

## Key Takeaways

- Markets continued to sell off throughout September with inflation prints remaining stubbornly high and continued central bank hawkishness.
- Throughout the month, we saw value outperform growth due to rising rates, in a continuation of the theme observed for much of 2022.
- The Antipodes Global Fund outperformed the benchmark over the month (after fees) and remains meaningfully ahead over the calendar-year-to-date.

## Commentary\*

Global equities were down in September (-3.6%) with Healthcare, Consumer Staples and Financials outperforming whilst Information Technology, Communication Services and Utilities underperformed.

US equities were down (-3.3%) the Fed continued their Hawkish language post the Jackson Hole Economic Symposium and hiked in-line with market expectation. Core inflation data exceeded expectation, with sentiment remaining depressed as the labour market remained tight and consumer confidence dropped close to lows. European equities outperformed broader markets (-2.6%) with the ECB hiking in-line with expectation, as inflation data reached new highs. However, the discussion of energy price caps and the reporting of high natural gas stockpiles heading into the European winter provided some relief. The new UK government's fiscal policy implied budgetary deficit caused a seismic crash in UK debt, with the Pound Sterling weakening severely. This required the Bank of England to step in with short term QE to stabilise the situation shortly after increasing rates. While in Italy, the election outcome saw the right-wing coalition emerge victorious, with Giorgia Meloni set to become the next prime minister of Italy.

Asian equities underperformed (-6.1%). Chinese equities further underperformed the broader market (-6.4%) with a continuation of Covid-zero policy, weak economic data, and the property sector dragging sentiment despite ongoing support announcements. Japanese equities underperformed broader global markets (-4.4%) as the Bank of Japan maintained divergent loose monetary policy, while the Ministry of Finance intervened to strengthen the Yen.

Elsewhere, Brent Crude (-8.8% in USD) was weak, Gold (-3.0%) was down, whilst the US Dollar (+3.1%) was up.

Key contributors included:

- Healthcare cluster, notably Merck which benefitted from approval of the company's jointly formulated Ovarian cancer drug by China's National Medical Products Administration to treat patients with a form of advanced ovarian

cancer. Similarly, the Japanese Ministry of Health, Labour and Welfare approved Merck's oncology drug, Keytruda, in four instances.

- Consumer Cyclical - DM cluster, notably UniCredit whereby the chief executive noted the Italian bank will significantly improve the company's guidance for the current year, noting ample provisions to absorb new impaired loans and the ability to offset any impacts from rising rates.
- Tail Risk cluster, including Barrick Gold which benefitted from fears around a more pronounced economic slowdown and heightened geopolitical uncertainty.
- Bank Mandiri Persero within the Consumer Cyclical - Asia/EM cluster, as positive sentiment towards Indonesia continued due to strengthening commodities and the country's management of inflation with measured interest rate increases.

Key detractors included:

- Shorts, as the selloff over the month was broad-based, led by Information Technology, Communication Services and Utilities.
- Internet/Software - DM cluster, notably Meta Platforms which announced hiring freezes and further potential restructures citing the uncertain macroeconomic backdrop and the anticipation of subsequent trimming of advertising spending on key platforms.
- Hardware cluster, notably TSMC amid a report which detailed four major customers have scaled back order volumes with the order cut forcing TSMC to shut down four extreme ultraviolet lithography machines, which roll out high-end chips. Despite this, later in the month TSMC received a boost from sell-side analyst upgrades to near term price targets.
- Internet/Software - Asia/EM, notably JD.com with slower consumption recovery in China leading the company to issue lower than expected third quarter guidance.

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

## Net performance (%)

	Fund	Benchmark	Difference
1 month	-1.7	-3.6	1.9
3 month	-4.4	-0.3	-4.1
Year to date	-9.5	-15.9	6.4
1 year	-8.7	-10.9	2.2
3 year p.a.	2.7	5.4	-2.7
5 year p.a.	4.0	8.7	-4.7
Inception p.a.	6.9	8.3	-1.4

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.

## Performance & risk summary<sup>1</sup>

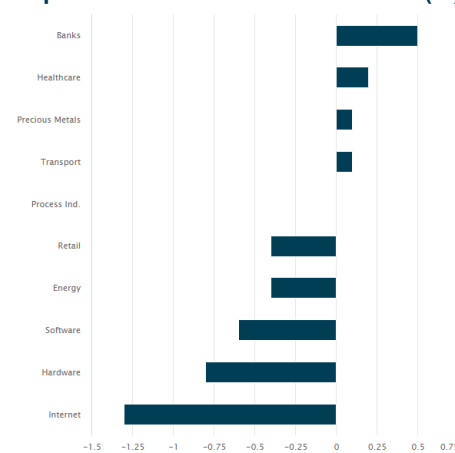
Average net exposure	65.1%
Upside capture ratio	68
Downside capture ratio	47
Portfolio standard deviation	8.9%
Benchmark standard deviation	10.9%
Sharpe ratio	0.81

## Performance contribution<sup>2</sup> (%)

	1 month
Long	-4.9%
Short	2.2%
Currency	1.1%

<sup>2</sup> Based on gross returns in AUD

## Top & bottom sector contribution<sup>2,3</sup> (%)



<sup>3</sup> 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
Risk/Return profile	High
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$2.204m
Strategy AUM	\$4.369m
Unit redemption price	1.4807

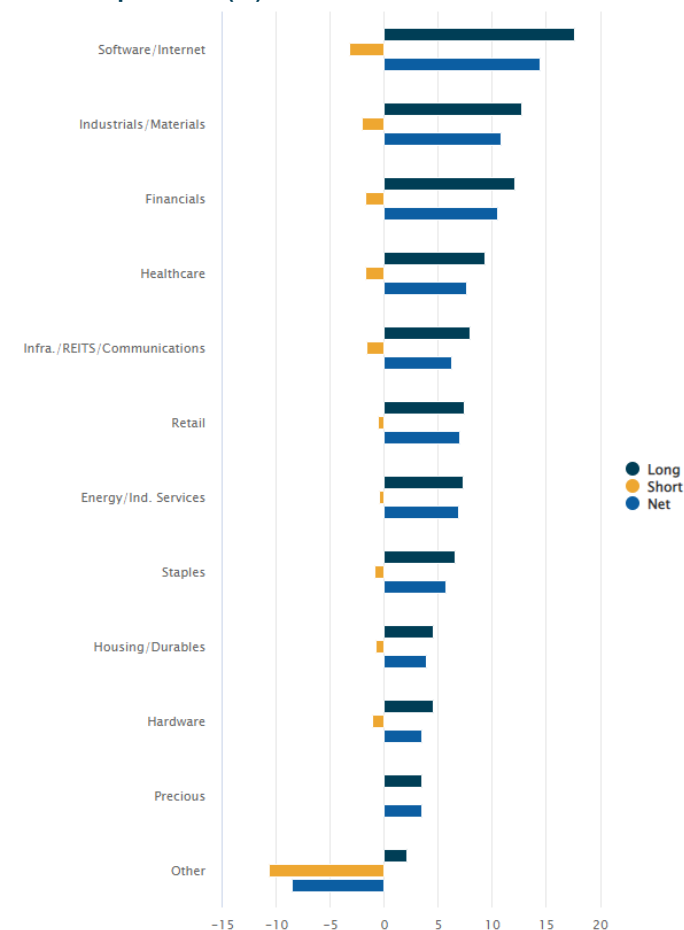
<sup>1</sup> All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return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

Asset allocation<sup>4</sup>

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	96.2	-	-24.4	-8.8
Count	67	-	49	5
Avg. weight (%)	1.4	-	-0.5	-1.8
Top 10 (%)	28.7	-	-12.6	-
Top 30 (%)	63.5	-	-20.3	-

<sup>4</sup> Call (put) options represented as the current option value (delta adjusted exposure)

Sector exposure<sup>4,5</sup> (%)

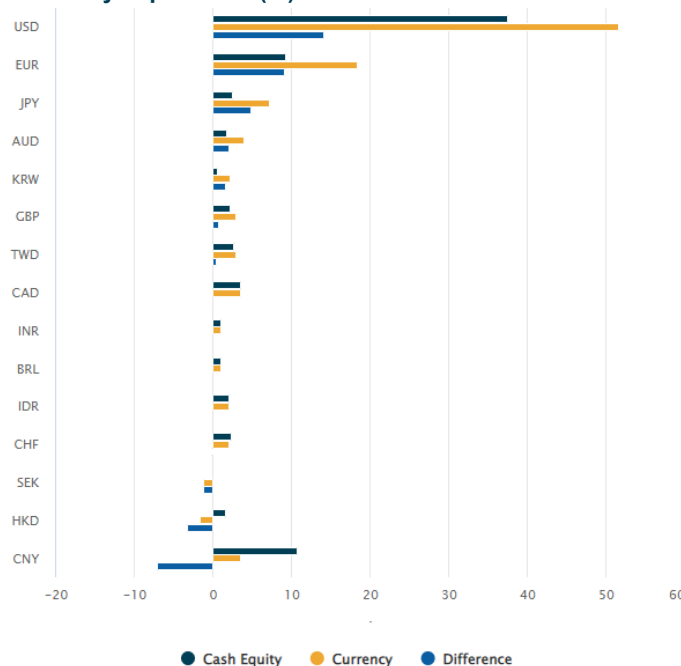


<sup>5</sup> Antipodes classification

Top 10 equity longs<sup>4</sup> (%)

Name	Country	Weight
Merck	United States	3.5
SAP	Germany	3.1
Frontier Communications	United States	3.0
Siemens	Germany	3.0
Northrop Grumman	United States	3.0
Sanofi	France	2.9
Meta Platforms	United States	2.6
Oracle	United States	2.6
Microsoft	United States	2.5
TotalEnergies	France	2.5

Currency exposure<sup>4,6</sup> (%)



<sup>6</sup> Where possible, regions, countries and currencies classified on a look through basis

Regional exposure<sup>4,5,6</sup> (%)

Region	Long	Short	Net
North America	43.7	-13.8	29.9
Western Europe	28.4	-2.7	25.7
- Eurozone	20.3	-1.3	19.0
- United Kingdom	5.9	-	5.9
- Rest Western Europe	2.3	-1.4	0.8
Developing Asia/EM	16.5	-1.8	14.7
- China/Hong Kong	12.3	-	12.3
- India	1.0	-1.8	-0.8
- Rest Developing Asia	2.1	-	2.1
- Rest Developing Asia/EM	1.0	-	1.0
Developed Asia	5.8	-1.4	4.3
- Korea/Taiwan	3.3	-0.5	2.8
- Japan	2.5	-0.9	1.5
Australia	1.8	-2.7	-0.9
Other equity	-	-1.9	-1.9
<b>Total Equities</b>	<b>96.2</b>	<b>-24.4</b>	<b>71.7</b>
Other	-	-8.8	-
Cash	3.8	-	-
<b>Totals</b>	<b>100.0</b>	<b>-33.3</b>	<b>-</b>

Market cap exposure<sup>4</sup> (%)

Band	Long	Short	Net
Mega (>\$100b)	30.2	-12.4	17.7
Large (>\$25b <\$100b)	34.2	-6.3	27.9
Medium (>\$5b <\$25b)	25.9	-4.2	21.8
Small (<\$5b)	5.9	-1.5	4.4

## 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 Ratings



## Fund features

- Objective to achieve absolute returns in excess of the benchmark (after fees) 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
- 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](#)

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