

Key Takeaways

- August saw a reversal of the trends which drove the July equity rally, with bond yields rising and the market questioning how soon central banks are likely to pivot away from the current tightening cycle.
- Global markets finished down for the month, with Value outperforming Growth, extending the trend seen in the first half of the year.
- The Antipodes Global Fund outperformed the benchmark over the month and remains meaningfully ahead over the calendar-year-to-date.

Commentary

Global equities were down in August (-2.5%) with utilities, financials and energy outperforming whilst healthcare, information technology and industrials underperformed.

US equities were also down over the month (-2.2%) as the Federal Reserve sounded a hawkish tone and reiterated its intention to bring inflation under control. US macroeconomic data showed a slowing economy but less so than feared supported by a strong jobs market, whilst many commodity prices were lower, helping to ease inflation concerns. European equities underperformed (-4.6%) as increasing energy/natural gas prices heading into winter weighed on sentiment, with the European Central Bank sounding a similarly hawkish tone. The Bank of England hiked rates again and reiterated increasingly gloomy economic forecasts.

Asian equities outperformed broader global markets (+0.9%). Chinese equities also outperformed (+0.1%) as the Central Bank and Government continued to offer support, however macroeconomic data failed to inspire the embattled real estate sector and a major drought continuing to act as headwinds. Japanese equities again outperformed but were negative in absolute terms (-0.8%) helped by a weak currency due to the Bank of Japan's dovish path of divergent supportive policy.

Elsewhere, Brent Crude (-5.7% in USD) was weak, Gold (-3.1%) was down, whilst the US Dollar (+2.6%) was up.

Key contributors included:

- Consumer Cyclical – DM cluster, notably Flutter Entertainment which reported strong 1H22 results, driven by both the US and ex-US businesses (notably Australia), with results showing no discernible signs of a consumer slow down. Flutter provided guidance for both the US and ex-US businesses broadly in line with expectations ahead of the commencement of the NFL season.

Net performance (%)

	Fund	Benchmark	Difference
1 month	-1.0	-2.0	0.9
3 month	-5.9	-1.3	-4.7
Year to date	-7.9	-12.8	4.8
1 year	-7.6	-10.3	2.8
3 year p.a.	4.1	7.4	-3.4
5 year p.a.	5.0	10.1	-5.1
Inception p.a.	7.3	9.0	-1.7

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 summary¹

Average net exposure	65.2%
Upside capture ratio	68
Downside capture ratio	47
Portfolio standard deviation	9.0%
Benchmark standard deviation	10.8%
Sharpe ratio	0.85

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 contribution² (%)

	1 month
Long	-0.8%
Short	-0.2%
Currency	0.1%

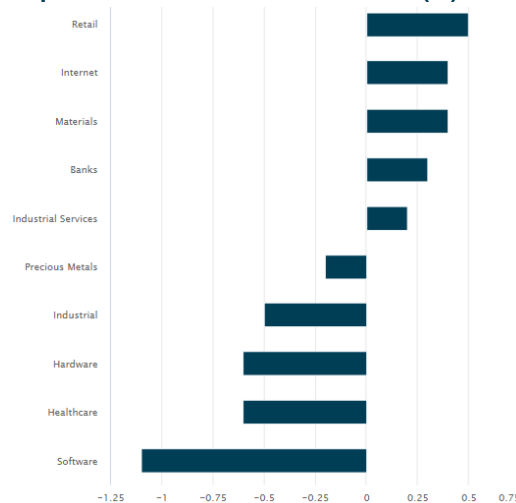
² Based on gross returns in AUD

- Materials cluster, notably Teck Resources which announced record earnings for the fourth consecutive quarter as the diversified miner continues to benefit from heightened resources demand across its commodity portfolio, including metallurgical coal, copper, gold and silver.
- Internet Software – Asia/EM cluster, notably KE Holdings despite reporting a 41% percent drop in revenue in 1H22 relative to 1H21. The Chinese Real estate platform surged despite a cooling property market, as its home decoration and furnishings business reported promising growth, in addition to benefitting from sell side upgrades to consensus estimates.

Key detractors included:

- Healthcare cluster, including Sanofi which slumped amid announcement of the discontinuation of clinical trials for Amcnestrant, previously considered to have significant potential against breast cancer. This compounded similar losses amid litigation concerns over an alleged cancer-causing effect of heartburn drug Zantac. There is no change to Antipodes thesis, with any impending settlement likely immaterial to our valuation for Sanofi.
- Hardware cluster, including Seagate Technology and Sonos. Data storage company Seagate downgraded earnings expectations late in the month, citing weaker economic trends in certain Asian regions, amplifying customer inventory corrections, supply chain disruptions and cautious buying behaviour. Similarly, home audio brand Sonos reported a notable drop in sales over the last quarter.
- Internet/Software – DM cluster, notably US real estate platform Compass Inc. after the company missed revenue growth estimates in its second-quarter earnings report and issued weaker guidance for the remainder of the calendar year.

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



³ Antipodes classification

Fund facts

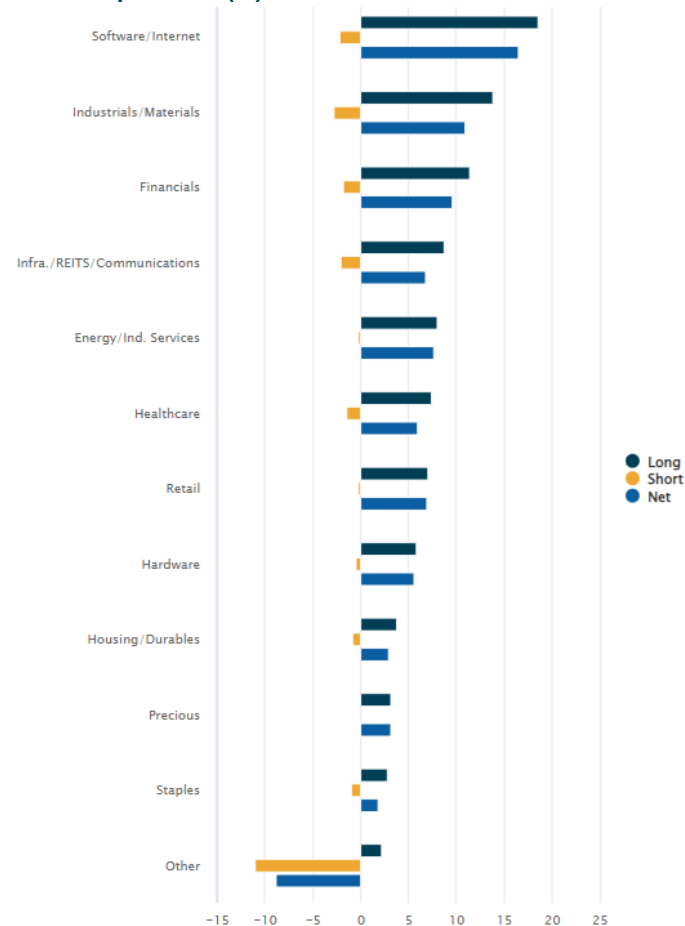
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$2.392m
Strategy AUM	\$4.592m
Unit redemption price	1.5063

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	92.9	-	-23.5	-8.9
Count	63	-	44	4
Avg. weight (%)	1.5	-	-0.5	-2.2
Top 10 (%)	27.8	-	-12.4	-
Top 30 (%)	62.7	-	-20.3	-

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

Sector exposure^{4,5} (%)

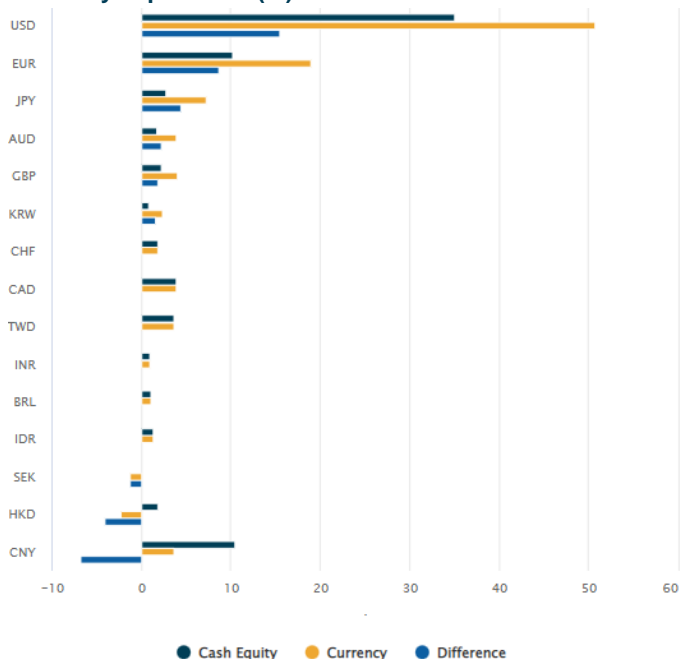


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Merck	United States	3.2
Frontier Communications	United States	3.0
EQT	United States	2.9
SAP	Germany	2.9
Sanofi	France	2.8
Northrop Grumman	United States	2.8
Siemens	Germany	2.7
Meta Platforms	United States	2.6
Oracle	United States	2.5
Taiwan Semiconductor	Taiwan	2.5

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
North America	41.6	-11.2	30.5
Western Europe	26.6	-4.6	22.0
- Eurozone	20.3	-2.6	17.7
- United Kingdom	4.4	-	4.4
- Rest Western Europe	1.9	-2.0	-0.1
Developing Asia/EM	15.7	-1.5	14.1
- China/Hong Kong	12.3	-	12.3
- India	1.0	-1.5	-0.5
- Rest Developing Asia	1.3	-	1.3
- Rest Developing Asia/EM	1.1	-	1.1
Developed Asia	7.2	-1.7	5.5
- Korea/Taiwan	4.5	-0.2	4.2
- Japan	2.8	-1.4	1.3
Australia	1.7	-2.5	-0.8
Other equity	-	-2.0	-2.0
Total Equities	92.9	-23.5	69.3
Other	-	-8.9	-
Cash	7.1	-	-
Totals	100.0	-32.4	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	32.4	-13.4	19.0
Large (>\$25b <\$100b)	28.2	-6.4	21.8
Medium (>\$5b <\$25b)	27.2	-2.8	24.3
Small (<\$5b)	5.1	-0.9	4.2

Investment Manager

- Global 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)
- In the absence of finding securities that meet minimum risk-return criteria, cash may be held
- 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



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Link to [Product Disclosure Statement](#)

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