

Key Takeaways

- **Heightened volatility continued through May as competing perspectives on future growth and inflation caused markets to whipsaw.**
- **Value, more specifically defensive/low volatility value, continued to outperform growth, extending the 2022 trend.**
- **Against this backdrop the Antipodes Global Fund outperformed the benchmark over the month and remains meaningfully ahead over the calendar-year-to-date.**

Commentary

Despite heightened volatility, global equities were relatively unchanged in May (-0.9%) with energy, utilities and financials outperforming and consumer staples, consumer discretionary and information technology underperforming.

US equities underperformed broader markets over the month (-1.2%). The Federal Open Market Committee (FOMC) hiked the federal funds rate by 50bps and further signalled more rate rises are to come, as the FOMC seeks to combat inflation. Whilst the FOMC speakers messaging became more mixed during the month, broader investor fears around economic growth persist.

European equities outperformed (-0.2%) over the month, with strong consumer confidence and high inflation data fuelling a more hawkish tone from the European Central Bank and likelihood of a hike in the near future. The Bank of England also lifted rates again in May.

Asian equities also broadly outperformed (-0.1%). Chinese equities outperformed broader Asian and global markets (+0.9%) with continued commentary highlighting assistance from the Government & People's Bank of China (PBOC). Whilst several cities, including Shanghai, spent much of May in lockdown, there was notable easing in restrictions towards the end of the month. Japanese equities also outperformed over the month (+0.7%) while the Bank of Japan continued their diverging policy, with signs of stability in the Yen. Indian equities were weaker (-6.7%) with the Reserve Bank of India announcing an inter-meeting rate hike rising to combat rising inflation.

Elsewhere, Brent Crude (+12.4% in USD) was strong, Gold (-3.1%) was down, as was the US Dollar (-1.2%).

Key contributors included:

- Consumer Cyclical – Developed Markets cluster. Italian bank, UniCredit confirmed a cash dividend of € 1.2bn on 2021 results and reconfirmed the

proposed € 2.6bn buyback contingent on its core capital ratio remaining above 13%. Similarly, ING Groep announced the commencement of the next stage of the company's share buyback programme, part of the € 1.25bn programme to return capital to our shareholders.

- Oil & Natural Gas cluster, notably EQT Corp and Coterra Energy contributed to portfolio performance in May with both companies benefitting from the renewed surge in demand for US gas exports.
- Hardware Cluster, notably Mediatek whereby short-term investor sentiment around chip demand stemming from weaker handset volumes in China was allayed by a reiteration from the company chairman that the company remains upbeat around expectation of 15% annual revenue growth over the next three years.

Key detractors included:

- Internet/Software – Asia/EM, notably JD.com, despite reporting stronger than expected first quarter bottom line results, investor sentiment remained wary of lower goods consumption in China throughout April and into May. Similarly, there remains lingering overhang around Prosus and any potential divestment, as one of JD.com's largest shareholders, following Tencent's divestment in March.
- Consumer Cyclical – Asia/EM, notably Trip.com which was impacted by poorer investor sentiment from continued lockdowns in major Chinese cities throughout May, and a lower expected volume of domestic travellers for the annual Dragon Boat Festival holiday in early June, despite an easing of restrictions later in the month.

Net performance (%)

	Fund	Benchmark	Difference
1 month	1.9	-0.8	2.7
3 month	-0.3	-4.8	4.5
Year to date	-2.1	-11.7	9.5
1 year	0.6	0.6	0.0
3 year p.a.	7.2	10.4	-3.2
5 year p.a.	6.0	9.8	-3.8
Inception p.a.	8.5	9.5	-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. All p.a. returns are annualised.

Performance & risk summary¹

Average net exposure	65.0%
Upside capture ratio	72
Downside capture ratio	46
Portfolio standard deviation	8.9%
Benchmark standard deviation	10.7%
Sharpe ratio	1.00

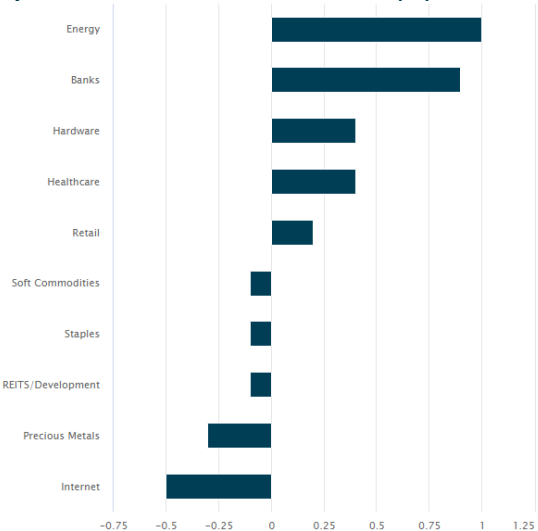
¹ All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility. 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	1.9%
Short	0.0%
Currency	0.1%

² Based on gross returns in AUD

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



³ Antipodes classification

Fund facts

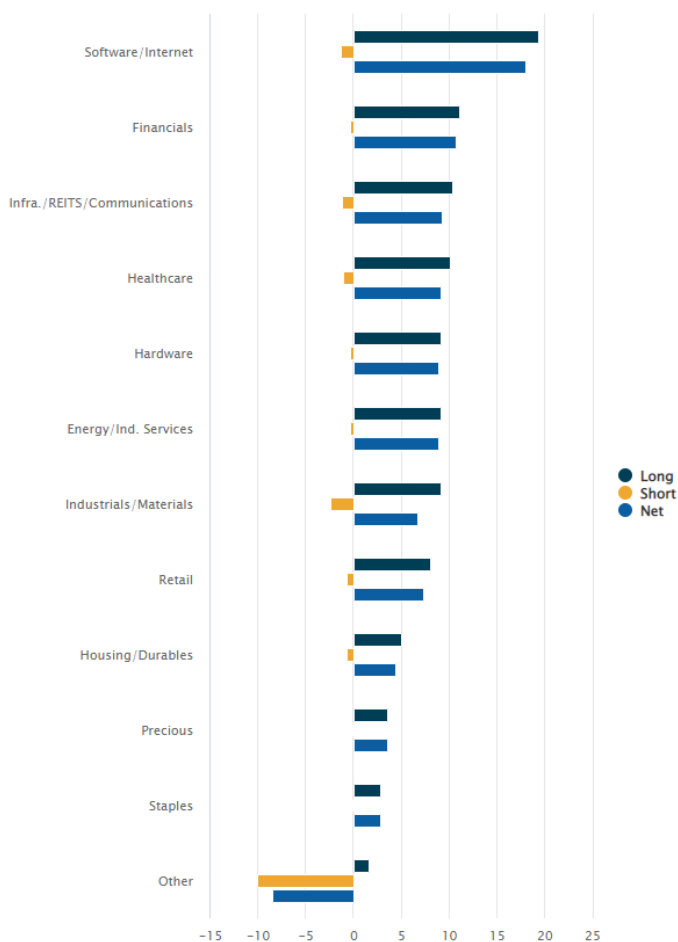
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$2.784m
Strategy AUM	\$5.116m
Unit redemption price	1.7797

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	100.1	-	-18.1	-4.8
Count	64	-	35	4
Avg. weight (%)	1.6	-	-0.5	-1.2
Top 10 (%)	29.0	-	-11.4	-
Top 30 (%)	68.5	-	-17.5	-

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

Sector exposure^{4,5} (%)

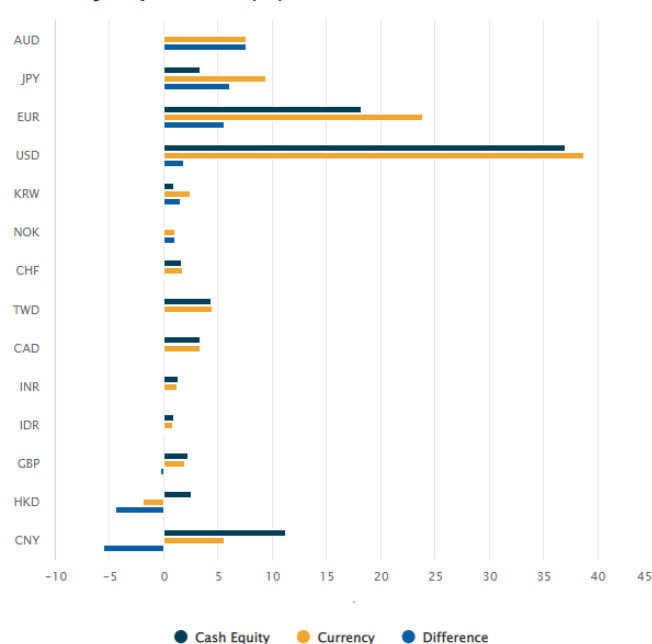


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
EOT	United States	3.4
Siemens	Germany	3.2
Merck	United States	3.1
Sanofi	France	2.9
Coterra Energy	United States	2.9
Frontier Communications	United States	2.9
Taiwan Semiconductor	Taiwan	2.7
Oracle	United States	2.7
SAP	Germany	2.6
ING Groep	Netherlands	2.6

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	42.7	-8.9	33.8
Western Europe	30.0	-0.9	29.1
- Eurozone	23.9	-0.6	23.3
- United Kingdom	4.5	-	4.5
- Rest Western Europe	1.6	-0.3	1.2
Developing Asia/EM	16.9	-2.2	14.7
- China/Hong Kong	14.7	-	14.7
- India	1.3	-2.2	-0.9
- Rest Developing Asia	0.9	-	0.9
Developed Asia	8.6	-1.1	7.5
- Korea/Taiwan	5.3	-	5.3
- Japan	3.3	-1.1	2.2
Australia	1.9	-1.9	-
Other equity	-	-3.0	-3.0
Total Equities	100.1	-18.1	81.9
Other	-	-4.8	-
Cash	-0.1	-	-
Totals	100.0	-22.9	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	34.0	-10.6	23.4
Large (>\$25b <\$100b)	32.1	-5.0	27.1
Medium (>\$5b <\$25b)	28.9	-2.4	26.5
Small (<\$5b)	5.1	-0.1	5.0

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 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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