

## Commentary

Global equity strength continued in March on continued optimism of a sustainable re-opening of the global economy (+4.4%). Defensive sectors such as Utilities and Consumer Staples led, but cyclical sectors exposed to the re-opening theme, such as Industrials and Financials, also outperformed. Information Technology and Communication Services lagged as investors exhibited a preference for low multiple - or value - stocks over momentum and growth.

US equities (+5.4%) outperformed as President Biden set out plans for a \$2tn infrastructure stimulus. The US yield curve steepening continued as yields rose on improving growth expectations (US 10 year rose to 1.74% from 1.40%), weighing on large-cap tech.

Asia (+0.4%) lagged due to weakness in China (-4.8%) on concerns around policy tightening and the US regulator implementing measures to delist foreign companies that do not comply with US auditing standards. Reports that China is considering setting up an SOE to oversee customer data and news of the collapse of a large Asia based family office also dampened sentiment.

Elsewhere, Brent Crude halted four months of gains (-2.6% in USD) and Gold (-3.4% in USD) retreated as the USD advanced (DXY +2.6%) on the move higher in yields.

## Net performance (%)

	Fund	Benchmark	Difference
1 month	-2.4	-0.9	-1.5
3 month	4.4	4.0	0.4
Year to date	4.4	4.0	0.4
1 year	29.0	26.4	2.6
3 year p.a.	10.3	9.1	1.2
5 year p.a.	14.2	14.0	0.2
Inception p.a.	10.8	9.5	1.3
Inception	80.5	68.7	11.7

Past performance is not a reliable indicator of future performance. Returns are quoted in AUD and net of applicable fees, costs and taxes

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

Average net exposure	73.5%
Upside capture ratio	79
Downside capture ratio	36
Portfolio standard deviation	9.0%
Benchmark standard deviation	11.2%
Sharpe ratio	1.23

<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

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

	1 month
Long	-2.2%
Short	-0.2%
Currency	0.1%

<sup>4</sup> Based on gross returns in AUD

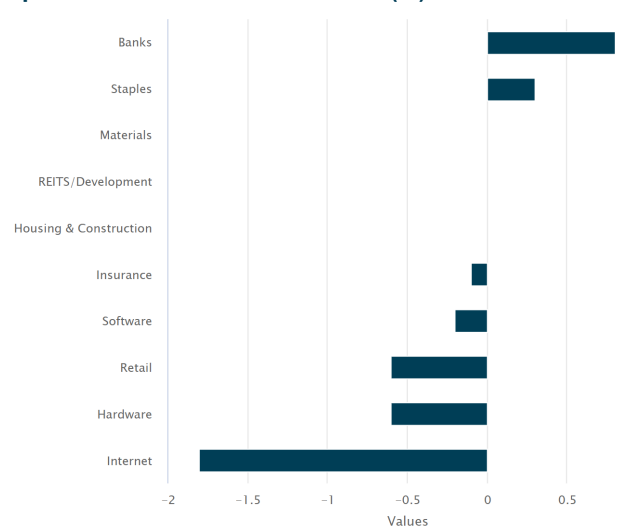
The key contributors included:

- Consumer Cyclical, notably KB Financial, Genting Malaysia and Trip.com. KB Financial was supported by loan growth and improving net interest margins, while Genting Malaysia and Trip.com were the beneficiaries of the ongoing normalisation in travel in a re-opened environment.
- Consumer Defensive, supported by Li Ning as the sportswear brand benefited from a consumer backlash against its foreign competitors, including Nike and Adidas, that announced the prohibition of the sourcing of products from the Xinjian cotton producing region on concerns of potential forced labour.

Key detractors included:

- Online Services - Asia/EM, notably Chinese internet names including JD.com, Tencent and Meituan as market sentiment waned amidst ongoing regulatory scrutiny of Chinese technology platforms. With growth prospects remaining positive we have taken the opportunity to increase position sizes in Tencent and Meituan.
- Consumer Defensive name TAL Education after aggressive promotional activity by emerging online tuition operators in China raised concerns that a regulatory response may impact the industry beyond just the bad actors.
- Industrials cluster including Longi Green Energy following a period of material outperformance through the Chinese economic recovery.

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



<sup>3</sup> Antipodes classification

## Fund facts

Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country Asia ex Japan 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

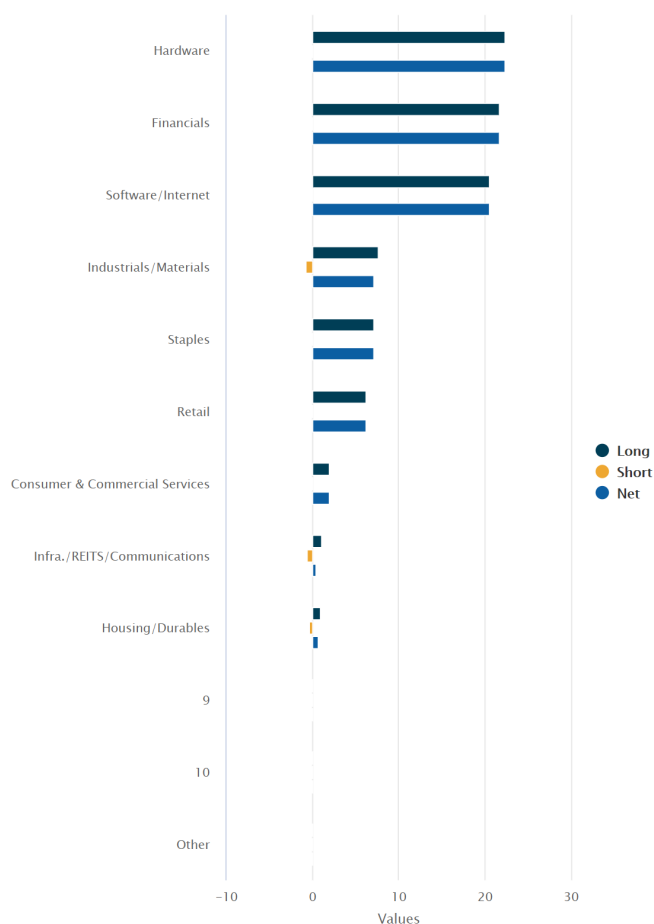
  

Asset value	
Fund AUM	\$89m
Strategy AUM	\$97m
Unit redemption price	1.5358

Asset allocation<sup>4</sup>

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	90.0	-	-1.5	-
Count	35	-	4	-
Avg. weight (%)	2.6	-	-0.4	-
Top 10 (%)	49.8	-	-	-
Top 30 (%)	87.5	-	-	-

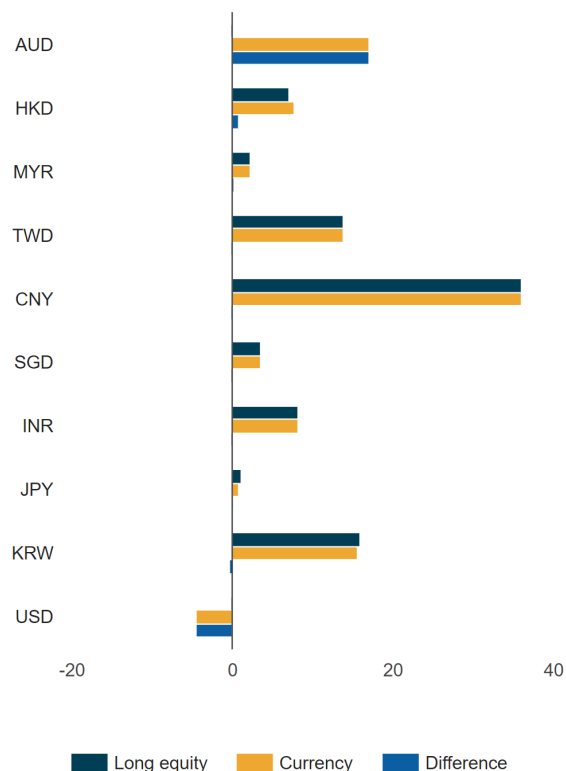
<sup>4</sup> Call (put) options represented as the current option value (delta adjusted exposure)

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

<sup>5</sup> Antipodes classification

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

Name	Country	Weight
Tencent	China/HK	8.3
Taiwan Semiconductor	Taiwan	8.1
HDFC Bank	India	5.0
Meituan	China/HK	4.9
Samsung Electronics	Korea	4.9
MediaTek	Taiwan	4.5
SK hynix	Korea	3.8
KB Financial Group	Korea	3.5
Sea Ltd.	Singapore	3.5
Li Ning	China/HK	3.4

Currency exposure<sup>4,5</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
Developing Asia	56.6	-0.3	56.4
- China/Hong Kong	42.9	-0.3	42.6
- India	8.1	-	8.1
- Rest Developing Asia	5.7	-	5.7
Developed Asia	30.6	-0.8	29.8
- Korea/Taiwan	29.7	-	29.7
- Japan	1.0	-0.8	0.2
Australia	2.7	-0.4	2.3
Total Equities	90.0	-1.5	88.5
Cash	10.0	-	-
Totals	100.0	-1.5	-

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

Band	Long	Short	Net
Mega (>\$100b)	50.7	0.0	50.7
Large (>\$25b <\$100b)	16.9	-1.5	15.4
Medium (>\$5b <\$25b)	18.6	0.0	18.6
Small (<\$5b)	3.8	0.0	3.8

### Investment Manager

- Global and Asian 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)
- The fund may invest in companies that are listed:
  - On Asian share markets
  - On global share markets and which derive >65% of their revenues from Asia
  - In Japan (maximum 30% net exposure)
  - In Oceania and non-Asian emerging markets (maximum 15% net exposure)
- In the absence of finding securities that meet minimum risk-return criteria, cash may be held
- Flexibility to hedge for risk management purposes:
- 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

### Further information

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