Antipodes Asia Fund

ARSN 096 451 393 APIR IOF0203AU

MONTHLY REPORT | **30 June 2021**

Commentary

Global equity strength continued in June (+4.1%) led by the Technology and Energy sectors, while Materials and Financials underperformed. US equities (+5.5%) outperformed amidst the continuation of friendly policy from the US Federal Reserve despite the emergence of more hawkish tones. European equities underperformed (+1.1%) as the continent continued to catch up with its vaccination rollout.

Asian equities were stable (+3.0%) with Japan (+1.7%) underperforming, while Chinese equities were positive despite their continued regulation on internet names and commodity prices (+3.4%).

Elsewhere, Brent Crude (+10.8% in USD) continued its rally, while Gold underperformed (-7.2% in USD) and the US Dollar (DXY +2.9%) was stronger driven by the US macroeconomic backdrop.

Key contributors included:

- Software/Internet, notably Meituan after reporting strong growth in food delivery, supporting its dominant market status. JD.com experienced an increase in sales from the prior year from the 618 shopping festival in China with over 80% of new users coming from lower tier cities.
- Li Ning in the Consumer Defensive cluster, as preliminary first half results indicated strong growth in revenues with domestic demand in the Chinese sportswear industry remaining strong.
- Industrials cluster, notably Longi Green Energy as the market recognised that Longi stands to potentially benefit from the changing competitive dynamics with competitors facing increasing export difficulties.
- Hardware cluster, including TSMC amidst product delays from a key competitor and speculation of a faster 2022 production ramp up of their leading edge 3 nanometre chips.

Key detractors included:

- Consumer Cyclical cluster including Trip.com after a brief resurgence of COVID-19 cases in the Guangdong region in China raised concerns of delays to the establishment of travel bubbles. Financials, including China Merchants Bank and ICICI Bank, underperformed as the consensus on rising rates was challenged after bonds rallied on concerns that the recovery trade may not be as linear as expected.
- Wuliangye in the Consumer Defensive cluster, after outperforming for the first 2 months of the quarter, and TAL Education amidst ongoing uncertainty regarding regulation of the online education industry.

Net performance (%)

	Fund	Benchmark	Difference
1 month	1.8	3.0	-1.2
3 month	3.6	5.1	-1.5
Year to date	8.2	9.4	-1.2
1 year	28.8	28.1	0.8
3 year p.a.	11.8	11.6	0.2
5 year p.a.	14.0	14.3	-0.3
Inception p.a.	11.0	10.0	1.0

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

Performance & risk summary[1]

Average net exposure	74.2%
Upside capture ratio	79
Downside capture ratio	36
Portfolio standard deviation	8.8%
Benchmark standard deviation	11.0%
Sharpe ratio	1.28

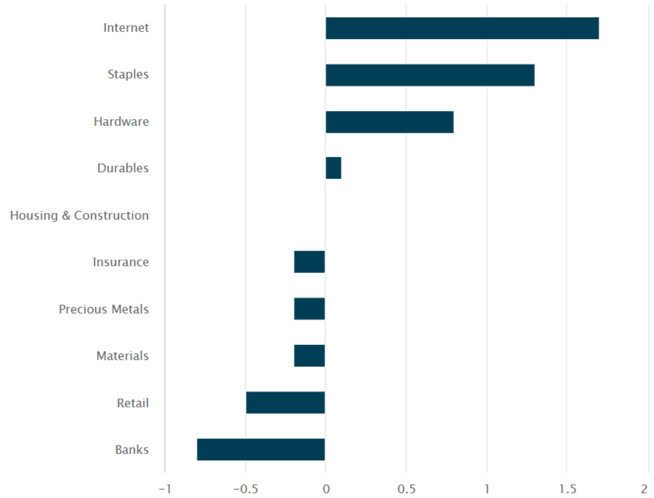
[1] All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility. 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	2.1%
Short	0.0%
Currency	-0.1%

[4] Based on gross returns in AUD

Top & bottom sector contribution[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

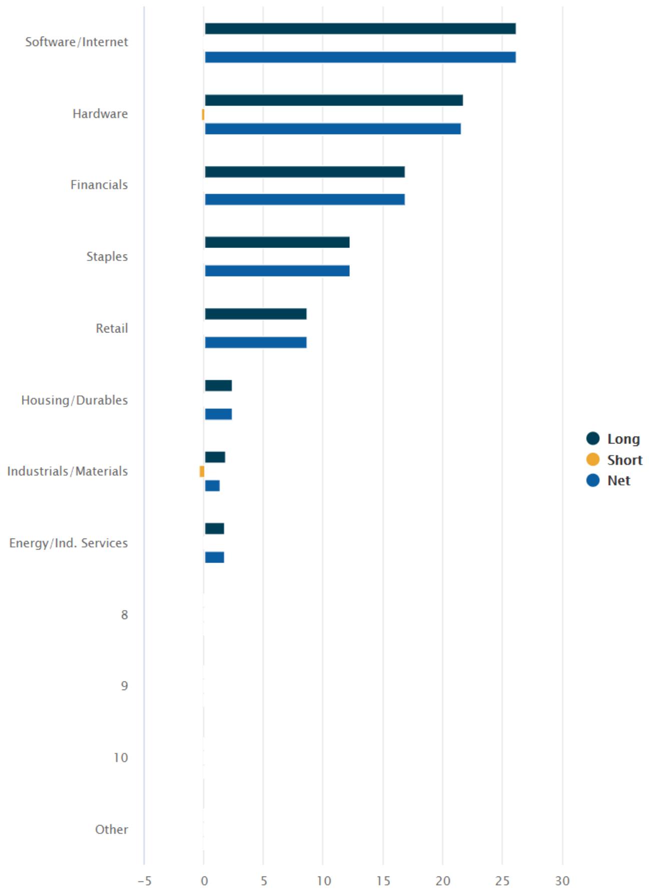
Asset value	
Fund AUM	$94m
Strategy AUM	$102m
Unit redemption price	1.5908

Asset allocation[4]

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	91.9	-	-0.6	-
Count	32	-	2	-
Avg. weight (%)	2.9	-	-0.3	-
Top 10 (%)	51.8	-	-	-
Top 30 (%)	90.6	-	-	-

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

Sector exposure[4,5] (%)

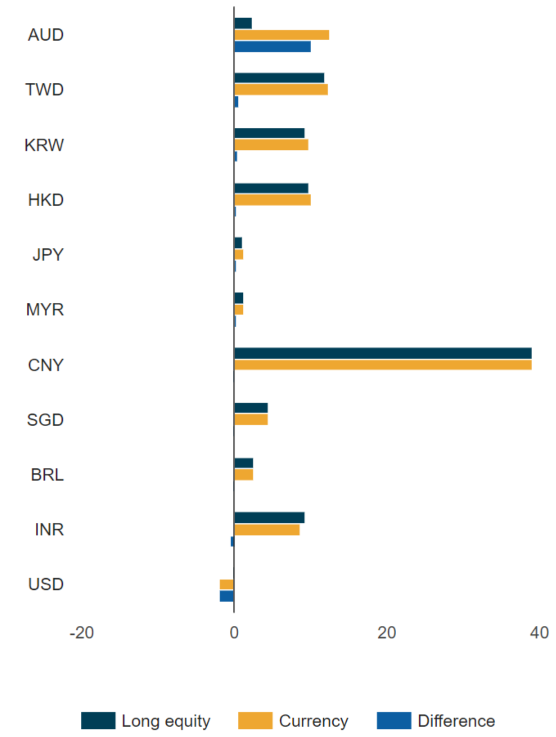


[5] Antipodes classification

Top 10 equity longs[4] (%)

Name	Country	Weight
Tencent	China/HK	8.0
Taiwan Semiconductor	Taiwan	7.6
Meituan	China/HK	6.1
HDFC Bank	India	5.0
Li Ning	China/HK	5.0
Sea Ltd.	Singapore	4.4
Samsung Electronics	Korea	4.4
MediaTek	Taiwan	4.2
Wuliangye Yibin	China/HK	4.0
Pinduoduo	China/HK	3.2

Currency exposure[4,5] (%)



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

Regional exposure[4,5,6] (%)

Region	Long	Short	Net
Developing Asia	63.6	-	63.6
- China/Hong Kong	48.8	-	48.8
- India	9.2	-	9.2
- Rest Developing Asia	5.6	-	5.6
Developed Asia	22.2	-0.2	21.9
- Korea/Taiwan	21.1	-0.2	20.9
- Japan	1.0	-	1.0
Australia	3.6	-0.4	3.2
Rest of World	2.5	-	2.5
Total Equities	91.9	-0.6	91.2
Cash	8.1	-	-
Totals	100.0	-0.6	-

Market cap exposure[4] (%)

Band	Long	Short	Net
Mega (>$100b)	54.2	0.0	54.2
Large (>$25b <$100b)	24.4	-0.4	24.0
Medium (>$5b <$25b)	11.4	-0.2	11.2
Small (<$5b)	1.9	0.0	1.9

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

Recommended
Lonsec Research

Zenith Investment Partners
HIGHLY RECOMMENDED
Recommended
APPROVED
NOT RATED
REDEEM

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