Antipodes Global Fund - Long

ARSN 118 075 764 APIR WHT0057AU

MONTHLY REPORT | **31 March 2022**

Commentary

Following Russia's invasion of Ukraine, global assets sought safety, with the AUD and NZD's lower perceived geopolitical risk and rhetoric around central bank tightening leading to a strong appreciation in March (AUD +3.0%), (NZD +2.6%). Global equities rebounded (+2.2% in USD, but -1.3% in AUD) with Energy, Utilities, Healthcare and Materials outperforming, whilst Consumer Staples, Communication Services, Financials and Consumer Discretionary underperformed. US equities outperformed broader global markets (0.0%), maintaining distance from geopolitical risks and reporting strong employment data. European equities underperformed (-3.5%) due to geopolitical risks and resulting inflation.

Asian equities underperformed broader global markets (-5.3%) with Chinese equities the major underperformer (-11.4%). This stemmed from poor macro data and China's zero COVID-19 policy resulting in major regional lockdowns. Japan underperformed (-3.9%) as the Yen depreciated and the Bank of Japan indicated the potential to intervene and provide future assistance.

Elsewhere, Brent Crude (+6.9% in USD) and Gold (+1.5%) were up and the US Dollar (+1.7%) was strong.

Key contributors included:

- Oil/Natural Gas cluster, notably EQT Corp and Coterra contributed to portfolio performance in March fuelled by the recent surge in commodity prices amid Russian supply disruptions, with both companies benefitting from the renewed demand outlook for US gas exports.
- Teck Resources within the Materials cluster, continued to benefit from strong investor sentiment around the release of the company's 4Q21 results in February in addition to sell side analyst upgrades during the month as a consequence of surging demand for metallurgical (steel-making) coal and record high copper prices.
- Tail Risk cluster including Gold as well as miners Newcrest and Barrick contributed to the portfolio over the month as geopolitical tension played on investor sentiment, with gold benefitting as a perceived safe haven.
- Internet/Software – Developed Markets cluster including Meta Platforms and Oracle. Investor sentiment turned positive for Meta over the month, following the notable sell-off in February after weaker than expected earnings. The rebound is in line with Antipodes' thesis, Meta Platforms' core assets (Facebook, Instagram, WhatsApp and Messenger) remain dominant with a long runway of monetisation. Oracle reported 3Q22 results broadly in line with expectations, with the stock initially declining before rebounding and finishing the month higher. Oracle's relationships with TikTok and in the healthcare sector also remain a source of investor encouragement.

Key detractors included:

- Internet/Software – Asia/EM cluster, including JD.com, Tencent and KE Holdings. Upon releasing results which were in line with analyst expectations, JD.com and Tencent revealed slowing revenue growth in a challenging year for Chinese internet companies. Fears of slowing economic growth, continued regulatory impacts and prospective delisting announcements continue to weigh heavily on investor sentiment. Antipodes remains broadly constructive on China exposures with policy rhetoric shifting and commentary from senior Chinese policy makers recently turning more constructive towards supporting the economy.
- Consumer Cyclical – Developed Markets cluster including ING Groep and UniCredit with sentiment continuing to remain depressed in reaction to European banks Russian exposure. Despite the geopolitical uncertainty, we view the market reaction as disproportionate relative to exposure and against the strong capital positions of both companies.
- Hardware cluster, including Mediatek which saw investor profit taking in March after a period of strong performance. The shift in sentiment was also explained by recent negative datapoints and media reports indicating weaker Chinese domestic handset volume numbers in February. There has been no change to Antipodes' thesis, noting Mediatek's resilient growth and margin outlook are multifaceted, and include market share gains from the ongoing transitions to 5G, growth of other wireless cycles such as wifi, and other businesses lines outside of handset hardware.

Net performance (%)

	Fund	Benchmark	Difference
1 month	-4.3	-1.3	-3.0
3 month	-7.3	-8.4	1.1
Year to date	-7.3	-8.4	1.1
1 year	-1.4	8.8	-10.3
3 year p.a.	7.7	11.7	-4.0
5 year p.a.	8.8	12.0	-3.2
Inception p.a.	9.5	10.4	-0.9

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. 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	89.0%
Upside capture ratio	93
Downside capture ratio	81
Portfolio standard deviation	10.8%
Benchmark standard deviation	10.7%
Sharpe ratio	0.93

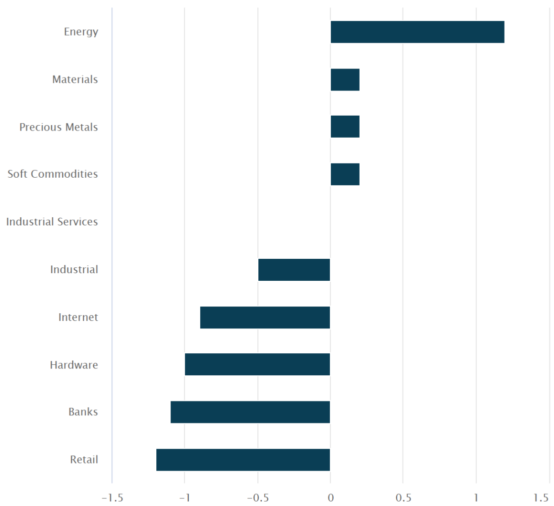
[1] All metrics are based on gross of fee returns in AUD terms. The upside/downside capture ratio is the percentage of benchmark performance captured by the fund during months that the benchmark is up/down. Standard deviation is a measure of risk with a smaller figure indicating lower return volatility. 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	-3.9%
Currency	-0.3%

[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

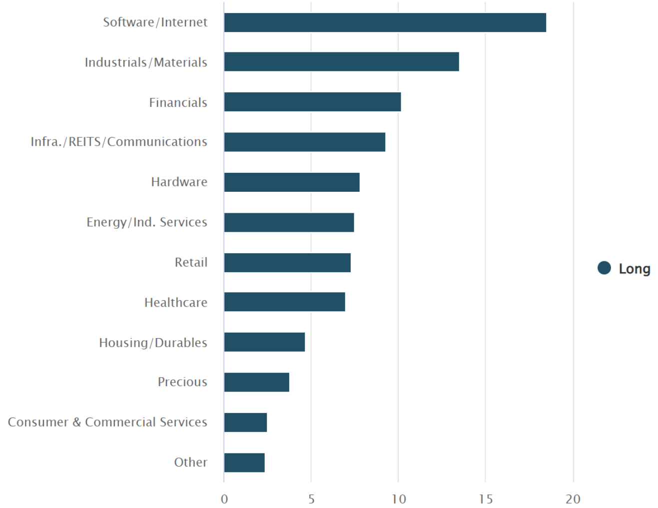
Asset value	
Fund AUM	$786m
Strategy AUM	$3,291m
Unit redemption price	1.0535

Asset allocation[4]

	Equities - Long	Other - Long
Weight (%)	94.5	-
Count	62	-
Avg. weight (%)	1.5	-
Top 10 (%)	28.9	-
Top 30 (%)	68.4	-

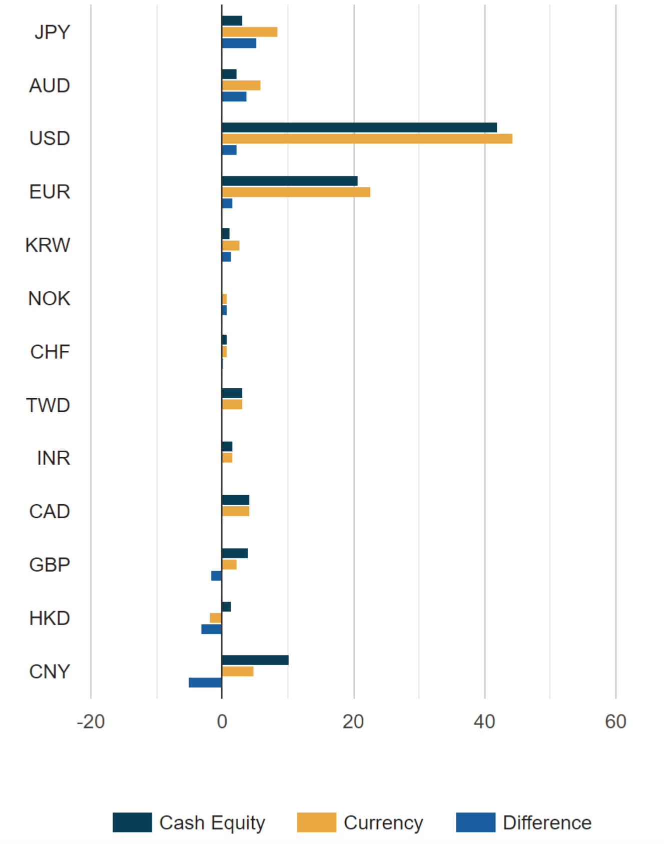
[4] Call (put) options represented as the current option value (delta adjusted exposure)

Sector exposure[4,5] (%)



[5] Antipodes classification

Currency exposure[4,6] (%)



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

Top 10 equity longs[4] (%)

Name	Country	Weight
EQT	United States	3.2
Merck	United States	3.1
Frontier Communications Parent	United States	2.9
Coterra Energy	United States	2.9
Sanofi	France	2.9
Microsoft	United States	2.8
Teck Resources	Canada	2.8
SAP	Germany	2.8
Oracle	United States	2.8
Siemens	Germany	2.7

Regional exposure[4,5,6] (%)

Region	Long
North America	**46.1**
Western Europe	**25.5**
- Eurozone	20.6
- United Kingdom	4.1
- Rest Western Europe	0.7
Developing Asia/EM	**13.2**
- China/Hong Kong	11.6
- India	1.6
Developed Asia	**7.6**
- Korea/Taiwan	4.5
- Japan	3.1
Australia	**2.2**
Total Equities	**94.5**
Cash	**5.5**
Totals	**100.0**

Market cap exposure[4] (%)

Band	Weight
Mega (>$100b)	35.3
Large (>$25b <$100b)	27.6
Medium (>$5b <$25b)	28.4
Small (<$5b)	3.3

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 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

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' in May 2021.