Antipodes

Antipodes Asia Fund

ARSN 096 451 393 APIR IOF0203AU

MONTHLY REPORT | **30 April 2022**

Commentary

Global equities were down in April (-3.1%) with Consumer Staples, Energy and Utilities outperforming and Communication Services, Information Technology and Consumer Discretionary underperforming. The downturn was led by US equities, which underperformed broader global markets (-3.9%). The broader de-risking was in response to a more hawkish stance from the Fed and the view battling inflation remained the focus, despite growth concerns evident in the 1Q22 GDP data. European equities outperformed global markets (-0.4%) taking relief in incumbent French President Macron and his centre party remaining in power.

Asian equities outperformed the wider market (-1.2%) over the month. Chinese equities outperformed global and regional markets (-1.0%) stemming from supportive government rhetoric and indications of easing. This was despite the continued worries relating to COVID-19 restrictions and fresh regional lockdowns. Japan underperformed global and regional markets (-3.6%) as the Bank of Japan continued on a separate path of sustained easing with less of an inflationary pressure to tighten monetary policy.

Elsewhere, Brent Crude (+1.3% in USD) and Gold (-2.1%) were up and the US Dollar (+4.7%) was strong.

Key contributors included:

- Internet Software Asia/EM cluster, notably Meituan, JD.com, Tencent and KE Holdings, with Chinese technology stocks rallying towards the end of the month as China's leadership vowed to drive economic stimulus and end speculation around the continued crackdown on internet companies.
- Oil/Natural Gas cluster, notably Reliance Industries Ltd contributed to portfolio performance in April fuelled by the recent surge in commodity prices and the company's telecom business which remains unaffected by geopolitical tension and inflation. The company also experienced sell-side analyst upgrades in response to progress and positioning of the company's hydrogen adoption plan that suggests the new energy segment can meaningfully contribute to underlying earnings by 2030.
- Financials ICICI Bank and Bank Mandiri within the Consumer Cyclical Asia/EM cluster. Indian based ICICI Bank rose over the month after reporting strong March quarter results. This included recording a net profit increase of 59% on prior year reporting, in addition to reporting an improvement in asset quality over the quarter. Ratios for both gross and net non-performing assets, however declined. Similarly, Indonesian bank, Bank Mandiri reported a 70% annual increase in net profit during the first quarter driven by Indonesia's economic recovery.

Key detractors included:

- Hardware cluster, notably TSMC, with the recent pullback reflecting heightened investor concerns of a broader economic slowdown impacting the semiconductor industry. TSMC's earnings momentum and improving outlook however, continues to outperform industry peers in absolute price performance terms.
- China Merchants Bank within the Consumer Cyclical – Asia/EM cluster declined during April due to the abrupt departure of the company's President Tian Huiyu. The exit comes amid reports the former company president is under investigation as part of an anti-corruption instigated by President Xi into a number of the country's largest financial institutions.
- Naver Corp. within the Internet/Software Asia/EM cluster detracted from the portfolio over the month due to a significant fall in net profit. This was attributed to a low base effect and inflated accounting profits from the corresponding period in 2021, whereby Naver integrated messaging firm Line Corp. The South Korean internet portal operator however, reported year-on-year operating income and revenue increases, in addition to a steady expansion to its e-commerce business.

Net performance (%)

	Fund	Benchmark	Difference
1 month	1.7	0.2	1.4
3 month	-19.0	-10.7	-8.2
Year to date	-17.6	-10.7	-6.9
1 year	-23.6	-14.1	-9.4
3 year p.a.	-0.5	2.3	-2.9
5 year p.a.	3.3	6.2	-3.0
Inception p.a.	5.0	5.7	-0.7

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[1]

Average net exposure	75.9%
Upside capture ratio	82
Downside capture ratio	67
Portfolio standard deviation	11.4%
Benchmark standard deviation	11.3%
Sharpe ratio	0.49

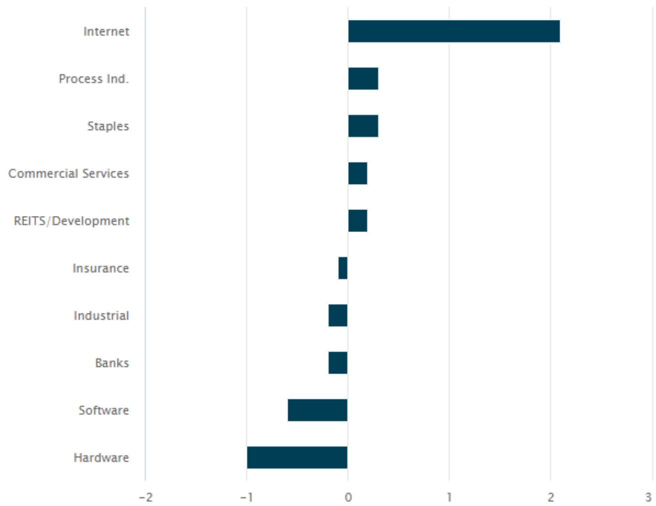
[1]All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility. 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[2] (%)

	1 month
Long	1.1%
Short	0.1%
Currency	0.6%

[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

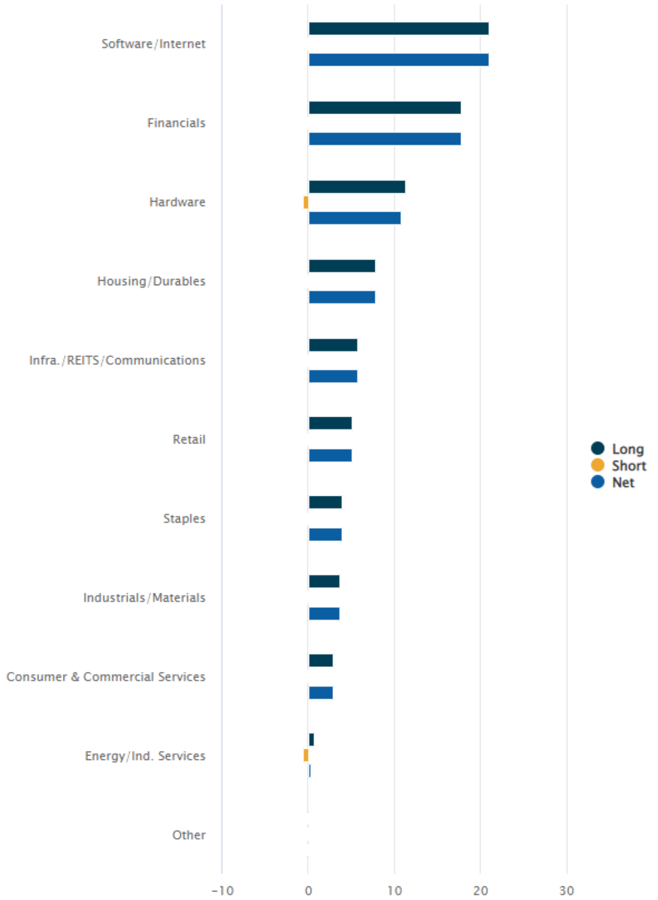
Asset value	
Fund AUM	$30m
Strategy AUM	$36m
Unit redemption price	0.9421

Asset allocation[4]

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	80.5	-	-1.0	-
Count	34	-	3	-
Avg. weight (%)	2.4	-	-0.3	-
Top 10 (%)	43.1	-	-	-
Top 30 (%)	78.6	-	-	-

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

Sector exposure[4,5] (%)

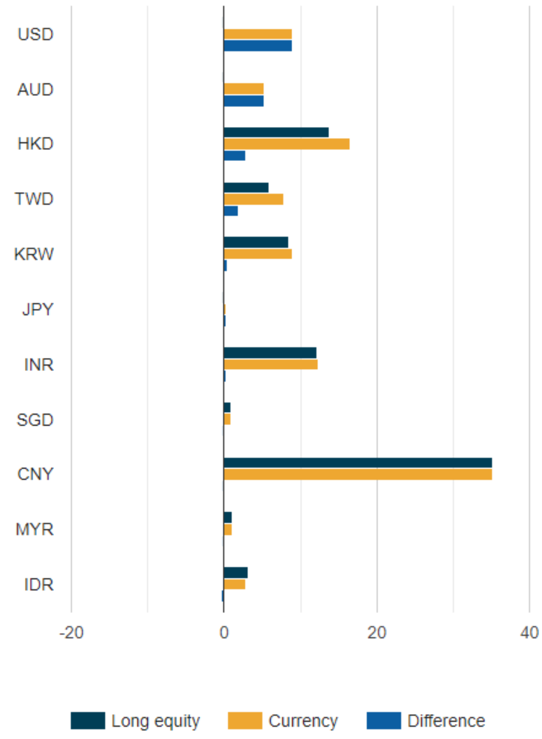


[5] Antipodes classification

Top 10 equity longs[4] (%)

Name	Country	Weight
Taiwan Semiconductor	Taiwan	5.9
Meituan	China/HK	5.9
Tencent	China/HK	5.7
JD.com	China/HK	4.9
Samsung Electronics	Korea	4.4
ICICI Bank	India	3.7
AIA Group	China/HK	3.5
KE Holdings	China/HK	3.2
PT Bank Mandiri (Persero)	Indonesia	3.1
Longfor Group	China/HK	2.9

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	**66.1**	**-0.1**	**66.0**
- China/Hong Kong	48.8	-0.1	48.7
- India	12.2	-	12.2
- Indonesia	3.1	-	3.1
- Malaysia	1.0	-	1.0
- Singapore	0.9	-	0.9
Developed Asia	**14.4**	**-0.5**	**13.9**
- Korea/Taiwan	14.4	-0.5	13.9
Rest of World	**-**	**-0.5**	**-0.5**
Total Equities	**80.5**	**-1.0**	**79.4**
Cash	**19.5**	-	-
Totals	**100.0**	**-1.0**	-

Market cap exposure[4] (%)

Band	Long	Short	Net
Mega (>$100b)	37.3	0.0	37.3
Large (>$25b <$100b)	18.9	-0.1	18.8
Medium (>$5b <$25b)	21.2	-0.9	20.3
Small (<$5b)	3.1	0.0	3.1

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 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

Fund Ratings

Zenith RECOMMENDED

Recommended Lonsec Research

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Link to Product Disclosure Statement

Link to Target Market Determination

For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com

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