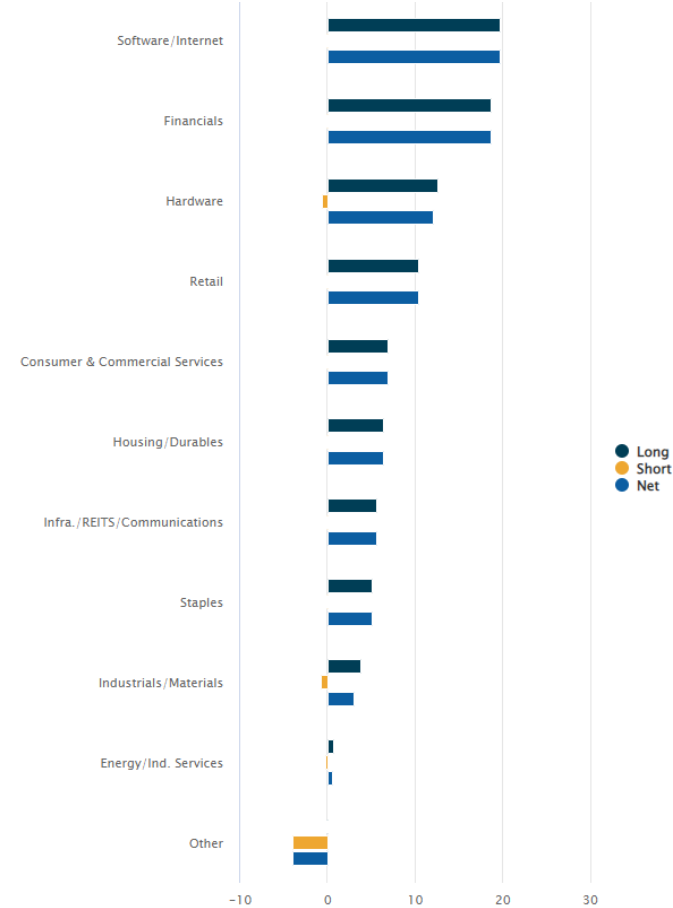
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country Asia ex Japan Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$26m
Strategy AUM	\$32m
Unit redemption price	0.9807

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	90.4	-	-5.1	-
Count	38	-	5	-
Avg. weight (%)	2.4	-	-1.0	-
Top 10 (%)	38.0	-	-	-
Top 30 (%)	84.0	-	-	-

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

Sector exposure^{4,5} (%)

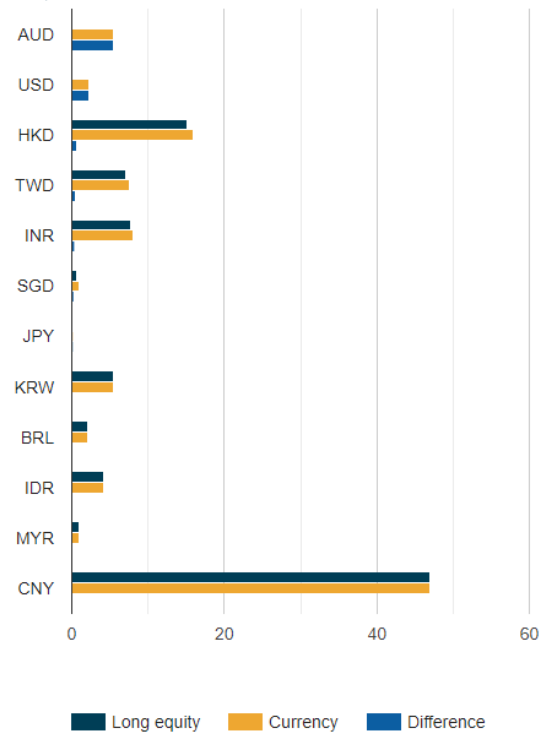


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Taiwan Semiconductor	Taiwan	4.6
JD.com	China/HK	4.5
Trip.com Group	China/HK	4.0
Meituan	China/HK	3.9
Ping An Insurance	China/HK	3.7
AIA Group	China/HK	3.6
KE Holdings	China/HK	3.6
Samsung Electronics	Korea	3.4
PT Bank Mandiri (Persero)	Indonesia	3.3
Tencent	China/HK	3.3

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	77.7	-2.9	74.8
- China/Hong Kong	62.1	-0.1	62.1
- India	7.7	-2.8	4.9
- Indonesia	4.2	-	4.2
- Malaysia	0.9	-	0.9
- Singapore	0.7	-	0.7
- Rest Developing Asia/EM	2.1	-	2.1
Developed Asia	12.6	-1.5	11.1
- Korea/Taiwan	12.6	-1.5	11.1
Australia	-	-0.7	-0.7
Total Equities	90.4	-5.1	85.3
Cash	9.6	-	-
Totals	100.0	-5.1	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	36.6	-3.9	32.7
Large (>\$25b <\$100b)	16.6	-0.7	15.8
Medium (>\$5b <\$25b)	30.0	-0.5	29.5
Small (<\$5b)	7.2	0.0	7.2

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](#)

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