

## Commentary

Global equities were down in April (-3.1%) with Consumer Staples, Energy and Utilities outperforming and Communication Services, Information Technology and Consumer Discretionary underperforming. The downturn was led by US equities, which underperformed broader global markets (-3.9%). The broader de-risking was in response to a more hawkish stance from the Fed and the view battling inflation remained the focus, despite growth concerns evident in the 1Q22 GDP data. European equities outperformed global markets (-0.4%) taking relief in incumbent French President Macron and his centre party remaining in power.

Asian equities outperformed the wider market (-1.2%) over the month. Chinese equities outperformed global and regional markets (-1.0%) stemming from supportive government rhetoric and indications of easing. This was despite the continued worries relating to COVID-19 restrictions and fresh regional lockdowns. Japan underperformed global and regional markets (-3.6%) as the Bank of Japan continued on a separate path of sustained easing with less of an inflationary pressure to tighten monetary policy.

Elsewhere, Brent Crude (+1.3% in USD) and Gold (-2.1%) were up and the US Dollar (+4.7%) was strong.

Key contributors included:

- Oil & Natural Gas cluster, notably EQT Corp and Coterra Energy contributed to portfolio performance in April fuelled by the recent surge in commodity prices. In addition, news of an LNG export agreement between the US and the European Commission was received positively, with both companies benefitting from the renewed demand outlook for US gas exports.
- Merck within the Healthcare cluster, with the company reporting robust earnings for 1Q22. The highlight was a 50% increase in sales from 1Q21, led primarily by key cancer drug Keytruda, as well as the company's COVID-19 antiviral drug and vaccines business.
- Internet Software Asia/EM, notably JD.com and KE Holdings, with Chinese technology stocks rallying towards the end of the month as China's leadership

vowed to drive economic stimulus and end speculation around the continued crackdown on internet companies.

- Consumer Cyclical Asia/EM including ICICI Bank and Trip.com. Indian based ICICI Bank rose over the month after reporting strong March quarter results. This included recording a net profit increase of 59% on prior year reporting, in addition to reporting an improvement in asset quality over the quarter. Ratios for both gross and net non-performing assets, however declined. Trip.com benefitted from stronger sentiment around Chinese stocks, particularly towards the end of the month.
- Shorts, as the market became increasingly concerned about policy tightening in the face of slowing economic growth, short positioning in weaker businesses regardless of their cyclical or secular growth profile contributed to performance.

Key detractors included:

- Internet/Software – DM cluster, notably Amazon and Compass Inc. Amazon reported its first quarterly loss since 2015, with online sales slipping 3% as pandemic induced goods consumption faded. Despite this, growth in other parts of the business, including cloud computing and advertising, remains strong. Amid a robust real estate environment in the US, real estate broker Compass Inc. detracted upon weaker investor sentiment.
- Hardware cluster, notably TSMC, with the recent pullback reflecting heightened investor concerns of a broader economic slowdown impacting the semiconductor industry. TSMC's earnings momentum and improving outlook however, continues to outperform industry peers in absolute price performance terms.
- Consumer Cyclical – DM cluster, including Flutter Entertainment who reported solid US market share gains during the month. Despite this, poorer sentiment around US based competitors weighed on the company. In addition, the company's UK and Ireland markets reported weaker revenue due to stronger gambling measures, highlighting contractions relative to pandemic comparative levels.

## Net performance (%)

	Fund	Benchmark	Difference
1 month	3.5	-2.8	6.2
3 month	-6.8	-9.2	2.4
Year to date	-4.0	-10.9	7.0
1 year	-0.1	2.8	-2.9
3 year p.a.	4.9	9.1	-4.1
5 year p.a.	6.3	10.6	-4.2
Inception p.a.	8.3	9.8	-1.5

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.

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

Average net exposure	64.9%
Upside capture ratio	72
Downside capture ratio	49
Portfolio standard deviation	9.0%
Benchmark standard deviation	10.7%
Sharpe ratio	0.97

<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	0.8%
Short	2.7%
Currency	0.0%

<sup>2</sup> Based on gross returns in AUD

## Top & bottom sector contribution<sup>2,3</sup> (%)



<sup>3</sup> Antipodes classification

## Fund facts

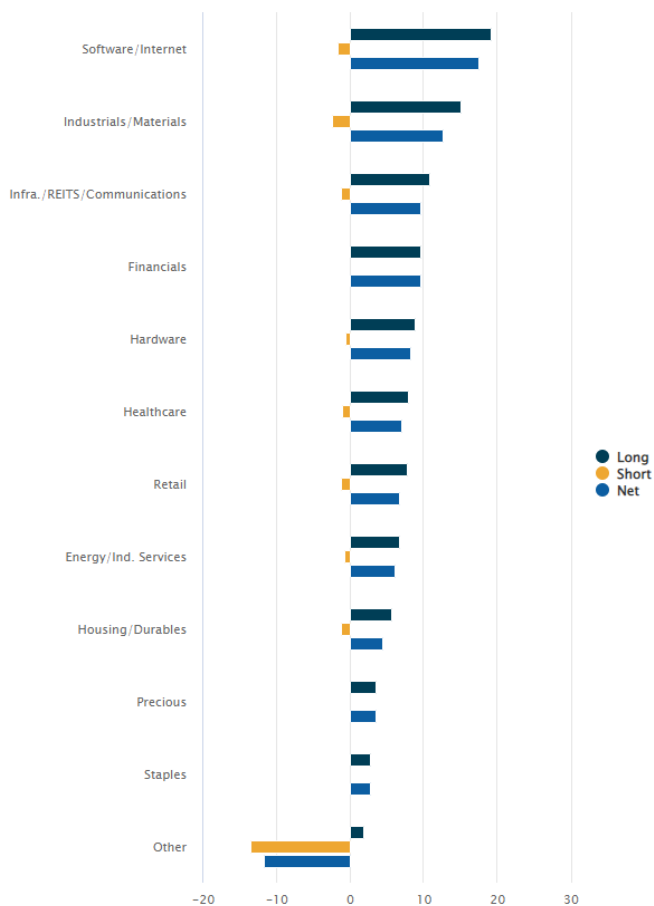
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Buy/Sell spread	+0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$2,762m
Strategy AUM	\$5,048m
Unit redemption price	1.7464

Asset allocation<sup>4</sup>

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	100.1	-	-23.2	-10.4
Count	64	-	38	5
Avg. weight (%)	1.6	-	-0.6	-2.1
Top 10 (%)	29.0	-	-14.8	-
Top 30 (%)	69.1	-	-22.1	-

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

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

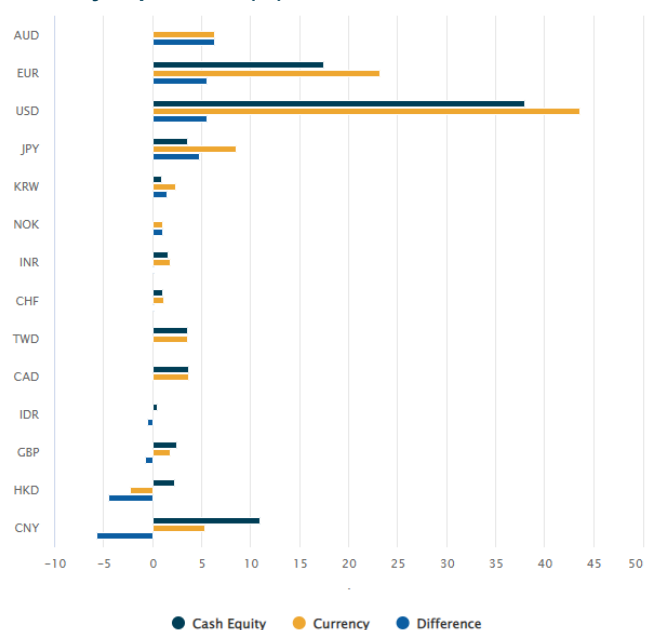


<sup>5</sup> Antipodes classification

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

Name	Country	Weight
Merck	United States	3.6
Siemens	Germany	3.1
Coterra Energy	United States	3.0
Sanofi	France	3.0
Frontier Communications	United States	2.9
EQT	United States	2.9
Meta Platforms	United States	2.7
Microsoft	United States	2.6
SAP	Germany	2.6
Oracle	United States	2.6

Currency exposure<sup>4,6</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
North America	45.4	-14.7	30.7
Western Europe	28.0	-1.4	26.6
- Eurozone	22.9	-1.0	21.9
- United Kingdom	4.0	-	4.0
- Rest Western Europe	1.0	-0.4	0.6
Developing Asia/EM	16.5	-1.6	14.9
- China/Hong Kong	14.5	-	14.5
- India	1.6	-1.6	-
- Rest Developing Asia	0.5	-	0.5
Developed Asia	8.1	-1.1	7.0
- Korea/Taiwan	4.5	-	4.5
- Japan	3.6	-1.1	2.5
Australia	2.1	-0.8	1.3
Other equity	-	-3.6	-3.6
<b>Total Equities</b>	<b>100.1</b>	<b>-23.2</b>	<b>76.8</b>
Other	-	-10.4	-
Cash	-0.1	-	-
<b>Totals</b>	<b>100.0</b>	<b>-33.7</b>	<b>-</b>

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

Band	Long	Short	Net
Mega (>\$100b)	36.7	-14.1	22.5
Large (>\$25b <\$100b)	27.2	-5.2	22.0
Medium (>\$5b <\$25b)	31.2	-3.4	27.8
Small (<\$5b)	5.0	-0.5	4.4

### 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 features

- Objective to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3-5 years)
- In the absence of finding securities that meet minimum risk-return criteria, cash may be held
- 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

### Fund Ratings



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