

Key Takeaways

- Global equities were higher in February, with emerging markets underperforming broader markets over the month.
- Asian equities were weaker over the month, with some profit taking after the recent rally in China, in addition to rising geopolitical tensions.
- The Antipodes Emerging Markets (Managed Fund) underperformed the benchmark over the month.

Commentary*

Global equities were down in USD over the month, however higher in AUD/NZD due to exchange rate impacts (+1.5%), with information technology, industrials and financials outperforming and materials, utilities and communication services underperformed.

US equities outperformed broader global equities (+1.9%) with the month beginning with expectations that central banks were nearing the end of the hiking cycle. Resilient economic data, however, caused this narrative to shift, pricing in higher peak interest rates across developed economies, with yields moving higher and equities moving lower. European equities outperformed (+3.8%) despite evidence of strong macroeconomic data and repricing of future central bank rate decisions. The region benefitted from further falls in gas prices, discussions of decarbonisation funding stimulus and flow-on benefits from re-opening in China.

Asian equities underperformed broader markets over the month (-1.5%). Chinese equities were down (-3.7%) as a result of increasing geopolitical tensions and some profit taking after the recent rally. Japanese equities underperformed (+0.5%) as a surprise candidate emerged to lead the Bank of Japan, with the view that monetary policy tightening may be increasingly likely.

Elsewhere, Brent Crude (-2.3% in USD) was lower, Gold (-5.3%) was weak, whilst the US Dollar (+2.7%) was stronger.

Key contributors included:

- Consumer Defensive - Asia/EM cluster, notably FEMSA where the Mexican food and beverage conglomerate launched a large-scale stock and equity-linked sale for part of its holdings in the Dutch beer group, Heineken. The divestiture forms part of FEMSA's broader strategic review and focus on core operations.
- Infrastructure/Property - Asia/EM, including Indus Towers with the Indian telco tower provider rallying in February as the Indian Government announced they would exercise an option to take a 33% stake in Voda Idea, one of Indus Tower's notable debtors.

Key detractors included:

- Consumer Cyclical – Asia/EM cluster, including Country Garden Services amid a pullback in Chinese equities after recent strength, in addition to impacts from weaker January property data due to the Chinese New Year period.
- Similarly within the Consumer Cyclical – Asia/EM cluster, KB Financial was down from January peaks, after the push for higher shareholder returns stalled despite remarks by the Korean regulator and president criticising the financial sector for not distributing enough of record profits to shareholders.
- Internet/Software – Asia/EM, including Alibaba with the platform selling off amid rising geopolitical tensions, led by offshore sellers.
- Oil/Natural gas cluster, with Petro Rio selling off after the Brazilian government announced it would tax crude oil exports for four months, removing legacy fuel tax breaks given by the previous administration.

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

Net performance (%)

| | Fund | Benchmark | Difference |
|--------------|------|-----------|------------|
| 1 month | -3.2 | -2.3 | -0.9 |
| 3 month | 1.9 | -1.2 | 3.1 |
| Year to date | 4.7 | 1.5 | 3.3 |
| Inception | 9.4 | 5.5 | 3.8 |

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.

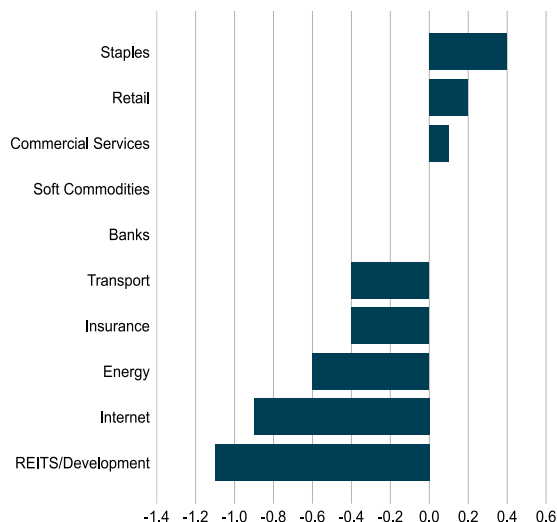
Please note the strategy of the Fund changed effective 1 October 2022. The Antipodes Emerging Markets (Managed Fund) was previously known as the Antipodes Asia Fund which targeted companies listed on Asian exchanges and derive revenue from Asia. As of 1 October 2022, the Fund invests in companies that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

Performance contribution² (%)

| | 1 month |
|----------|---------|
| Long | -3.1% |
| Currency | 0.0% |

² Based on gross returns in AUD

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



³ Antipodes classification

Fund facts

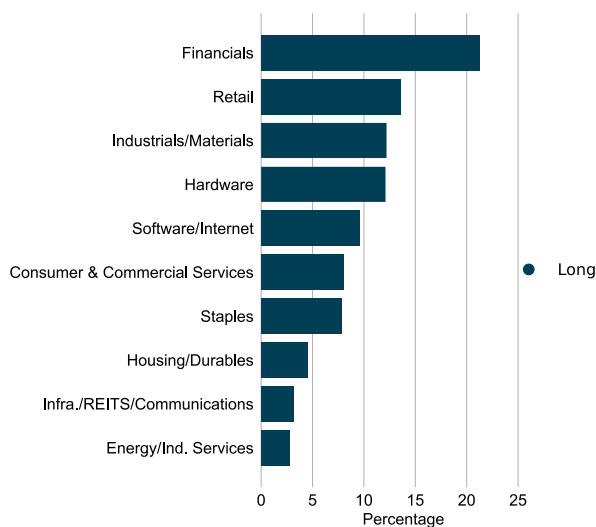
| Characteristics | |
|-----------------------|--|
| Investment manager | Antipodes Partners |
| Inception date | 1 October 2022 |
| Benchmark | MSCI Emerging Markets Index |
| Management Fee | 1.20% p.a. |
| Performance Fee | 15% of net return in excess of benchmark |
| Risk/Return profile | High |
| Buy/Sell spread | ±0.30% |
| Minimum investment | AUD \$25,000 |
| Distribution | Annual, 30 June |
| Asset value | |
| Fund AUM | \$22m |
| Strategy AUM | \$27m |
| Unit redemption price | 0.9541 |

Asset allocation⁴

| Equities - Long | |
|-----------------|------|
| Weight (%) | 95.2 |
| Count | 42.0 |
| Avg. weight (%) | 2.3 |
| Top 10 (%) | 38.5 |
| Top 30 (%) | 84.7 |

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

Sector exposure^{4,5} (%)

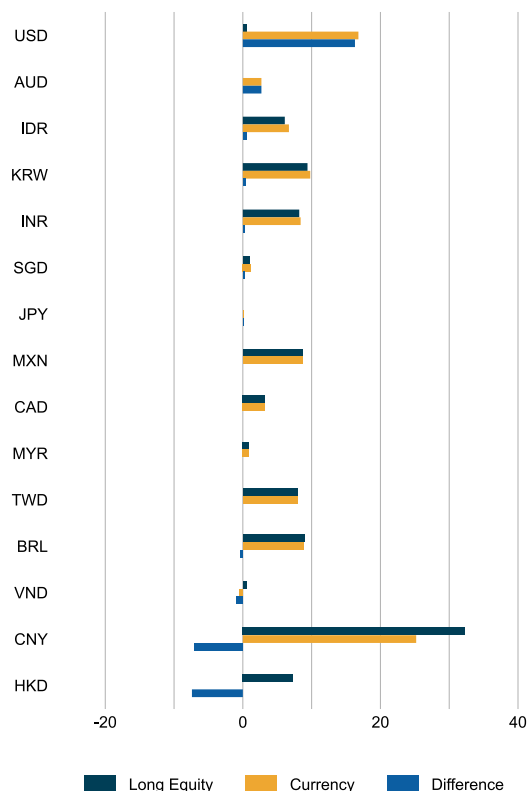


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

| Name | Country | Weight |
|--------------------------------------|-----------|--------|
| Taiwan Semiconductor | Taiwan | 6.2 |
| Fomento Economico Mexicano | Mexico | 4.8 |
| Samsung Electronics | Korea | 4.2 |
| Ping An Insurance | China/HK | 3.9 |
| Galaxy Entertainment Group | China/HK | 3.5 |
| Tencent | China/HK | 3.3 |
| Country Garden Services Holdings Co. | China/HK | 3.2 |
| Teck Resources Limited | Canada | 3.2 |
| Alibaba | China/HK | 3.1 |
| PT Astra International | Indonesia | 3.1 |

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 | 56.5 | 51.5 |
| - China/Hong Kong | 39.7 | 32.0 |
| - India | 8.2 | 13.2 |
| - Indonesia | 6.1 | 1.9 |
| - Singapore | 1.0 | 0.0 |
| - Malaysia | 0.9 | 1.5 |
| - Rest EM Asia | 0.5 | 2.8 |
| LATAM/EEMEA | 17.8 | 20.8 |
| - Brazil | 9.0 | 5.0 |
| - Mexico | 8.7 | 2.6 |
| - Rest LATAM/EEMEA | 0.0 | 13.1 |
| Developed Asia | 17.3 | 27.1 |
| - Korea | 9.4 | 11.8 |
| - Taiwan | 7.9 | 15.3 |
| Rest of World | 3.7 | 0.7 |
| Total Equities | 95.2 | 100.0 |
| Cash | 4.8 | 0.0 |
| Totals | 100.0 | 100.0 |

Market cap exposure⁴ (%)

| Band | Weight |
|------------------------|--------|
| Mega (>\$100b) | 33.0 |
| Large (>\$25b <\$100b) | 17.7 |
| Medium (>\$5b <\$25b) | 32.4 |
| Small (<\$5b) | 12.2 |

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](#)

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

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