

Key Takeaways

- Emerging market equities outperformed broader global equities over the month, led largely by Chinese equities.
- The month also saw continued policy shift in China, with significant acceleration in monetary, fiscal and regulatory easing.
- The Antipodes Emerging Markets (Managed Fund) marginally underperformed the benchmark over the month.

Commentary

Global equities were down in December (-5.1%) with utilities, healthcare and consumer staples outperforming whilst information technology, consumer discretionary and communication services underperformed.

US equities underperformed (-7.1%) as the Federal Reserve hiked rates once again and continued its hawkish stance. Economic data continued to show a tight labour market, slowing economic growth and possible inflation cooling.

European equities outperformed broader global markets over the month (-1.2%) as key central banks continued to hike rates. The ECB maintained its hawkish tone, despite data showing better than feared economic activity and inflation cooling. Concerns around energy further faded due to strong stockpiles, mild winter weather and energy price caps.

Asian equities outperformed on a relative basis (-1.3%). Chinese equities performed strongly (+2.7%) as COVID-19 restrictions were further relaxed, and additional easing was indicated in a continuation of the significant pivot in policy stance. Japanese equities also outperformed (-1.0%) as the Bank of Japan made an unexpected adjustment and tightened policy using their Yield Curve Control, as inflationary pressures gradually build.

Elsewhere, Brent Crude (+0.6% in USD) was relatively unchanged, Gold (+3.1%) rallied, whilst the US Dollar (-2.3%) weakened.

Key contributors included:

- Consumer Cyclical – Asia/EM cluster, including Ping An Insurance and appliance manufacturer Midea Group which benefitted from a relaxation of restrictions in China and a subsequent boost to consumer confidence.

- Similarly, within the cluster, hotel and hospitality operators Huazhu Group and Galaxy Entertainment Group surged upon the easing of domestic travel restrictions, which included Macau.
- Consumer Defensive – Asia/EM cluster, notably Wuliangye which detailed revenue and profit growth year-on-year at its annual convention. The baiju manufacturer also benefitted from the continued easing of COVID restrictions in lead up to the Chinese New Year.

Key detractors included:

- Hardware cluster, including TSMC and Mediatek which were impacted by data indicating slower handset demand into 2023, with investors pulling back throughout the month after a spike in semiconductor cycle sentiment in November. Similarly, Samsung Electronics detracted amid weaker sentiment towards the memory downcycle.
- Internet/Software – Asia/EM, notably KE Holdings with the real estate platform detracting as regulatory concerns remained, particularly the potential for commission caps for existing homes.
- Pageseguro within the Consumer Cyclical – Asia/EM cluster detracted given the fintech's sensitivity to rising interest rate expectations in Brazil after the announcement of the newly elected government's fiscal plan for 2023.
- Oil/Natural Gas cluster including Reliance Industries which detracted amid weaker crude oil prices, in addition to the Indian government imposing a tax on export of diesel and jet fuel and hiking the windfall profit levy on domestically produced crude oil.

* Illustrative only and not a recommendation to buy or sell any particular security

Net performance (%)

	Fund	Benchmark	Difference
1 month	-2.7	-2.6	-0.1
3 month	4.4	4.0	0.4
Inception	4.4	4.0	0.4

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.

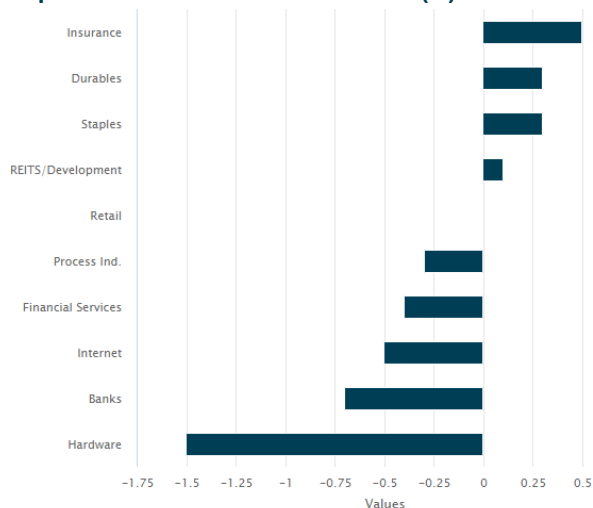
Please note the strategy of the Fund changed effective 1 October 2022. The Antipodes Emerging Markets (Managed Fund) was previously known as the Antipodes Asia Fund which targeted companies listed on Asian exchanges and derive revenue from Asia. As of 1 October 2022, the Fund invests in companies that are exposed to emerging markets or listed on emerging market stock exchanges.

Performance contribution² (%)

	1 month
Long	-2.8%
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 October 2022
Benchmark	MSCI Emerging Markets Index
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Risk/Return profile	High
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June

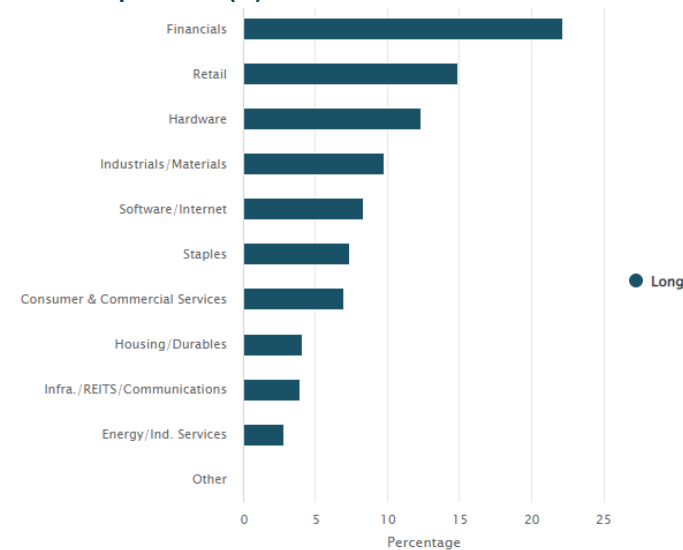
Asset value	
Fund AUM	\$22m
Strategy AUM	\$26m
Unit redemption price	0.9110

Asset allocation⁴

Equities - Long	
Weight (%)	92.9
Count	39
Avg. weight (%)	2.4
Top 10 (%)	38.7
Top 30 (%)	85.4

⁴ Call (put) options represented as the current option value (delta adjusted exposure). For the purposes of risk management, the fund was long a China Equity ETF put option with a premium value of 0.03% and a delta adjusted exposure of -1.19% (not shown).

Sector exposure^{4,5} (%)

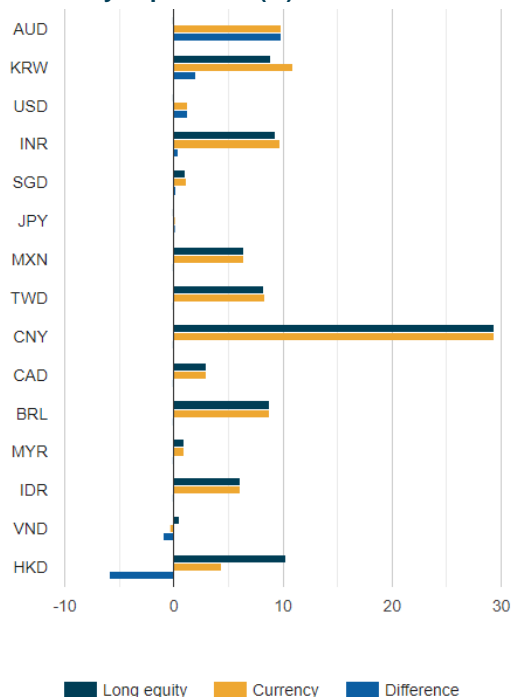


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Taiwan Semiconductor	Taiwan	5.5
JD.com	China/HK	4.4
Formento Economico Mexicano	Mexico	4.1
Ping An Insurance	China/HK	4.0
Samsung Electronics	Korea	4.0
Country Garden Services Holdings Co.	China/HK	3.9
Wuliangye Yibin	China/HK	3.3
PT Bank Mandiri (Persero)	Indonesia	3.2
Galaxy Entertainment Group	China/HK	3.1
H World Group	China/HK	3.0

Currency exposure^{4,6} (%)



⁶ Where possible, regions, countries and currencies classified on a look through basis

Regional exposure^{4,5,6} (%)

Region	Long	Benchmark
Developing Asia	57.5	53.3
- China/Hong Kong	39.6	32.7
- India	9.3	14.1
- Indonesia	6.1	1.9
- Singapore	1.0	-
- Malaysia	0.9	1.6
- Rest EM Asia	0.5	2.9
Developed Asia	17.1	25.3
- Korea	8.9	11.5
- Taiwan	8.2	13.8
LATAM/EEMEA	15.2	20.9
- Brazil	8.8	5.3
- Mexico	6.4	2.3
- Rest LATAM/EEMEA	-	13.3
Rest of World	3.0	0.6
Total Equities	92.9	100.0
Cash	7.1	-
Totals	100.0	100.0

Market cap exposure⁴ (%)

Band	Long
Mega (>\$100b)	29.1
Large (>\$25b <\$100b)	23.0
Medium (>\$5b <\$25b)	30.4
Small (<\$5b)	10.4

Investment Manager

- Global and Emerging Markets 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



Fund features

- Objective to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years)
- The Fund invests in companies that are exposed to emerging markets or listed on emerging market stock exchanges.
- In the absence of finding individual securities that meet minimum risk-return criteria, cash may be held to maximum 25%
- Flexibility to hedge for risk management purposes:
 - Currency exposure of the underlying stock position (net short currency position not permitted)
 - Equity market exposure via exchange traded derivatives (limited to 10% of NAV)
 - Leverage not permitted
- This product is likely to be appropriate for a consumer seeking capital growth to be used as a small allocation within a portfolio where the consumer has a minimum investment timeframe of 5 years, and a high risk/return profile.

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Link to [Product Disclosure Statement](#)

Link to [Target Market Determination](#)

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