

Key Takeaways

- Global equities were down in December, with US equities underperforming broader global markets as the Fed continued to raise rates and maintained hawkish rhetoric.
- The month also saw continued policy shift in China, with significant acceleration in monetary, fiscal and regulatory easing.
- The Antipodes Global Fund outperformed the benchmark over the month, finishing calendar year 2022 meaningfully ahead.

Commentary*

Global equities were down in December (-5.1%) with utilities, healthcare and consumer staples outperforming whilst information technology, consumer discretionary and communication services underperformed.

US equities underperformed (-7.1%) as the Federal Reserve hiked rates once again and continued its hawkish stance. Economic data continued to show a tight labour market, slowing economic growth and possible inflation cooling.

European equities outperformed broader global markets over the month (-1.2%) as key central banks continued to hike rates. The ECB maintained its hawkish tone, despite data showing better than feared economic activity and inflation cooling. Concerns around energy further faded due to strong stockpiles, mild winter weather and energy price caps.

Asian equities outperformed on a relative basis (-1.3%). Chinese equities performed strongly (+2.7%) as COVID-19 restrictions were further relaxed, and additional easing was indicated in a continuation of the significant pivot in policy stance. Japanese equities also outperformed (-1.0%) as the Bank of Japan made an unexpected adjustment and tightened policy using their Yield Curve Control, as inflationary pressures gradually build.

Elsewhere, Brent Crude (+0.6% in USD) was relatively unchanged, Gold (+3.1%) rallied, whilst the US Dollar (-2.3%) weakened.

Key contributors included:

- Healthcare cluster, notably Sanofi surged on reports the company settled a claim in California surrounding the popular heartburn drug, Zantac. Investors welcomed the ruling which could remove a large portion of potential liability linked to further litigation around the drug.

Net performance (%)

	Fund	Benchmark	Difference
1 month	0.1	-5.1	5.2
3 month	7.8	4.1	3.7
Year to date	-2.5	-12.5	10.0
1 year	-2.5	-12.5	10.0
3 year p.a.	4.3	5.3	-0.9
5 year p.a.	4.8	8.3	-3.5
Inception p.a.	7.8	8.6	-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.

Performance & risk summary¹

Average net exposure	65.3%
Upside capture ratio	69
Downside capture ratio	44
Portfolio standard deviation	9.0%
Benchmark standard deviation	11.2%
Sharpe ratio	0.89

Performance contribution² (%)

	1 month
Long	-1.6%
Short	1.4%
Currency	0.4%

² Based on gross returns in AUD

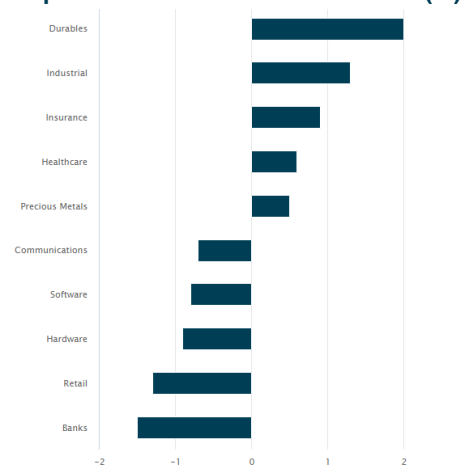
- Consumer Defensive – Asia/EM cluster, notably Wuliangye which detailed revenue and profit growth year-on-year at its annual convention. The baiju manufacturer also benefitted from the continued easing of COVID restrictions in lead up to the Chinese New Year.
- Siemens Energy, within the Industrials cluster whereby the energy subsidiary of German industrial Siemens reported revenue and earnings which surpassed analyst expectations. This included forecasted revenue growth of 4.5% p.a. on average over the next three years.
- Short positioning within the Industrials, Consumer Cyclical – DM and Tail Risk clusters contributed over the month.

Key detractors included:

- Internet/Software – DM cluster, notably Compass Inc. and Roku. Real estate platform Compass Inc. detracted following comments from the CEO highlighting cost cutting, and lower gross transaction values for the year ahead. Digital media company Roku was impacted by a weaker TV subscription market and continued weakness in advertising spend through 4Q22.
- Consumer Defensive – DM cluster including Farfetch, with the luxury goods platform performing poorly post its capital markets day in early December. Investors remain concerned about widening losses despite management insisting the platform would prioritise margin profitability over growth.
- Consumer Cyclical – DM cluster, including Wells Fargo which was impacted by concerns over US banks hitting peak net interest margins as liquidity conditions tighten. The bank also reached a settlement with the Consumer Financial Protection Bureau, relating to mortgage, auto loan and deposit account issues.

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

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



³ Antipodes classification

Fund facts

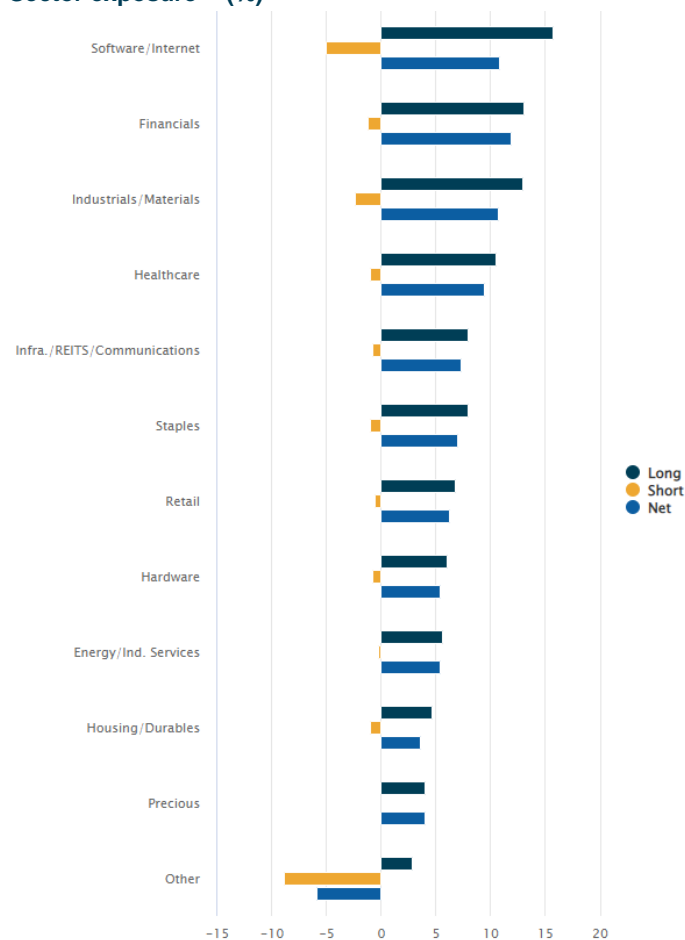
Characteristics	
Investment manager	Antipodes Partners
Inception date	1 July 2015
Benchmark	MSCI All Country World Net Index in AUD
Management fee	1.20% p.a.
Performance fee	15% of net return in excess of benchmark
Risk/Return profile	High
Buy/Sell spread	±0.30%
Minimum investment	AUD \$25,000
Distribution	Annual, 30 June
Asset value	
Fund AUM	\$2,270m
Strategy AUM	\$4,608m
Unit redemption price	1.5962

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 allocation⁴

	Equities - Long	Other - Long	Equities - Short	Other - Short
Weight (%)	98.4	0.0	-22.5	-8.7
Count	73	1	43	4
Avg. weight (%)	1.3	0.0	-0.5	-2.2
Top 10 (%)	27.4	-	-13.3	-
Top 30 (%)	62.3	-	-20.4	-

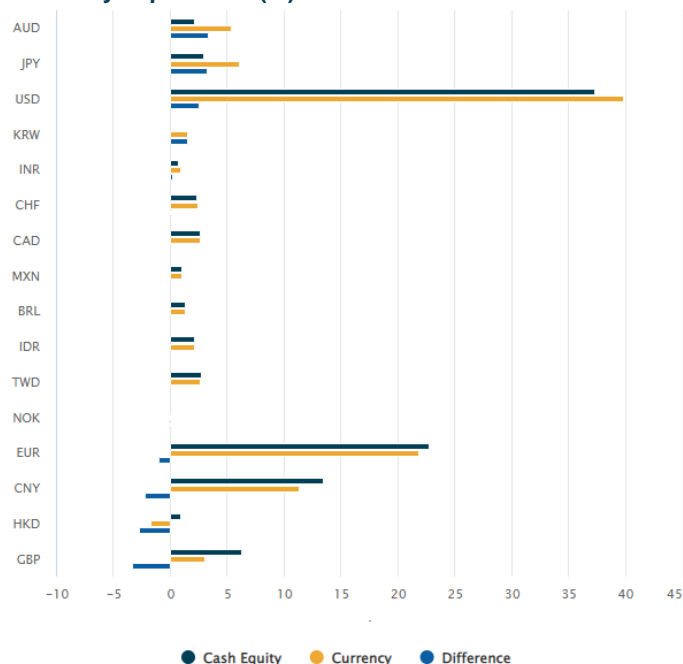
⁴ Call (put) options represented as the current option value (delta adjusted exposure)

Sector exposure^{4,5} (%)

⁵ Antipodes classification

Top 10 equity longs⁴ (%)

Name	Country	Weight
Sanofi	France	3.5
Merck	United States	3.2
Siemens	Germany	2.9
Frontier Communications	United States	2.7
TotalEnergies	France	2.7
Oracle	United States	2.6
SAP	Germany	2.6
Siemens Energy	Germany	2.6
Ping An Insurance	China/HK	2.3
Northrop Grumman	United States	2.2

Currency exposure^{4,6} (%)

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

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

Region	Long	Short	Net	Benchmark
North America	39.9	-11.5	28.5	63.5
Western Europe	31.4	-1.7	29.7	16.0
- Eurozone	22.8	-0.8	22.0	7.9
- United Kingdom	6.3	-	6.3	3.6
- Rest Western Europe	2.3	-0.9	1.4	4.4
Developing Asia/EM	19.4	-2.3	17.1	9.9
- China/Hong Kong	14.4	-0.4	14.0	4.7
- India	0.7	-1.9	-1.2	1.6
- Rest Developing Asia/EM	4.3	-	4.3	3.6
Developed Asia	5.6	-1.2	4.3	8.4
- Japan	2.9	-0.8	2.1	5.5
- Korea/Taiwan	2.7	-0.4	2.3	2.8
Australia	2.1	-2.9	-0.9	2.2
Other equity	-	-2.8	-2.8	0.0
Total Equities	98.4	-22.5	75.9	100.0
Other	-	-8.7	-	0.0
Cash	1.6	-	-	0.0
Totals	100.0	-31.2	-	100.0

Market cap exposure⁴ (%)

Band	Long	Short	Net
Mega (>\$100b)	37.2	-13.3	23.9
Large (>\$25b <\$100b)	31.8	-3.2	28.6
Medium (>\$5b <\$25b)	24.3	-4.9	19.4
Small (<\$5b)	5.1	-1.1	4.0

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 (after fees) 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
- 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.

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Link to [Product Disclosure Statement](#)

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