Antipodes Global Fund - Long

ARSN 118 075 764 APIR WHT0057AU

MONTHLY REPORT | **31 October 2022**

Key Takeaways

- **Economic data remained resilient throughout October, despite the historic pace of tightening of financial conditions observed so far in 2022.**
- **Markets proved similarly resilient, returning positive absolute performance whereby value outperformed growth, in a continuation of the theme observed for much of the year-to-date.**
- **The Antipodes Global Fund – Long underperformed the benchmark over the month (after fees), however remains ahead over the calendar-year-to-date.**

Commentary*

Global equities were higher in October (+6.6%) with Energy, Industrials and Healthcare outperforming whilst Communication Services, Consumer Discretionary and Utilities underperformed. US equities were the strongest performing market over the month (+8.5%), as hopes for a Fed pivot grew as economic data showed material slowing even whilst the labour market remained strong and CPI data remained elevated.

European equities also outperformed (+7.8%) as governments announced more detailed fiscal support to address energy concerns and natural gas stockpiles continued to grow amid milder weather. Similarly, policy pivot expectations grew in light of heightened market expectations for a likely recession in the region.

Asian equities underperformed broader global markets over the month (-2.3%). Chinese equities were weak (-13.1%) in light of continued COVID-zero lockdowns and the negativity around the 20th Party Congress announcements and formation of President Xi's Politburo. This was exacerbated by poor economic data and heightened concerns around the property sector, which furthered negative sentiment. Japanese equities were positive (+3.5%) as the Bank of Japan continued their loose monetary policy amid low inflation, despite the Ministry of Finance once again intervening to support the Yen.

Elsewhere, Brent Crude (+11.1% in USD) was strong with OPEC+ output cuts, Gold (-1.6%) was down, whilst the US Dollar (-0.5%) was down marginally.

Key contributors included:

- Oracle and SAP within the Internet/Software - DM Cluster, with both companies reporting quarterly earnings exceeding analyst expectations. SAP revenues in both cloud and non-cloud sectors exceeded estimates, with the company also confirming strong guidance on its cloud business, highlighted by a sizeable order backlog. Oracle confirmed overall revenue was up 18% year-on-year, led by the company's cloud infrastructure revenue.
- Healthcare cluster, notably Merck, which reported third-quarter results highlighting earnings-per-share and quarterly sales above analyst estimates, led by key oncology drug Keytruda where sales grew 20% year-on-year.
- Industrials cluster, notably Northrop Grumman which surged higher despite missing analyst estimates in its third-quarter earnings. The company continues to see a strong demand environment for its products despite the defence industry experiencing heightened macroeconomic volatility.

Key detractors included:

- Consumer Cyclical - Asia EM cluster, including Longfor Group and Country Garden Services Holdings as Chinese property related exposures continued to feel the effects from the downturn in the Chinese property market, with heightened concerns around liquidity and access to capital.
- Internet/Software - Asia/EM cluster, including JD.com and Alibaba, which were impacted by negative sentiment with the expectation economic activity in China will remain lacklustre and consumption will remain depressed in the short-term following President Xi's Politburo formation. Subsequently, both companies were impacted by significant foreign investor outflows.
- Meta Platforms within the Internet/Software - DM cluster, as the company reported a material decline in profits during the third quarter as advertisers reined in spending amid the global economic downturn. In addition, the company's metaverse division, Reality Labs, reported a US$3.7bn loss over the quarter, with Meta anticipating these losses would grow significantly year-over-year in 2023.

* Illustrative only and not a recommendation to buy or sell any particular security.

Net performance (%)

	Fund	Benchmark	Difference
1 month	4.0	6.6	-2.6
3 month	-0.2	0.8	-1.0
Year to date	-8.9	-10.3	1.4
1 year	-7.4	-6.0	-1.4
3 year p.a.	4.9	7.5	-2.6
5 year p.a.	5.6	9.1	-3.5
Inception p.a.	8.4	9.2	-0.7

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]

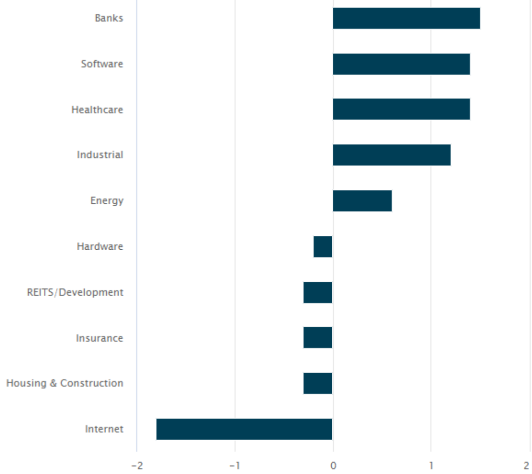
Average net exposure	89.3%
Upside capture ratio	89
Downside capture ratio	75
Portfolio standard deviation	10.8%
Benchmark standard deviation	11.1%
Sharpe ratio	0.82

Performance contribution[2] (%)

	1 month
Long	4.3%
Currency	-0.2%

[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
Risk/Return profile	High
Buy/Sell spread	±0.30%
Minimum investment	AUD $25,000
Distribution	Annual, 30 June

Asset value	
Fund AUM	$510m
Strategy AUM	$4,643m
Unit redemption price	0.9608

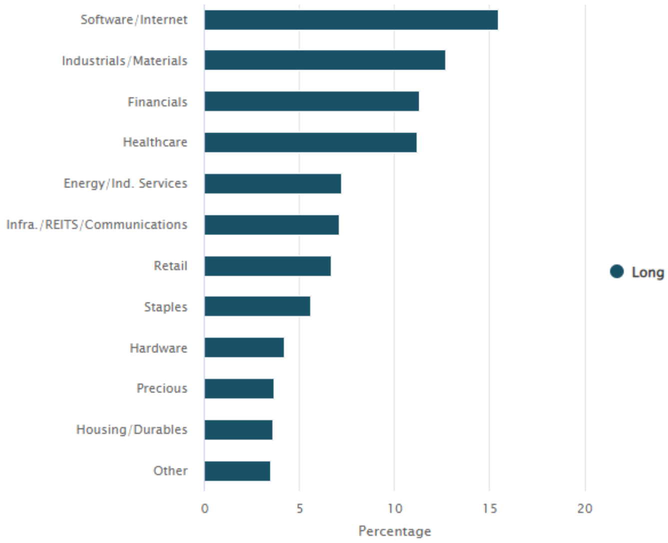
[1] All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility.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

Asset allocation[4]

	Equities - Long	Other - Long
Weight (%)	92.0	-
Count	65	-
Avg. weight (%)	1.4	-
Top 10 (%)	29.2	-
Top 30 (%)	61.9	-

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

Sector exposure[4,5] (%)

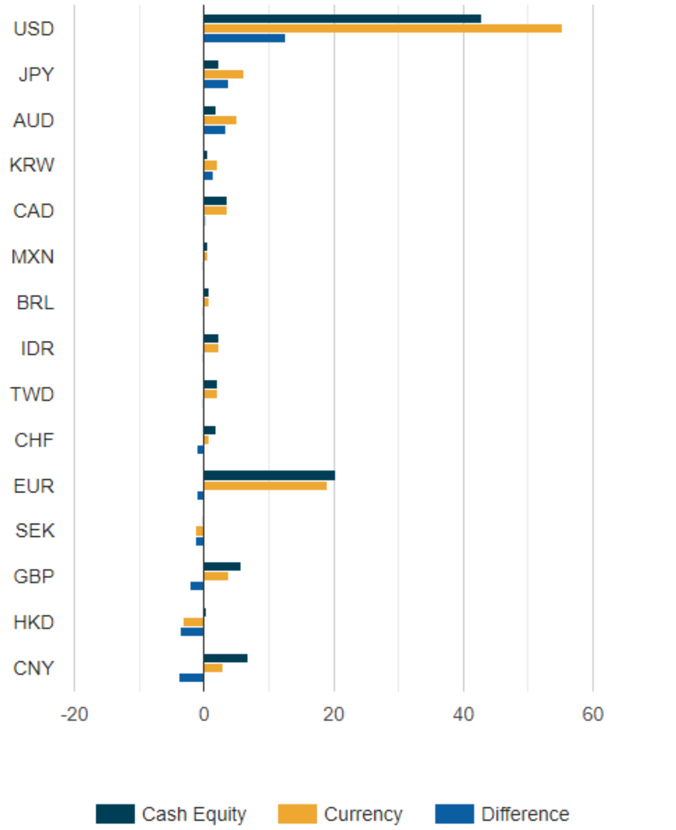


[5] Antipodes classification

Top 10 equity longs[4] (%)

Name	Country	Weight
Merck	United States	3.8
Sanofi	France	3.4
Oracle	United States	3.2
SAP	Germany	3.0
TotalEnergies	France	2.9
Siemens	Germany	2.9
Northrop Grumman	United States	2.9
Frontier Communications	United States	2.7
Tesco	United Kingdom	2.3
Flutter Entertainment	United Kingdom	2.1

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	**46.3**
Western Europe	**28.1**
- Eurozone	20.3
- United Kingdom	5.8
- Rest Western Europe	1.9
Developing Asia/EM	**10.8**
- China/Hong Kong	7.1
- Rest Developing Asia/EM	3.7
Developed Asia	**5.0**
- Korea/Taiwan	2.7
- Japan	2.4
Australia	**1.8**
Total Equities	**92.0**
Cash	**8.0**
Totals	**100.0**

Market cap exposure[4] (%)

Band	Weight
Mega (>$100b)	30.7
Large (>$25b <$100b)	33.7
Medium (>$5b <$25b)	22.5
Small (<$5b)	5.1

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

Zenith HIGHLY RECOMMENDED | Recommended Lonsec Research | MORNINGSTAR Bronze

Fund features

- Objective to achieve absolute returns in excess of the benchmark (after fees) 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
- This product is likely to be appropriate for a consumer seeking capital growth to be used as a small allocation within a portfolio where the consumer has a minimum investment timeframe of 5 years, and a high risk/return profile.

Further information

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Link to Product Disclosure Statement

Link to Target Market Determination

For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com

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