

Commentary

Global equities in January were down (-1.9%) with Energy, Financials and Utilities outperforming, whilst Communication Services, Consumer Discretionary and Healthcare lagged. US equities were down (-2.7%) as the Fed conveyed a more hawkish tone than expected with yields rising and flattening, with inflation fears rising and geopolitical tensions increasing. Similarly, European equities were also down (-1.5%) exacerbated further by soaring energy prices in the region.

Asian equities outperformed broader global equities (-0.7%) with Chinese equities underperforming (-2.3%) as a result of growth concerns, COVID-19 lockdowns and subsequent bottlenecks. This was in addition to ongoing property sector concerns lingering, despite the PBOC conducting further easing. Japan underperformed (-2.0%), reacting to the prospect of higher yields.

Elsewhere, Brent Crude (+17.2% in USD) rallied, while Gold (-1.7%) was down and the US Dollar (DXY +0.9%) was up.

Key contributors included:

- Oil/Natural Gas cluster, notably Exxon and Coterra Energy with oil prices surging over the month as geopolitical risks to supply, namely the standoff between Russia and the Ukraine complemented a strong demand rebound as fears over the Omicron variant faded. Further, Exxon demonstrated its strong capital position by announcing a buy-back program estimated at \$US10b over the next two years.
- Shorts, including Industrials and Internet/Software - Developed Markets clusters as higher yields triggered a more severe sell off in weaker companies and companies. In addition, companies with high starting valuations were also impacted given their higher sensitivity to rising discount rates. The selloff expanded most notably into widely held technology names over the month.
- Consumer Cyclical - Asia/Emerging Markets, notably Trip.com which released a report showing that short haul travel volume increased significantly on pre-COVID levels, with intra-provincial Chinese travel accounting for the majority of the increase, in a strong signal of domestic travel demand within China. Further, the stock was boosted by strong sell-side re-ratings throughout the month.

Net performance (%)

	Fund	Benchmark	Difference
1 month	3.1	-1.9	4.9
3 month	5.2	2.9	2.3
Year to date	3.1	-1.9	4.9
1 year	16.6	23.3	-6.7
3 year p.a.	9.1	16.7	-7.7
5 year p.a.	9.2	14.3	-5.2
Inception p.a.	9.8	11.8	-2.0

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	64.9%
Upside capture ratio	72
Downside capture ratio	46
Portfolio standard deviation	8.5%
Benchmark standard deviation	10.5%
Sharpe ratio	1.21

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	1.2%
Short	1.9%
Currency	0.1%

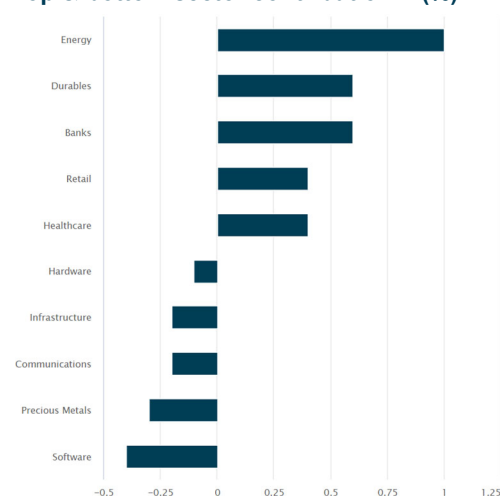
² Based on gross returns in AUD

- Consumer Cyclical - Developed Markets, notably UniCredit which reported strong 4Q21 results, posting revenue ahead of consensus estimates. The company's strong capital position was underscored with management confirming a €3.75b distribution in 2022 (based on FY21 results), with similar indications for FY23. The company also reaffirmed no inorganic plans will derail the €16.2b capital return plan over the next four years.

Key detractors included:

- Infrastructure/Property - Developed Markets cluster including Électricité de France (EDF) and Frontier Communications. EDF was impacted over the month upon news that the French government will force EDF to limit bill hikes to 4% in 2022 in an effort to protect households from rising energy costs. In addition to price caps, the government plans to force EDF to sell electricity generated by its fleet of nuclear reactors to rival suppliers at well below the current record high market prices, igniting protests amongst EDF workers. Frontier continued to be pressured by disappointing subscriber numbers reported by mainstream cable providers, despite reporting strong 4Q21 results and sell-side upgrades. Our thesis remains intact with correlation to traditional cable providers expected to dissipate as Frontier continue to grow subscribers as part of the fibre broadband roll out.
- Tail Risk equity, notably Newcrest which traded weaker following a poor production report and uncertainty on the Pretium Resources acquisition. We remain of the view that 2022 will be a year of major turnaround for the company ahead of several years of incremental growth and cost improvements.
- Internet/Software Developed Markets cluster, including Meta Platforms and SAP due to higher yields triggering a broad selloff across technology stocks over the month. SAP reported 4Q21 earnings which exceeded analyst expectations due largely to growing momentum in its cloud business, however traded lower on forecasts of a decline in operating profits and margins in 2022. Our thesis remains intact as fundamentals remain strong, with pipeline demand for enterprise resource planning software and full-suite cloud-based solutions expected to further solidify SAP's market position.

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	\$3,043m
Strategy AUM	\$5,487m
Unit redemption price	1.8744

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	99.2	-	-21.7	-11.0
Count	62	-	42	6
Avg. weight (%)	1.6	-	-0.5	-1.8
Top 10 (%)	28.6	-	-12.5	-
Top 30 (%)	70.5	-	-19.7	-

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

Sector exposure^{4,5} (%)

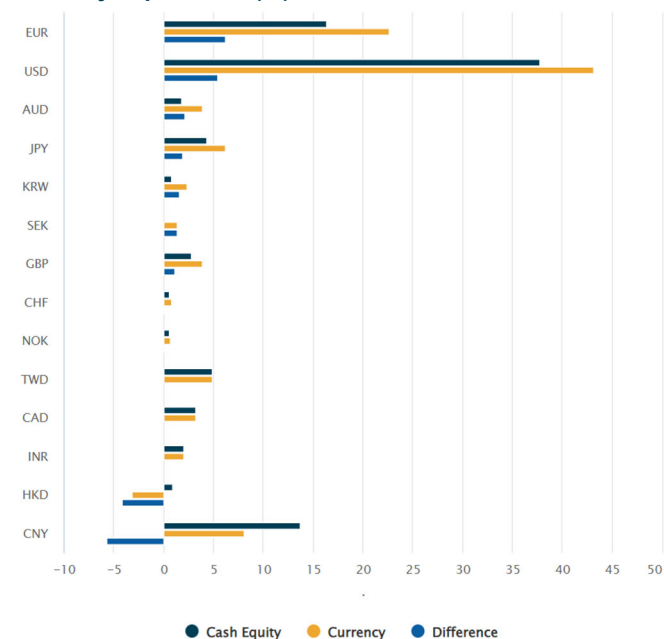


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Sanofi	France	3.1
Coterra Energy	United States	3.0
Microsoft	United States	3.0
Meta Platforms	United States	2.9
Siemens	Germany	2.8
Taiwan Semiconductor	Taiwan	2.8
Tesco	United Kingdom	2.8
Frontier Communications Parent	United States	2.8
Seagate Technology Holdings	United States	2.8
Exxon Mobil	United States	2.7

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	43.8	-12.5	31.3
Western Europe	26.2	-1.7	24.5
- Eurozone	20.5	-1.3	19.1
- United Kingdom	4.5	-	4.5
- Rest Western Europe	1.2	-0.4	0.8
Developing Asia/EM	17.4	-1.6	15.7
- China/Hong Kong	15.4	-1.4	14.0
- India	2.0	-0.3	1.7
Developed Asia	10.0	-1.3	8.7
- Korea/Taiwan	5.7	-	5.7
- Japan	4.3	-1.3	3.0
Australia	1.8	-0.9	0.9
Other equity	-	-3.6	-3.6
Total Equities	99.2	-21.7	77.4
Other	-	-11.0	-
Cash	0.8	-	-
Totals	100.0	-32.8	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	43.3	-11.4	31.8
Large (>\$25b <\$100b)	28.1	-5.5	22.5
Medium (>\$5b <\$25b)	25.4	-3.3	22.1
Small (<\$5b)	2.4	-1.4	1.0

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 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

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