Antipodes Global Fund - Long

ARSN 118 075 764 APIR WHT0057AU

MONTHLY REPORT | **31 July 2022**

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 - Long 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.
- 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.

Net performance (%)

	Fund	Benchmark	Difference
1 month	0.7	5.4	-4.7
3 month	-2.7	-0.1	-2.6
Year to date	-8.8	-11.0	2.3
1 year	-5.8	-5.7	-0.1
3 year p.a.	5.4	8.1	-2.7
5 year p.a.	7.4	10.8	-3.4
Inception p.a.	8.8	9.4	-0.6

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 summary[1]

Average net exposure	89.2%
Upside capture ratio	90
Downside capture ratio	75
Portfolio standard deviation	10.8%
Benchmark standard deviation	10.9%
Sharpe ratio	0.86

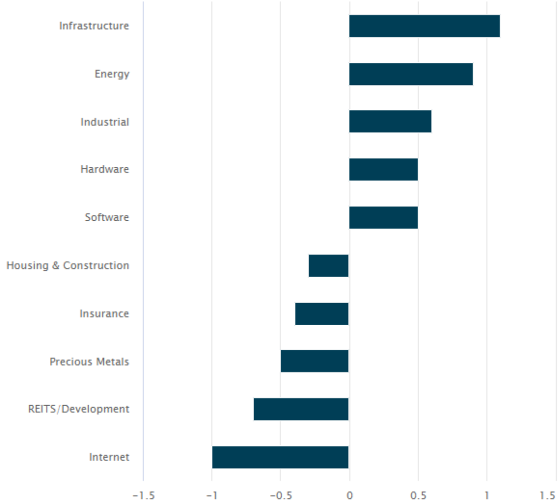
[1] All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility. 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 contribution[2] (%)

	1 month
Long	0.8%
Currency	0.0%

[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

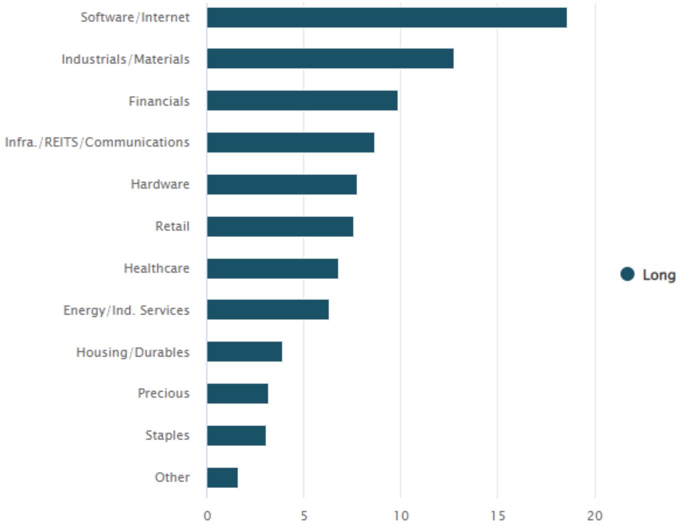
Asset value	
Fund AUM	$472m
Strategy AUM	$3,921m
Unit redemption price	0.9627

Asset allocation[4]

	Equities - Long	Other - Long
Weight (%)	90.4	-
Count	61	-
Avg. weight (%)	1.5	-
Top 10 (%)	27.5	-
Top 30 (%)	62.9	-

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

Sector exposure[4,5] (%)

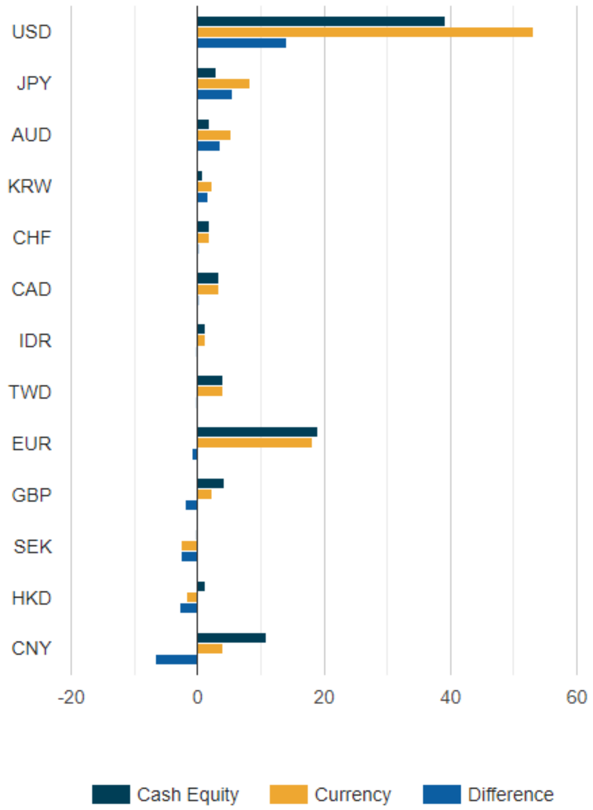


[5] Antipodes classification

Top 10 equity longs[4] (%)

Name	Country	Weight
Merck	United States	3.0
Frontier Communications	United States	3.0
Siemens	Germany	2.9
Sanofi	France	2.9
SAP	Germany	2.8
EQT	United States	2.7
Oracle	United States	2.7
Taiwan Semiconductor	Taiwan	2.6
Meta Platforms	United States	2.5
Tesco	United Kingdom	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	**42.6**
Western Europe	**25.0**
- Eurozone	19.0
- United Kingdom	4.2
- Rest Western Europe	1.8
Developing Asia/EM	**13.3**
- China/Hong Kong	12.1
- Rest Developing Asia	1.2
Developed Asia	**7.7**
- Korea/Taiwan	4.8
- Japan	2.9
Australia	**1.8**
Total Equities	**90.4**
Cash	**9.6**
Totals	**100.0**

Market cap exposure[4] (%)

Band	Weight
Mega (>$100b)	31.1
Large (>$25b <$100b)	27.2
Medium (>$5b <$25b)	27.5
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

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Link to Product Disclosure Statement

Link to Target Market Determination

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Antipodes Global Fund – Long (Class P) received a Morningstar Analyst Rating™ of 'Bronze' on 22 April 2022.