

Key Takeaways

- August saw a reversal of the trends which drove the July equity rally, with bond yields rising and the market questioning how soon central banks are likely to pivot away from the current tightening cycle.
- Global markets finished down for the month, with Value outperforming Growth, extending the trend seen in the first half of the year.
- The Antipodes Global Fund – Long outperformed the benchmark over the month and remains ahead over the calendar-year-to-date.

Commentary

Global equities were down in August (-2.5%) with utilities, financials and energy outperforming whilst healthcare, information technology and industrials underperformed.

US equities were also down over the month (-2.2%) as the Federal Reserve sounded a hawkish tone and reiterated its intention to bring inflation under control. US macroeconomic data showed a slowing economy but less so than feared supported by a strong jobs market, whilst many commodity prices were lower, helping to ease inflation concerns. European equities underperformed (-4.6%) as increasing energy/natural gas prices heading into winter weighed on sentiment, with the European Central Bank sounding a similarly hawkish tone. The Bank of England hiked rates again and reiterated increasingly gloomy economic forecasts.

Asian equities outperformed broader global markets (+0.9%). Chinese equities also outperformed (+0.1%) as the Central Bank and Government continued to offer support, however macroeconomic data failed to inspire the embattled real estate sector and a major drought continuing to act as headwinds. Japanese equities again outperformed but were negative in absolute terms (-0.8%) helped by a weak currency due to the Bank of Japan's dovish path of divergent supportive policy.

Elsewhere, Brent Crude (-5.7% in USD) was weak, Gold (-3.1%) was down, whilst the US Dollar (+2.6%) was up.

Key contributors included:

- Consumer Cyclical – DM cluster, notably Flutter Entertainment which reported strong 1H22 results, driven by both the US and ex-US businesses (notably Australia), with results showing no discernible signs of a consumer slow down. Flutter provided guidance for both the US and ex-US businesses broadly in line with expectations ahead of the commencement of the NFL season.

Net performance (%)

	Fund	Benchmark	Difference
1 month	-0.9	-2.0	1.1
3 month	-5.6	-1.3	-4.4
Year to date	-9.6	-12.8	3.2
1 year	-9.2	-10.3	1.1
3 year p.a.	5.5	7.4	-1.9
5 year p.a.	6.9	10.1	-3.2
Inception p.a.	8.5	9.0	-0.4

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. The inception date of the Antipodes Global Fund – Long (Class P) is 1 August 2015. In order to show performance since the fund's inception, the performance for the period 1 July 2015 to 31 July 2015 is derived from Antipodes Global Fund – Long (Class I) and is adjusted to reflect the fees of Class P.

Performance & risk summary¹

Average net exposure	89.2%
Upside capture ratio	90
Downside capture ratio	74
Portfolio standard deviation	10.8%
Benchmark standard deviation	10.8%
Sharpe ratio	0.83

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	-0.9%
Currency	0.1%

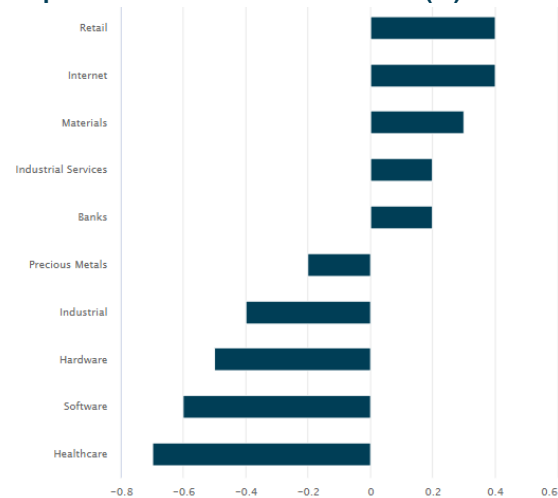
² Based on gross returns in AUD

- Materials cluster, notably Teck Resources which announced record earnings for the fourth consecutive quarter as the diversified miner continues to benefit from heightened resources demand across its commodity portfolio, including metallurgical coal, copper, gold and silver.
- Internet Software – Asia/EM cluster, notably KE Holdings despite reporting a 41% percent drop in revenue in 1H22 relative to 1H21. The Chinese Real estate platform surged despite a cooling property market, as its home decoration and furnishings business reported promising growth, in addition to benefitting from sell side upgrades to consensus estimates.

Key detractors included:

- Healthcare cluster, including Sanofi which slumped amid announcement of the discontinuation of clinical trials for Amcenerstrant, previously considered to have significant potential against breast cancer. This compounded similar losses amid litigation concerns over an alleged cancer-causing effect of heartburn drug Zantac. There is no change to Antipodes thesis, with any impending settlement likely immaterial to our valuation for Sanofi.
- Hardware cluster, including Seagate Technology and Sonos. Data storage company Seagate downgraded earnings expectations late in the month, citing weaker economic trends in certain Asian regions, amplifying customer inventory corrections, supply chain disruptions and cautious buying behaviour. Similarly, home audio brand Sonos reported a notable drop in sales over the last quarter.
- Internet/Software – DM cluster, notably US real estate platform Compass Inc. after the company missed revenue growth estimates in its second-quarter earnings report and issued weaker guidance for the remainder of the calendar year.

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



³ Antipodes classification

Fund facts

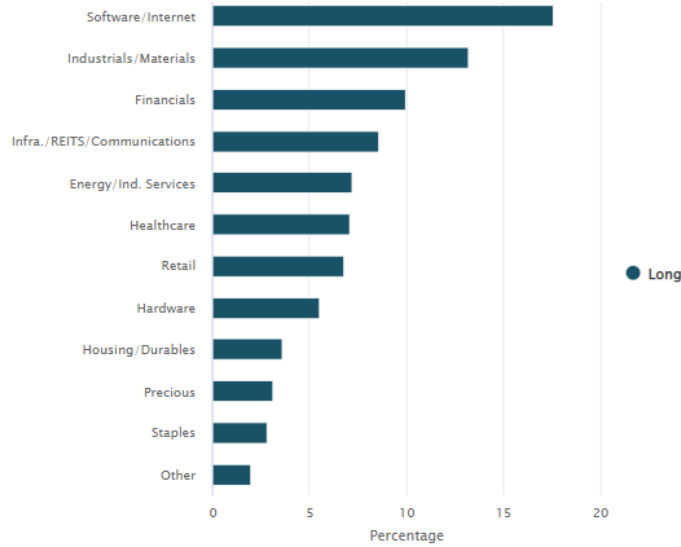
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$492m
Strategy AUM	\$4.122m
Unit redemption price	0.9540

Asset allocation⁴

	Equities - Long	Other - Long
Weight (%)	87.4	-
Count	62	-
Avg. weight (%)	1.4	-
Top 10 (%)	26.6	-
Top 30 (%)	59.9	-

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

Sector exposure^{4,5} (%)

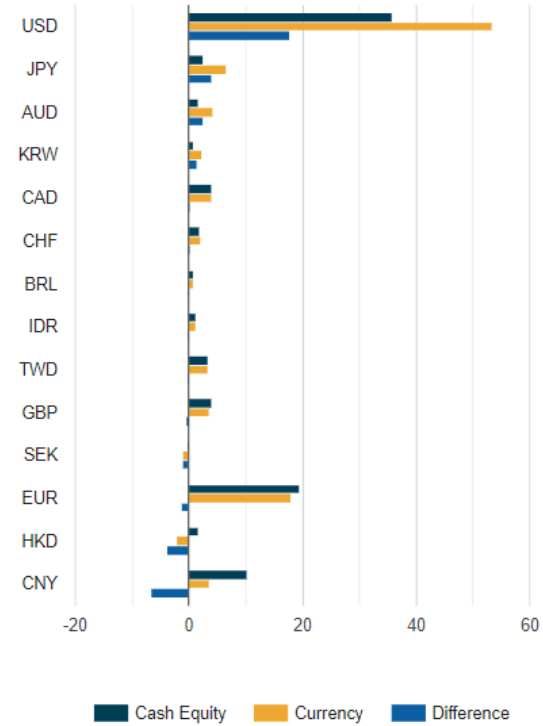


⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Merck	United States	3.0
Frontier Communications	United States	2.9
EQT	United States	2.8
Sanofi	France	2.8
Northrop Grumman	United States	2.7
SAP	Germany	2.6
Meta Platforms	United States	2.6
Siemens	Germany	2.4
TotalEnergies	France	2.4
Oracle	United States	2.4

Currency exposure^{4,6} (%)



⁶ Where possible, regions, countries and currencies classified on a look through basis

Regional exposure^{4,5,6} (%)

Region	Long
North America	39.7
Western Europe	25.4
- Eurozone	19.4
- United Kingdom	4.1
- Rest Western Europe	1.9
Developing Asia/EM	14.1
- China/Hong Kong	11.9
- Rest Developing Asia	1.2
- Rest Developing Asia/EM	0.9
Developed Asia	6.7
- Korea/Taiwan	4.1
- Japan	2.6
Australia	1.6
Total Equities	87.4
Cash	12.6
Totals	100.0

Market cap exposure⁴ (%)

Band	Weight
Mega (>\$100b)	30.6
Large (>\$25b <\$100b)	26.0
Medium (>\$5b <\$25b)	26.3
Small (<\$5b)	4.5

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 individual securities that meet minimum risk-return criteria, cash may be held to maximum 25%
- Flexibility to hedge for risk management purposes:
 - Currency exposure of the underlying stock position (net short currency position not permitted)
 - Equity market exposure via exchange traded derivatives (limited to 10% of NAV)
 - Leverage not permitted

Further information

☎ 1300 010 311

✉ invest@antipodespartners.com

Australia Head Office

Antipodes Partners Limited
Level 35, 60 Margaret St
Sydney NSW 2000
Australia

UK Office

Antipodes Partners Limited
6th Floor, Nova North
11 Bressenden Place
London SW1E 5BY UK

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