

Key Takeaways

- Despite June CPI coming in at 9.1%, the highest in over 40 years, market inflation expectations have slowly drifted down throughout the month.
- Markets posted strong results throughout July with most global indices finishing materially higher, with growth again outperforming value, building on outperformance in June.
- The Antipodes Global Fund underperformed the benchmark over the month however remains ahead over the calendar-year-to-date.

Commentary

Global equities were up in July (+5.4%) with Information Technology, Consumer Discretionary and Industrials outperforming whilst Communication Services, Healthcare and Materials underperformed.

US equities outperformed (+7.7%) despite inflation data remaining elevated and more signs of economic slowdown, with equity markets starting to reprice and adjust the chances of a less-hawkish Federal Reserve pivot to being more market supportive, whilst corporate earnings were better than feared. European equities were positive but underperformed the broader market (+3.4%) with the overhang of the Russian gas supply crisis and the collapse of the Italian coalition government forcing early elections. Whilst in the UK, the process of finding a new Prime Minister from the Conservative party commenced after the resignation of Boris Johnson. The ECB made a historic hike while giving more details on their new Transmission Protection Instrument to support weaker sovereign yields.

Asian equities underperformed broader markets over the month (-0.3%). Chinese equities were weak (-9.4%) despite the PBOC announcing further loan stimulus and GDP data surprising on the upside, with zero-COVID restrictions and property sector fears, which included the threat of mortgage strikes, weighing on sentiment. Japanese equities were positive for the month, despite underperforming global markets (+4.2%) whereby the former Prime Minister Shinzo Abe was tragically assassinated.

Elsewhere, Brent Crude (-4.2% in USD) was down, Gold (-2.3%) was lower, whilst the US Dollar (+1.2%) was stronger.

Key contributors included:

- Infrastructure/Property – DM cluster, namely Électricité de France (EDF) which surged upon reports the French government intends to nationalise the energy company by acquiring the remainder of EDF shares in an effort to keep a handle on rising energy costs and reduce its reliance on energy imports.

Net performance (%)

	Fund	Benchmark	Difference
1 month	-1.8	5.4	-7.2
3 month	-3.2	-0.1	-3.0
Year to date	-7.0	-11.0	4.0
1 year	-4.1	-5.7	1.6
3 year p.a.	3.9	8.1	-4.1
5 year p.a.	5.4	10.8	-5.4
Inception p.a.	7.5	9.4	-1.9

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	65.1%
Upside capture ratio	68
Downside capture ratio	47
Portfolio standard deviation	9.0%
Benchmark standard deviation	10.9%
Sharpe ratio	0.88

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	1.3%
Short	-2.6%
Currency	-0.4%

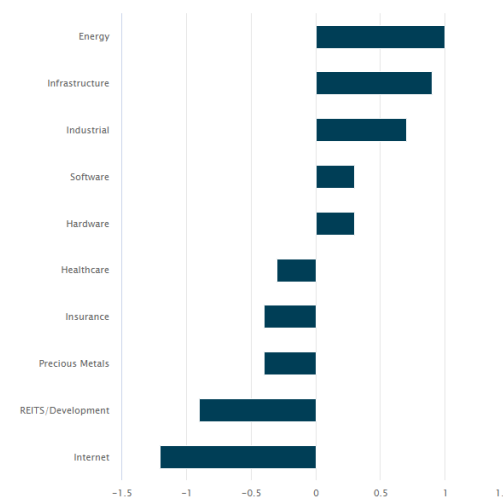
² Based on gross returns in AUD

- Oil/Natural Gas cluster, including EQT Corp and Coterra which surged higher over the month after a pull-back in June, highlighting the renewed demand for natural gas driven by Europe in filling sufficient reserves ahead of winter.
- Industrials cluster, notably Siemens, whereby results in its core operating businesses have been stronger than anticipated whilst fears of disorderly outcomes on energy supply have reduced.
- Internet/Software – DM cluster, including Amazon and Oracle. Amazon pushed higher over the month reporting second quarter results showing underlying improvements earlier than the market expected, beating revenue projections and highlighting strong growth from its cloud business.

Key detractors included:

- Consumer Cyclical – Asia/EM cluster, notably Chinese property exposures as sentiment turned negative on the sector amid concerns around home buyers threatening to stop servicing mortgages on certain unfinished projects, and lockdown stress. Later in the month, a reported move by Beijing to establish a fund to support developers fuelled optimism within the property sector.
- Similarly, KE holdings within the Internet/Software – Asia EM cluster detracted over the month, with the real estate platform impacted by the weaker sentiment felt in the property sector and lockdown restrictions.
- Internet/Software – Asia/EM, including Alibaba, whereby in early July fines were imposed on technology companies for failing to properly report past deals, with five transactions carried out by Alibaba highlighted by the regulator. Whilst the potential impact of the fines was capped, investor sentiment turned poorer amid concerns that this could signal renewed regulatory concerns for the company.
- Shorts detracted over the month as volatility remained heightened.

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

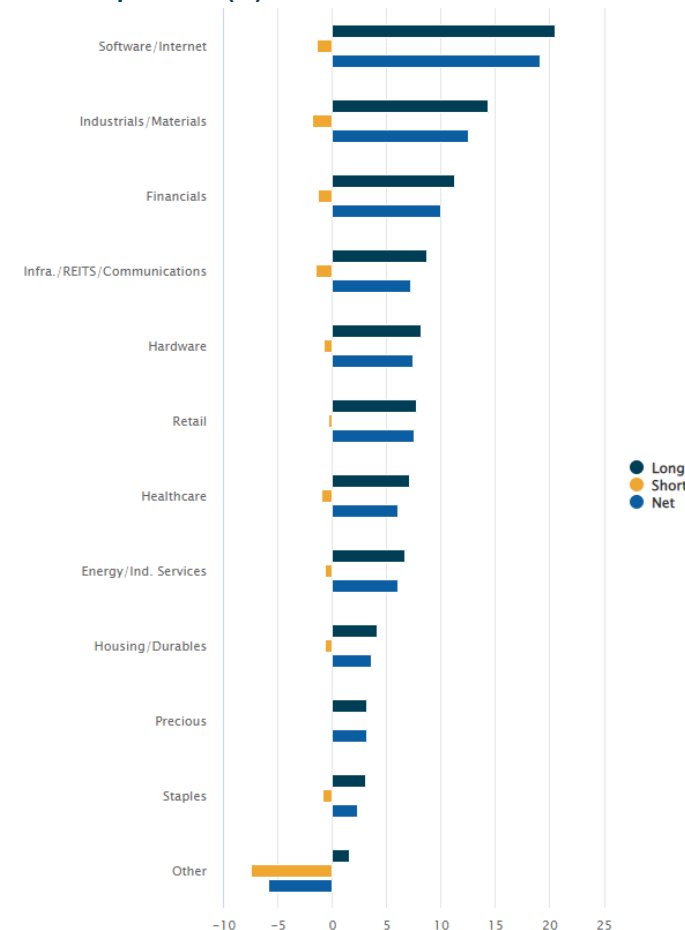
Asset value	
Fund AUM	\$2,436m
Strategy AUM	\$4,653m
Unit redemption price	1.5218

Asset allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	96.8	-	-17.3	-5.7
Count	63	-	40	3
Avg. weight (%)	1.5	-	-0.4	-1.9
Top 10 (%)	28.7	-	-10.1	-
Top 30 (%)	65.3	-	-16.4	-

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

Sector exposure^{4,5} (%)

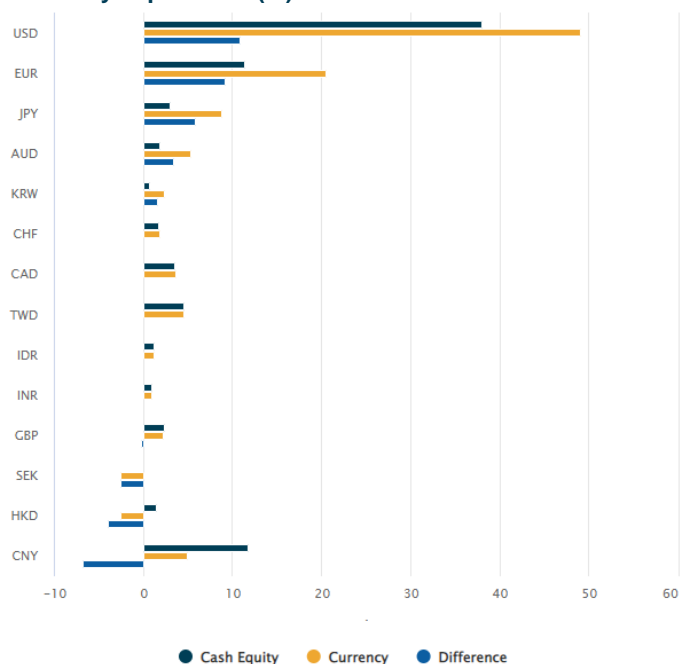


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Merck	United States	3.1
Siemens	Germany	3.1
Frontier Communications	United States	3.0
SAP	Germany	3.0
Sanofi	France	2.9
EQT	United States	2.9
Taiwan Semiconductor	Taiwan	2.8
Oracle	United States	2.8
Meta Platforms	United States	2.7
Microsoft	United States	2.3

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	44.3	-7.7	36.6
Western Europe	27.1	-2.0	25.1
- Eurozone	20.9	-1.1	19.9
- United Kingdom	4.4	-	4.4
- Rest Western Europe	1.7	-1.0	0.8
Developing Asia/EM	15.4	-	15.4
- China/Hong Kong	13.2	-	13.2
- India	1.0	-	1.0
- Rest Developing Asia	1.2	-	1.2
Developed Asia	8.2	-1.6	6.6
- Korea/Taiwan	5.3	-0.4	4.8
- Japan	3.0	-1.2	1.7
Australia	1.8	-2.3	-0.5
Other equity	-	-3.7	-3.7
Total Equities	96.8	-17.3	79.5
Other	-	-5.7	-
Cash	3.2	-	-
Totals	100.0	-23.0	-

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	32.6	-8.8	23.8
Large (>\$25b <\$100b)	29.2	-4.7	24.5
Medium (>\$5b <\$25b)	30.0	-2.6	27.5
Small (<\$5b)	5.0	-1.2	3.8

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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