Antipodes Global Fund – Long
APIR WHT0057AU ARSN 118 075 764

Antipodes Global Fund
APIR IOF0045AU ARSN 087 719 515

Antipodes Asia Fund
APIR IOF0203AU ARSN 096 451 393

Quarterly Report 31 March 2020

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Market commentary

Global equities retreated sharply from all-time highs seen early in February in an extremely volatile first quarter of 2020 (-21.4% in USD, -9.7% in AUD), as the COVID-19 pandemic sparked a global economic crisis. Lockdowns and social distancing measures have effectively shut down large parts of the global economy and raised recessionary risks.

While all sectors ended the quarter lower, the market exhibited a defensive bias led by momentum and growth styles, with Healthcare, Consumer Staples and Information Technology outperforming. Cyclicals and value lagged as economically sensitive sectors such as Energy, Financials and Materials underperformed.

Concerns over the human and economic toll of the virus prompted global central banks to embark upon an unprecedented policy response, cutting interest rates and restarting and/or expanding asset purchase programs. Such support stabilised funding markets for the real economy in the short term and should support longer term recovery. Governments also contributed fiscal measures to protect jobs, wages and businesses until economies can resume functioning at a more normal level.

Against this backdrop, Asian equities outperformed the broader index (-17.7% in USD). The best performing region was China (-9.9% in USD) as COVID-19 spread was contained and broad government support softened the economic blow. In January, the US and China signed the much-anticipated phase one trade deal. Economically sensitive Emerging Markets suffered (-23.6% in USD) with India (-31.1% in USD) the worst performing market as the Reserve Bank of India desisted from announcing any major policy initiatives to support growth.

US equities were a small outperformer (-19.8% in USD). The Federal Reserve introduced various stimulus measures including a corporate credit programme to support investment grade corporate bonds. The government passed the $2.3 trillion CARES Act to support individuals, families and small-and-medium sized businesses. Weekly jobless claims data at the end of March hit all-time highs. The Democratic Primary race for the US presidential election progressed with Joe Biden taking the lead as the potential Democratic candidate against rival Bernie Sanders on Super Tuesday.

European equities (-24.3%) lagged as the Southern European countries, namely Italy and Spain, became the new hotspots for virus spread. The European Central Bank announced a new temporary €750 billion Pandemic Emergency Purchase Plan (PEPP) to purchase both government and investment grade corporate debt.

Elsewhere, Brent Oil (-60.1%) plunged to the lowest levels since 2002 due to steeply decreased demand post the lock down in addition to a supply dispute between Saudi Arabia and Russia leading to a pledge by Saudi Arabia to pump more oil. Credit spreads widened with high-yield debt performing particularly poorly. Global government bond yields fell (US10yr yield -125bps), the US dollar strengthened (DXY +2.8%), and Gold (+6.2%) gained for a sixth consecutive quarter as investors flocked to safe-haven assets.

We hope you and your families stay safe and healthy during this extraordinary time. As a business Antipodes has undertaken measures to safeguard our staff and ensure our operations continue at full capacity so we can best navigate these volatile markets on behalf of our clients.

Figure 1: Region-sector valuation heat-map[1] - EV/Sales vs World – Z-score (January 1995 – March 2020)

	Energy	Materials and Industrials	Hardware	Software and Internet	Pharma	Devices/ Life Sciences	Staples	Domestic cyclical	Communi-cations	Property and Infrastruc-ture	Financials
World	-2.5	-1.4	-0.1	1.5	0.4	1.9	1.0	0.0	-1.0	0.6	-2.2
North America	-2.4	-1.9	0.5	1.4	0.4	1.0	1.2	0.7	-0.3	1.4	-1.5
Western Europe	-1.2	-0.2	-0.4	1.0	0.6	2.1	1.1	-1.8	-0.8	0.8	-1.9
Japan/ Korea/ Taiwan	-1.0	-1.9	-0.7	-0.2	4.4	2.5	1.0	-0.8	-0.3	-0.8	-1.5
Emerging Markets	-1.7	-1.6	0.5	-0.1	-0.9	0.3	0.1	-1.2	-1.2	-1.2	-1.3

Expensive   Cheap

Source: Antipodes, FactSet

1 The Antipodes region-sector valuation heat-map provides a more granular illustration of valuation clustering across sectors and regions. Cell colouring indicates the degree to which a sector's enterprise value to sales multiple (price to book for financial sectors) relative to the world is above or below its 22-year relative trend (expressed as a Z-Score, the number of standard deviations from the mean). The warmer the colour, the greater the relative multiple versus history; vice versa for the cooler blues, with extremes highlighted by the boldest of colours.

Performance analysis

Summary

Performance[2] as at 31 March 2020

	3 months	1 year	3 years p.a.	Inception[3] p.a.	Inception[3]
Antipodes Global Fund – Long	(11.1%)	(2.0%)	6.1%	8.1%	44.8%
MSCI AC World Net Index	(9.7%)	3.0%	9.2%	8.0%	44.0%
Outperformance	(1.4%)	(5.0%)	(3.1%)	0.1%	0.8%
Antipodes Global Fund	(5.3%)	1.8%	5.5%	8.3%	45.9%
MSCI AC World Net Index	(9.7%)	3.0%	9.2%	8.0%	44.0%
Outperformance	4.4%	(1.2%)	(3.8%)	0.3%	1.9%
Antipodes Asia Fund	(7.7%)	0.2%	6.5%	7.3%	39.9%
MSCI AC Asia x Japan Net Index	(6.3%)	0.5%	8.8%	6.3%	33.5%
Outperformance	(1.4%)	(0.2%)	(2.3%)	1.1%	6.5%

Performance & risk summary[4] as at 31 March 2020

	Antipodes Global Fund – Long	Antipodes Global Fund	Antipodes Asia Fund
Average Net Exposure	87.7%	62.1%	72.6%
Upside Capture Ratio	100	80	70
Downside Capture Ratio	87	56	34
Portfolio Standard Deviation	11.4%	8.8%	9.1%
Benchmark Standard Deviation	11.2%	11.2%	11.6%
Sharpe Ratio	0.71	0.91	0.82

2 All returns are net of fees and in AUD terms since inception. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding taxation. Past performance is not a reliable indicator of future performance.

3 Inception date is 1 July 2015.

4 All metrics are based on gross of fee returns in AUD terms since inception. 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.

Global strategies

Note: The term "cluster" or "exposure" is used herein to reference a collection of positions which exhibit similarities in their risk profile including an irrational extrapolation around change, end-market, style and macro characteristics.

Key contributors to performance over the quarter included:

- **Shorts,** which protected the portfolio in an incredibly volatile market. The portfolio is short businesses that are expensive, vulnerable to competition and in many cases have highly geared balance sheets. The portfolio also has tail risk protection via long credit protection, which paid off during the quarter as high yield credit spreads materially widened. The market became increasingly concerned about corporate liquidity and solvency at the risky end of the debt market as virus related economic shut-downs became more pervasive and extreme.
- **Healthcare** cluster which behaved defensively. Gilead's promising antiviral drug Remdesivir is undergoing trials to determine its effectiveness in treating COVID-19 patients and Roche's diagnostics business will support the ramp up in COVID-19 testing, plus an existing drug has the potential to treat severely ill COVID-19 patients.
- **Software** cluster, notably Microsoft, a near-term beneficiary of the current environment where Office365 downloads hit record levels as we adapt to working from home.
- **Online Services - Asia/Emerging Markets** cluster, including Alibaba, JD.com and Tencent. The current environment has accelerated the secular adoption of online consumption and cloud computing which benefits Alibaba and JD.com, with both companies continuing to grow earnings despite the economic slowdown. JD.com also announced a $2b stock buy-back. Tencent benefited from the relaxation of game approvals, strong usage across key titles, and progress in their payments business following the launch of a new consumer lending product which will bridge the gap to market leader Alipay.
- **Online Services - Developed Markets**, notably Uber, as the food delivery business proves resilient in the current environment. In the near-term, Uber's rides business will be impacted by the virus lockdown but pleasingly results from earlier in the year (pre lockdown) reinforced previous trends; rides revenue grew c. 30% with the bulk of incremental revenue converting into operating profit. During the quarter the company exited Uber Eats in India, consistent with the strategy of exiting markets where its chances of dominance were low. We expect to see ongoing consolidation across the ride hailing and food delivery industry as weaker players run low on capital.
- **Currency**, notably the position in USD following a scramble for USD due to a virus-induced shock to global supply chains (payment chains in reverse) and as financial market volatility triggered margin calls. Virus lockdowns, and subsequent closure of manufacturing capacity notably in Asia, threatened many corporates' ability to pay their suppliers which triggered a shortage of USD. This is being alleviated with the Fed making USD funding readily available to foreign central banks via swaps and allowing central banks to pledge their US Treasuries as collateral in order to access USD. This should not be interpreted as Fed benevolence or that Emerging Markets have a systemic debt issue, but rather that the Fed has a self-interest in weakening the US dollar and discouraging disorderly sales of US Treasuries as other Central Banks access the reserves/savings built-up as a result of running trade surpluses.

Key detractors to performance over the quarter included the portfolios' cyclical exposures as it became evident COVID-19 was indeed a global pandemic and economic activity globally would be severely impacted as a consequence of lockdowns to contain the spread of the virus. Portfolio clusters impacted by this were:

- **Consumer Cyclicals** including ING Groep, UniCredit and Capital One Financial (Developed Markets), and ICICI Bank and KB Financial (Emerging Markets). Financials globally were impacted by concerns around a rise in credit losses as a result of virus-induced supply chain and demand shocks to the system. European banks (including our holdings in ING and UniCredit) were further impacted by the ECB's directive to cut dividends. Our financials exposure is focused on leading retail banking franchises and, in the case of ICICI Bank in India, a leader in a hugely under-penetrated retail banking market. These companies are now trading at GFC-like levels. Importantly, and unlike 2009, banks today are relatively well capitalised, have pro-active support from regulators as they are recognised as part of the solution, and limited exposure to the risky debt that sits in the system. Aspirational brands company Capri Holdings was hurt by balance sheet concerns and the implications of an extended store network shutdown.

- **Oil/Natural Gas** including TechnipFMC, Eni, CNOOC, following the substantial decline in the oil price over the quarter which was primarily a function of the collapse in global demand but compounded by the collapse of the OPEC+ alliance.
- **Industrials** including Siemens, General Electric (GE) and Continental. All these companies have been penalised by perceived general economic sensitivity. GE was also impacted by concerns relating to the near-term hit to aerospace related earnings as airlines temporarily pull capacity in response to travel bans. Auto components company Continental was impacted by the hit to industry volumes. While investments in future-proofing the business (e.g. electronics, software) are an additional drag on near-term profits, they place Continental in a strong competitive position. This, along with a robust balance sheet, will enable the company to emerge from the current crisis as a survivor while others may not.

Antipodes Global Fund

Top 5 contributors & detractors

Top 5 contributors	
Short (Index – DM)	1.0%
Short (High Yield – Europe)	0.5%
Microsoft	0.5%
Short (High Yield – United States)	0.4%
Roche	0.4%

Top 5 detractors	
ING Groep	(1.3%)
TechnipFMC	(1.2%)
Capital One Financial	(1.0%)
UniCredit	(0.8%)
Continental	(0.7%)

Antipodes Global Fund – Long

Top 5 contributors & detractors

Top 5 contributors	
Microsoft	0.4%
Roche	0.4%
Gilead Science	0.4%
Uber	0.2%
Barrick Gold	0.2%

Top 5 detractors	
ING Groep	(1.2%)
TechnipFMC	(1.2%)
Capital One Financial	(0.9%)
UniCredit	(0.8%)
Capri	(0.6%)

Asia strategy

In addition to the relevant positions discussed above, key contributors over the quarter included:

- GDS Holdings, in the **Connectivity/Compute cluster**, as demand for high-performance data centre space in China continues to be strong.

In addition to the relevant positions discussed above, key detractors over the quarter included:

- Banco do Brasil in the **Consumer Cyclical** cluster. Financials underperformed globally, but economically sensitive emerging markets were hit particularly hard.
- **Industrials** cluster, notably Hyundai Construction which was penalised for its perceived general economic sensitivity.

Top 5 contributors & detractors

Top 5 contributors	
JD.com	0.6%
GDS Holdings	0.4%
Short (Index – DM)	0.4%
Tencent	0.4%
Alibaba	0.3%

Top 5 detractors	
ICICI Bank	(1.1%)
Banco do Brasil	(0.9%)
CNOOC	(0.7%)
KB Financial	(0.7%)
Hyundai Construction	(0.5%)

Portfolio positioning

Global strategies

Key changes over the quarter included:

- Adding to **Online Services – Asia** via re-initiating a position in JD.com as social-distancing accelerates trends in e-commerce, and taking advantage of the market sell-off to add Tencent, a leading payments business operating in a consolidated market where profits are set to accelerate over the coming years. Having previously owned JD.com, we gained sufficient comfort that our original thesis of long-term advantage from direct ownership of warehousing/delivery assets positioned close to consumers was starting to play out.
- The collapse in the oil price resulted in sizable cuts to capital budgets, in particular amongst US shale producers. Given the high decline rates and high maintenance capex demands of shale, this will lead to a material reduction in output (albeit with a lag). We used the extreme broad-based sell-off in energy stocks to selectively add to well-capitalised, low-cost oil exposures in our **Oil/Natural Gas** cluster which will ultimately be beneficiaries of this change in industry dynamics. We also added to TechnipFMC as its valuation became increasingly attractive. While the near-term outlook for service companies is challenged, Technip will be somewhat protected by its superior backlog and strong balance sheet.
- Increasing the defensiveness of the portfolio by adding to **Infrastructure/Property - Developed Markets** cluster via T-Mobile (and parent Deutsche Telekom) on account of the company's stronger competitive position following the merger with Sprint. Whilst T-Mobile has a 30% share of US mobile subscribers, it now has a 50% share of spectrum which will improve its network performance and, complemented by an existing strong service culture, should lead to market share gains.
- Rotating exposure in **Consumer Cyclicals - Developed Markets** via exiting the position in Owens Corning, more closely linked to US housing activity which may suffer in virus lockdown and economic downturn, and building the position in Lowe's, where home improvement and repair/maintenance is expected be more resilient. We also added a position in Nordstrom, a department store on a stronger footing relative to peers given its smaller store network, focus on premium/luxury brands and advanced omni-channel infrastructure and service to customers.
- Reducing exposure to **Online Services - Developed Markets** as we became concerned about the impact of COVID-19. We fully exited Expedia, and risk-managed the position size in Uber (following a period of strong out-performance) given ride hailing’s direct exposure to reduced travel from shut-downs which would not be completely offset by greater uptake of food delivery.
- Trimming exposure to Ping An Insurance and AIA group in the **Consumer Defensive - Asia/Emerging Markets** cluster, where face to face selling of life insurance may be temporarily halted but the structural desire to increase protection still remains intact, while adding to Wuliangye, as the sell-off provided an opportunity to add to this premium liquor brand benefiting from category growth.
- Rotating exposure in **Connectivity/Compute** via exiting Kyocera, on concerns over demand shock to key end markets such as automotive and electronics, and trimming Cisco given its exposure to small and medium businesses. We also added to companies exposed to long-term structural trends such as EVs, ADAS and storage.
- Rotating exposure in the **short book** from expensive cyclical businesses, which suffered severe underperformance during the quarter (i.e. alpha contributors) on concerns around global growth, and into weaker versions of "expensive defensives/secular growers" with less potential beta to a market bounce, but which will ultimately prove to be more economically cyclical than current valuations imply.

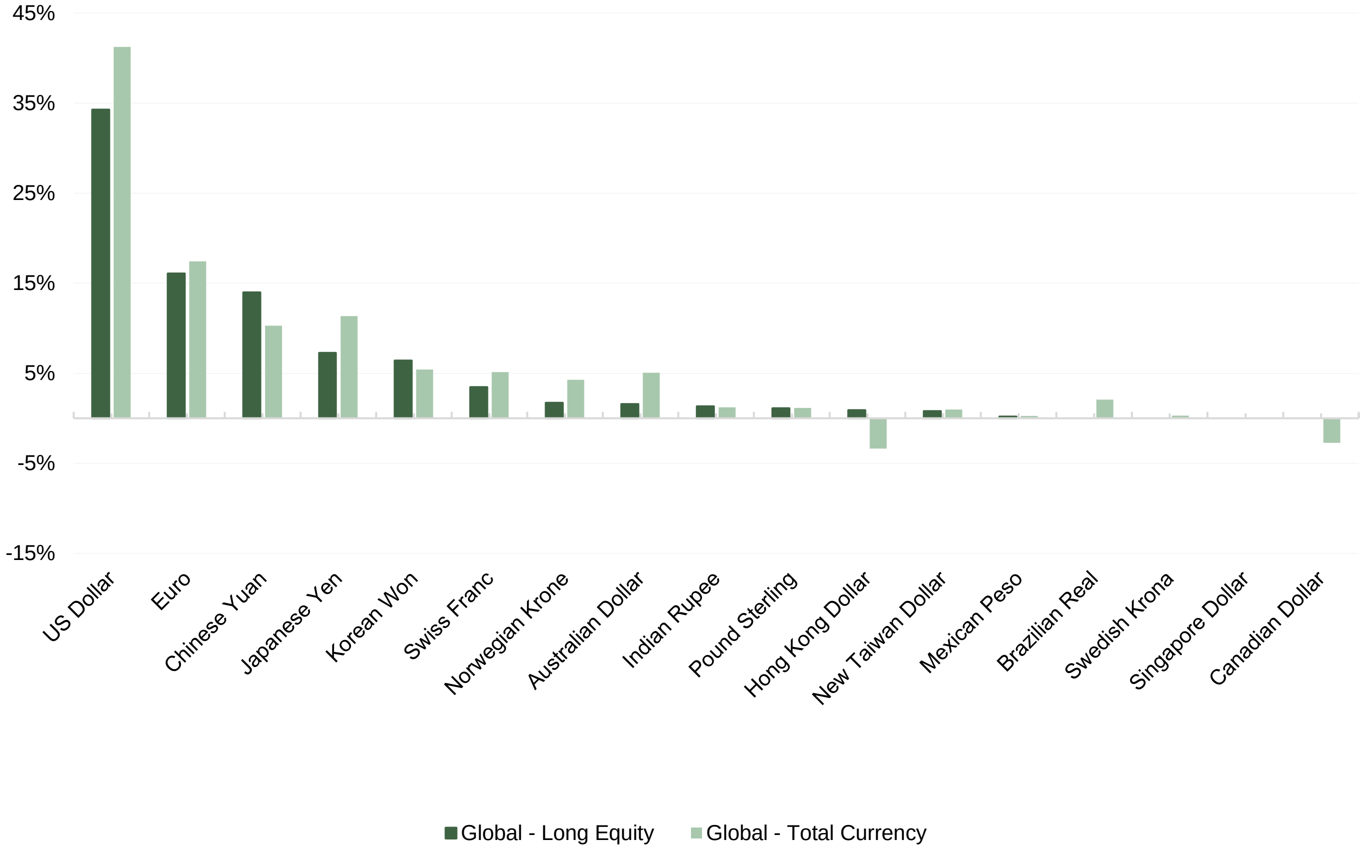
Antipodes Global Fund

Cluster exposure & quarterly charge

Sector/cluster	Long	Short	Net	Quarterly net change	Long cluster examples	Short cluster examples
Global	**43.6%**	**(10.4%)**	**33.3%**	**(2.0%)**		
Industrials	11.2%	(2.6%)	8.6%	0.1%	GE, Siemens, Continental, Honda	Aerospace & automation roll-ups
Oil/Natural gas	5.9%	(0.9%)	5.0%	(2.8%)	ENI, Inpex, TechnipFMC	Expensive oil
Healthcare	11.2%	(3.2%)	8.0%	1.3%	Merck, Roche, Gilead	Weaker competitors
Connectivity/Compute	10.1%	(1.9%)	8.2%	(0.6%)	Qualcomm, Samsung Electronics	Weaker competitors
Software	5.2%	(1.7%)	3.5%	(0.1%)	Microsoft, SAP	Narrow feature-sets vulnerable to platform competition
NA/Europe domestic	**21.3%**	**(5.5%)**	**15.8%**	**(1.2%)**		
Online services	5.7%	(1.9%)	3.7%	(0.0%)	Facebook, Uber	Narrow feature sets vulnerable to increasing competition
Consumer defensive	4.0%	(0.8%)	3.3%	0.6%	Coco-Cola, Pepsi	Under investing brands
Consumer cyclical	8.1%	(2.1%)	6.0%	(3.2%)	ING, UniCredit, Capital One	US domestic exposures vulnerable to disruption
Telco/infrastructure	3.4%	(0.6%)	2.8%	1.4%	EDF	Infrastructure assets under competitive pressure
Asia/EM domestic	**21.2%**	**(3.0%)**	**18.2%**	**(0.1%)**		
Online services	7.2%	(0.7%)	6.4%	2.4%	Alibaba, Sony	Narrow feature-sets vulnerable to platform competition
Consumer defensive	7.0%	(0.4%)	6.6%	(0.4%)	Ping An, Yum China	Under investing brands
Consumer cyclical	4.2%	(0.8%)	3.4%	(1.6%)	KB Financial, ICICI Bank	Chinese property developers with weak balance sheets
Infrastructure/Property	2.8%	(1.0%)	1.8%	(0.4%)	KT, China Unicom, China Telecom	Gas utilities facing competitive and/or regulatory headwinds
Tail risk hedge	**2.9%**	**(8.5%)**	**(5.5%)**	**(3.5%)**	Barrick Gold, Newcrest	Indices
Total	89.0%	(27.3%)	61.7%	(6.8%)		

Antipodes Global Fund

Currency Exposure



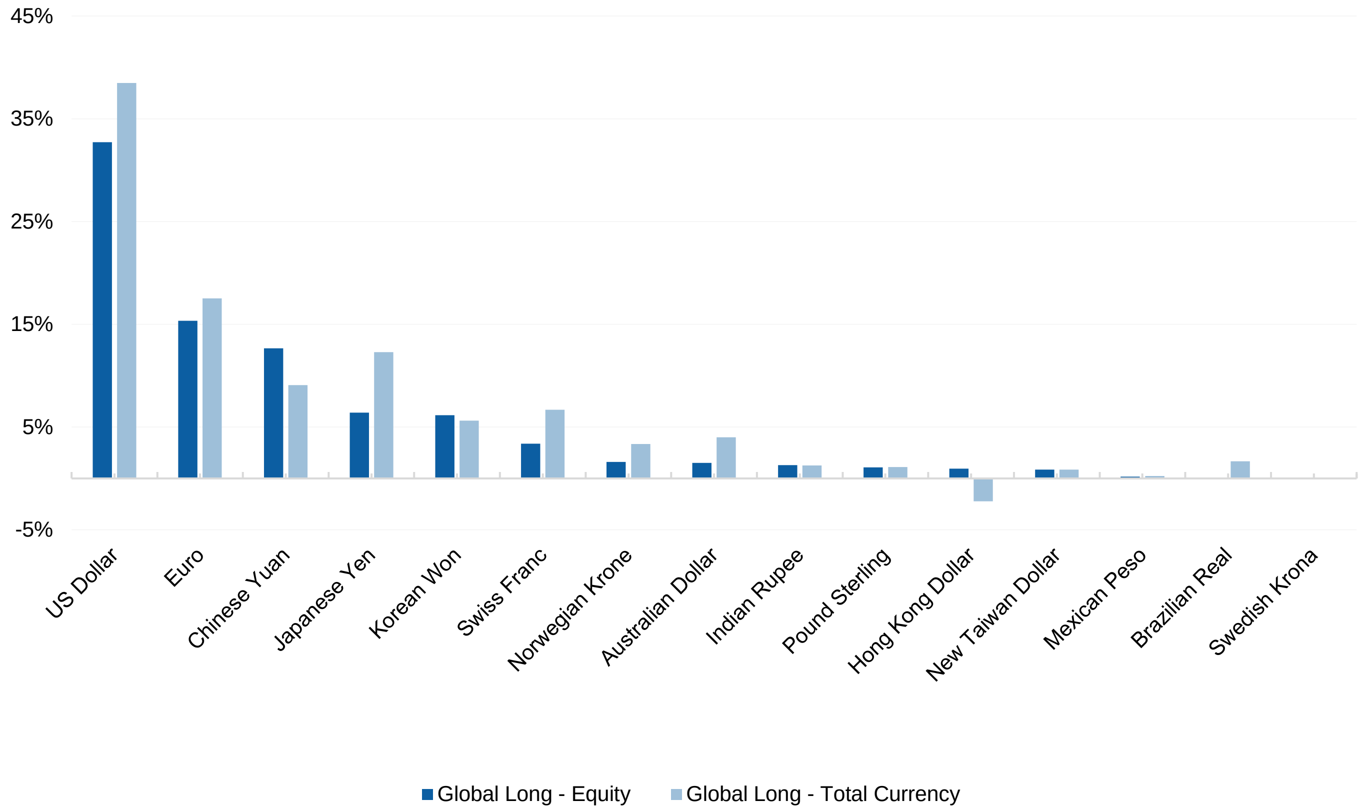
Antipodes Global Fund – Long

Cluster exposure & quarterly charge

Sector/cluster	Long	Quarterly change	Long examples
Global	**40.7%**	**(0.5%)**	
Industrials	10.3%	(0.9%)	GE, Siemens, Continental, Honda
Oil/Natural gas	5.3%	(1.6%)	ENI, Inpex, Technip
Healthcare	11.3%	2.5%	Merck, Roche, Gilead
Connectivity/Compute	8.6%	(1.0%)	Qualcomm, Samsung Electronics
Software	5.2%	0.5%	Microsoft, SAP
NA/Europe domestic	**20.0%**	**(3.5%)**	
Online services	5.1%	(0.8%)	Facebook, Uber
Consumer defensive	4.3%	0.5%	Coco-Cola, Pepsi
Consumer cyclical	7.2%	(3.7%)	ING, UniCredit, Capital One
Telco/Infrastructure	3.4%	0.4%	EDF
Asia/EM domestic	**19.8%**	**0.0%**	
Online services	6.7%	2.4%	Alibaba, Sony
Consumer defensive	6.9%	(0.2%)	Ping An, Yum China
Consumer cyclical	3.4%	(1.8%)	KB Financial, ICICI Bank
Infrastructure/Property	2.8%	(0.4%)	KT, China Unicom, China Telecom
Tail risk hedge	**3.7%**	**0.8%**	Barrick Gold, Newcrest
Total	**84.2%**	**(3.3%)**	

Antipodes Global Fund – Long

Currency exposure



Asia strategy

Key changes over the quarter included:

- Exiting Pinduoduo in the **Online Services** cluster after the company reached our price target, and where valuations and long-term competition positioning are more compelling at Alibaba and JD.com. The market sell-off was used to initiate a position in Meituan Dianping, China's leading food delivery business, where we see COVID-19 accelerating consumer adoption.
- Rotating exposure in the **Consumer Cyclical** cluster, via exiting China Construction Bank and adding to China Overseas Land & Investment as property sales have remained resilient, and ICICI Bank in India where valuations are at GFC levels. ICICI Bank is one of the leading retail banking franchises in India, which remains one of Asia's most under-penetrated household debt markets.
- Reducing exposure to **Industrials** while the market digests the impact of COVID-19 on economic activity.

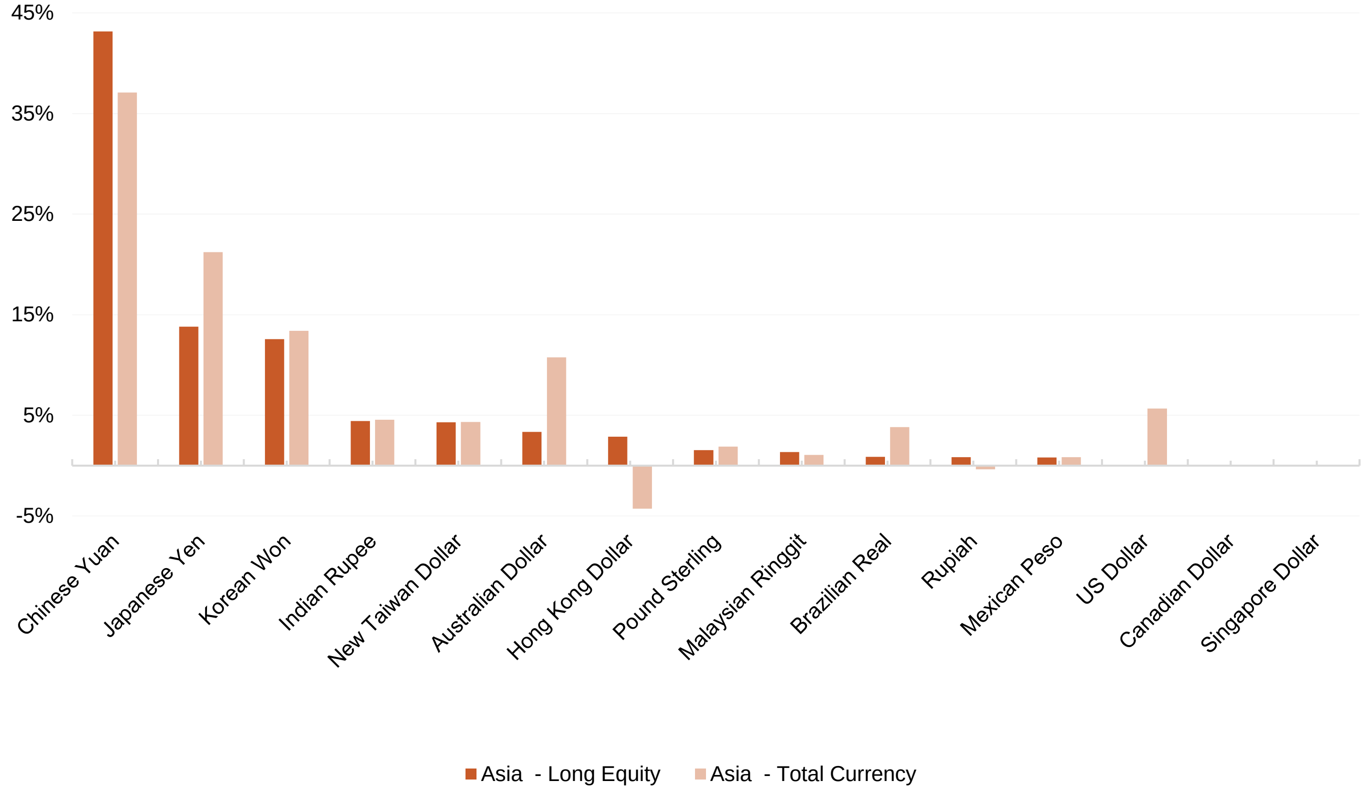
Antipodes Asia Fund

Cluster exposure & quarterly change

Sector/cluster	Long	Short	Net	Quarterly net change	Long cluster examples	Short cluster examples
Global	**25.2%**	**(2.6%)**	**22.5%**	**(7.5%)**		
Industrials	7.2%	(2.2%)	5.0%	(1.9%)	Honda, Komatsu	Automation
Oil/Natural gas	5.9%		5.9%	(2.8%)	CNOOC, Inpex, JGC	
Healthcare	1.6%		1.6%	0.3%		
Connectivity/Compute	10.1%	(0.5%)	9.7%	(3.6%)	Samsung Electronics, TSMC, ASM Pacific	
Software	0.4%		0.4%	0.4%		
Asia/EM domestic	**61.4%**	**(9.0%)**	**52.3%**	**0.9%**		
Online services	18.3%	(1.0%)	17.3%	6.4%	Alibaba, Sony	Narrow feature-sets vulnerable to platform competition
Consumer defensive	17.1%	(1.3%)	15.7%	0.1%	Ping An, Yum China	Under investing brands
Consumer cyclical	18.8%	(2.6%)	16.2%	(4.9%)	KB Financial, ICICI Bank	Chinese property developers with weak balance sheets
Infrastructure/Property	7.2%	(4.1%)	3.1%	(0.7%)	KT, China Telecom, China Unicom	Gas utilities facing competitive and/or regulatory headwinds
Tail risk hedge	**3.4%**	**(5.7%)**	**(2.4%)**	**(0.1%)**	Newcrest	Indices
Total	**89.9%**	**(17.4%)**	**72.5%**	**(6.8%)**		

Antipodes Asia Fund

Currency exposure



Feature: China new retail

New retail – "The integration of online, offline, logistics and data across a single value chain". Jack Ma.

If we cast our memory back almost 20 years ago, investors may recall that JD.com was founded in 2003 during SARS, when founder Richard Liu was forced by circumstance to shift from a physical store to the internet. In a similar manner, the current COVID-19 crisis accelerates the longer-term secular adoption of e-commerce by consumers.

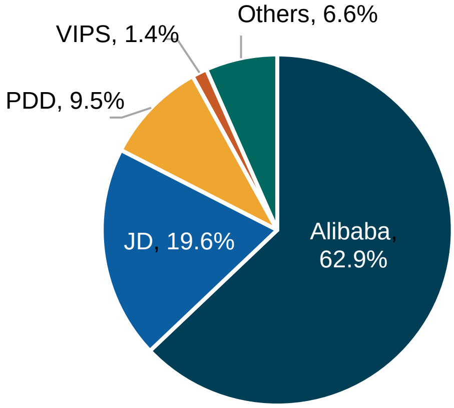
Irrational extrapolation

In a previous quarterly, we outlined the secular demand case for life insurance. A similar opportunity exists in consumer online services. Since the SARS episode, China has led the world in e-commerce adoption and innovation. Historically, structural growth in online retailing has been supported by a large, technologically savvy population and a lack of competitive large-scale big box retailers. Retail sales growth outstripped income growth as consumer leverage increased from a low starting point.

China retail sales has grown at ~10% for the past five years, reaching RMB 38.1 trillion, or 42.5% of total GDP. Within this, online retail has been compounding at a much faster rate of 36.5%, reaching RMB 9.0 trillion, or 24% of total retail sales[5]. E-commerce market growth is slowing to ~12% pa with share shifts driven by catch-up adoption in the lower income demographics where we expect Tier 3 and below cities to account for roughly 65% of all online market growth.

While Alibaba, whose wide-ranging businesses span from e-commerce, offline retail, fintech, online video, maps, browsers and artificial intelligence, dominates with a GMV (gross merchandise value) of over US$850 billion (for context, this is 2x Amazon), Chinese e-commerce is largely an oligopolistic market with both Alibaba and JD.com well placed. While this is not lost on the consensus, in our assessment the market is undervaluing two aspects of the case: firstly, the opportunity for these two giants to take share amongst the ~1 billion Chinese that live in Tier 3 and below cities where online adoption lags the top tiers by a third; and secondly, the new retail or omni-channel opportunity.

Figure 2: China online market share (2019)



Source: Antipodes, Credit Suisse.

Multiple ways of winning

Competitive dynamics: Online players dominate offline

The key difference between China's retail competitive environment and the US is that Alibaba is 14X the size of the largest offline player, i.e., it is hugely dominant across all retail. By comparison, Amazon is still only half the size of Walmart which is why so much of Amazon's focus is on out-competing its offline rival on delivery time.

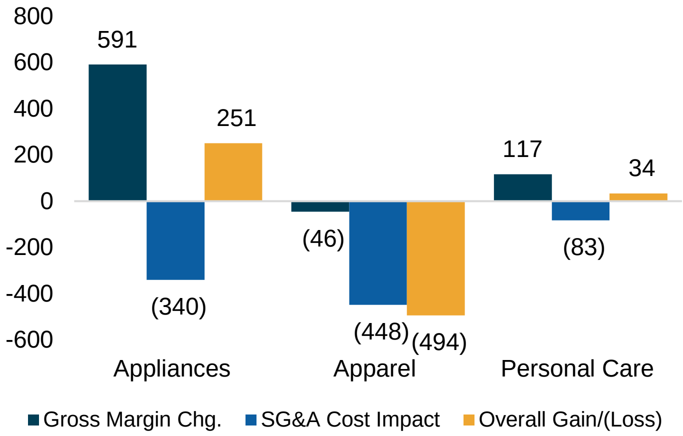
Figure 3: China Online Penetration by City Tiers

	2018				2023 Est.				
Tiers	**Total Popn (m)**	**Online retail sales RMB (bn)**	**Online sales per capita (RMB)**	**% of total retail sales**	**Total Popn (m)**	**Online retail sales RMB (bn)**	**Online sales per capita (RMB)**	**% of total retail sales**	**5 year CAGR of online retail sales**
Tier 1	74	1,351	18,256	35%	75	1,778	23,799	37%	5.6%
Tier 2	290	3,603	12,423	25%	312	5,624	18,052	30%	9.3%
Tier 3-5	467	3,152	6,750	22%	527	6,130	11,632	27%	14.2%
Rural	564	901	1,597	16%	496	2,177	4,386	24%	19.3%
Total	**1,395**	**9,007**	**6,456**	**24%**	**1,410**	**15,709**	**11,144**	**28%**	**11.8%**

Source: National Bureau of Statistics

5 Source: Ministry of Commerce

Figure 4: China retail SG&A (Selling, General & Administrative) costs '(basis points change)



Source: Credit Suisse

As their market share and power grows, we expect Alibaba and JD.com's take rates/GPM (the percentage of GMV that flows into revenues/Gross Profit Margin) to increase at the expense of its merchants/suppliers' profitability. From 2011 to 2017, when e-commerce grew dramatically in China, selling, general and administrative costs (SG&A) rose significantly for several offline retail categories as merchants/brands struggled with managing both offline and online channels where most lack scale or expertise. Specifically, consumer appliances, personal care and apparel saw costs rise materially, as per Figure 4.

Product cycle: Omnichannel convergence, led by online

What ultimately drives shopping? Needs of course, but also habits, impulses, experiences and social desires. Over time, it may not matter where we notice the product, but rather where we try it, pay for it, and how it is delivered. The future of retail will involve the convergence of data rich e-commerce platforms with offline retail. These omnichannel initiatives address a target market that is five times larger than online retail but one-fifth as profitable.

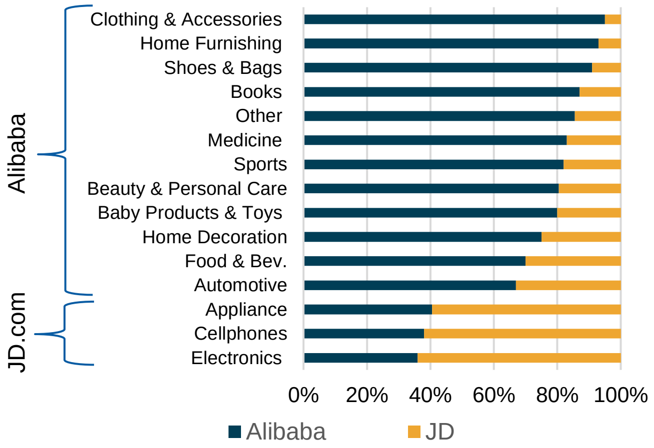
Organised channels for fresh grocery sales are hugely under-developed compared to those in the US, where established super/hypermarkets account for over 90% of sales. In China, wet markets, the Asian equivalent of farmers markets that sell fresh meat and produce, still account for more than 70% of fresh grocery. Given the COVID-19 outbreak likely originated in a Wuhan wet market, China will now permanently modernise its fresh food supply chain. Alibaba/Hema already has 20% market share in fresh food e-commerce with only 3% migration online with breakeven now approaching. In terms of sizing this opportunity, the entire offline fresh grocery market is worth RMB 5,511b or equivalent to 46% of current online retail sales. Alibaba and JD.com are deploying multiple strategies to attack this opportunity including partnerships with offline players.

Alibaba's "New Retail" initiatives include Lingshoutong (LST) and Hema. LST plugs existing small merchants into Alibaba's logistics and data services, hosted on Alicloud, in return for a monthly commitment. For example, LST allows Nestle China to directly connect with smaller merchants cutting out multiple layers of distribution. Meanwhile, merchants use the LST app to identify products that are in greatest demand and changes in trends, to re-order online without going through traditional channels. LST has gained around 1.3 million merchants. Brands typically "give away" anywhere between 8-10% of their revenue to such distribution channels. In real dollars FMCG brands are "losing" US$55-75b pa to a relatively inefficient distribution channel. Alibaba's LST initiatives are aimed at streamlining this spend.

Alibaba's high-tech Hema retail store concept serve as walk-in restaurants, fresh food/grocery outlets, and warehouses for online delivery (within 30 minutes in a three-kilometre radius). Rollout of the 200-store network started in June 2017 and is expanding quickly with two stores added each week. Hema stores in operation for over 18 months are reporting revenues of RMB 50,000 RMB per square metre (or more than $7,000/sqm), five times higher than traditional offline stores largely because sixty percent of instore sales are fulfilled via the online delivery channel.

While both companies are targeting the demand for high-end branded products, JD.com's 1P (First Party) model is different to Alibaba's 3P (Third Party) model in that it holds inventory in multiple warehouses close to urban population concentrations (similar model to Amazon) to reduce delivery times. As such it is more suitable for standard products with high natural inventory turns. Hence, JD.com leads in electronics and appliances and is increasingly taking share in FMCG. Longer term both 1P and 3P models will co-exist with different suitability across products and customers.

Figure 5: Alibaba and JD relative GMV (Gross Merchandise Volume) market share (Q4 2019)



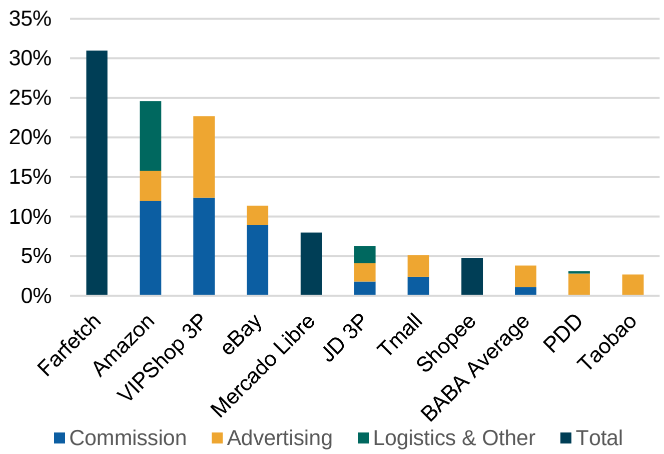
Source: Alibaba and JD.com

Against the backdrop of China's total online population of 967 million internet users, JD.com with 350 million users has room to grow, especially in lower tier cities. Further, COVID-19 highlighted JD.com's service quality and has reinforced user loyalty.

Regulatory: Resist the urge to gouge

In all jurisdictions globally, emerging monopoly-like e-commerce positions will be scrutinised. Importantly, within the Chinese context, take rates are much lower than global peers which means the platforms are actively supporting third party brand and merchant profitability which should ultimately lessen the risk of regulatory intervention.

Figure 6: E-commerce platform take rates



Source: Antipodes

Further, throughout the COVID-19 crisis, both Alibaba and, in particular, JD.com's 1P logistics platform, aggressively supported the Chinese Government's efforts, including the supply of emergency medical and personal protective equipment.

At a much higher level, both Alibaba and JD.com serve the nation's interest in terms of tilting the economy towards consumption away from fixed asset investment while boosting retail industry productivity.

Management and financial: Positive transitions

Alibaba has demonstrated an ability to drive changes in behaviour and build a fortress of high-quality business assets: China's largest e-commerce, digital payment and cloud infrastructure platforms. The vision of Alibaba's founder Jack Ma lives on and the recent senior leadership transition appears to have gone smoothly.

Over the past year, JD.com initiated a round of management changes which included Richard Lui stepping back from day to day management and a refocus on "high quality growth" covering user experience/retention and category growth. The strategy is delivering clear results with JD.com surpassing Taobao to become number one for user experience/service in the most recent Net Promoter Score (NPS) survey. As a result, JD.com is once again growing users after a dormant 2018/early 2019.

Style and macro: Affordable growth and quality

Throughout the current protracted period of low rates and concerns over global growth, investors have been paying increasingly higher multiples for businesses with defensive and structural growth qualities. Alibaba and JD.com represent an attractive way for investors to gain such style exposure, that is, adding a cheaper expression of quality growth to portfolios.

Valuation/Margin of Error

We forecast Alibaba to grow its revenues at around e-commerce market growth which is currently high teens, but will likely moderate to low teens. The stock is currently priced on a CY21 PE of 20.0x (without any assumed increase in take rate). Total losses on the new retail ventures amount to $4.5 billion (equivalent to 15% of FY19 reported EBITDA) but importantly are on a declining trend. Further, we have very conservative assumptions on the ultimate value of Alibaba's cloud and payment businesses.

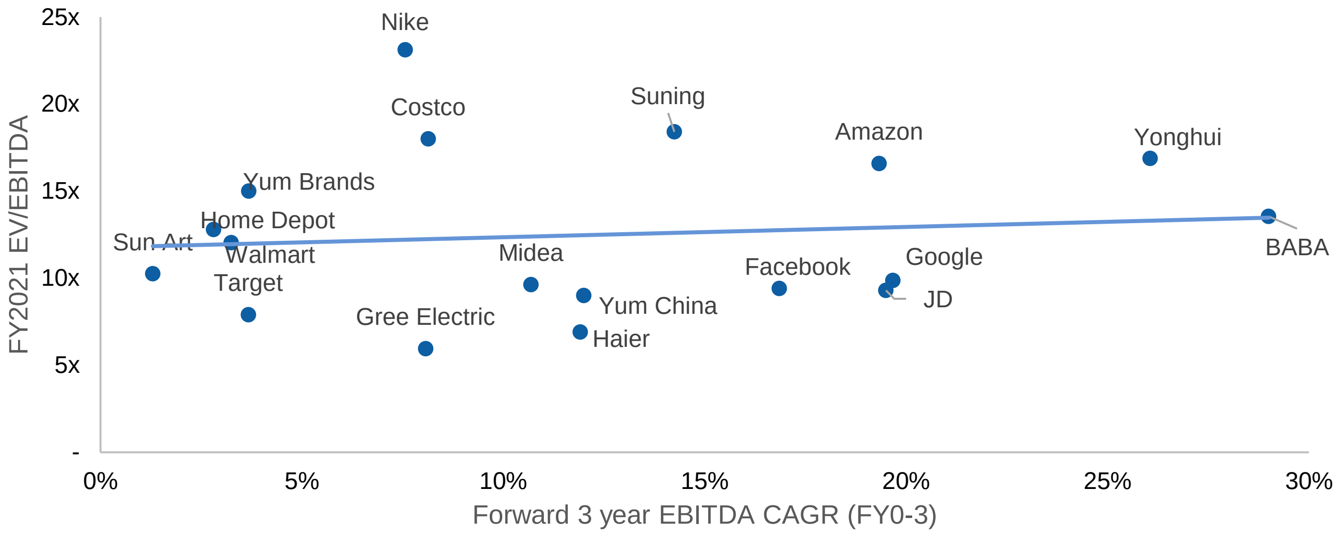
We forecast JD.com to grow revenues ahead of e-commerce market growth and achieve a FY21 OPM (Operating Profit Margin) of 2.5%, up from 0.8% in FY19. It is priced on a CY21 PE of 20x. We forecast the company to ultimately achieve a sustainable 3.5% OPM. Similar to Alibaba, a fair value PE for both stocks would by closer to 25x, given the sustainability of low teens profit growth.

Where could we be wrong and what could the margin of error be? As the Chinese e-commerce market matures, increasingly the three largest players (with group buying platform Pinduoduo the third in the trio) will compete more aggressively. Increasingly, speed and quality of delivery will matter which highlights Alibaba's key weakness: its merchants are effectively responsible for warehousing and delivery meaning Alibaba does not fully control the customer experience. We would expect Alibaba to internalise some of these fulfillment services over time, but at what operating and capital cost – this is an issue worth monitoring closely.

Contextual margin of safety

As seen in Figure 7, Alibaba and JD.com are currently priced on attractive multiples relative to their forward growth profiles compared to other large retail and internet platform peers globally. We have used a headline EBITDA multiple, not because we think this is the ultimate valuation metric, but rather as the least-worse approximation of underlying cashflow multiples for this group of companies.

Figure 7: 2021 EV/EBITDA v forward 3 year EBITDA CAGR – Alibaba v peers



Source: FactSet, Antipodes

Outlook

The early part of 2020 began much the same way as 2019 ended, with investors herding into higher multiple/growth stocks at the expense of lower multiple/value stocks. The economic backdrop looked more constructive following a cease-fire on trade between the US and China supporting a better outlook for industrial production and business investment. Then COVID-19 hit.

The market initially assumed the virus would be contained in Asia and it wasn't until late February that it became clear the spread was endemic and economic activity globally would be severely impacted.

We responded from late January into February by raising cash and selectively switching ~10% of exposure into more defensive holdings in our global strategies. In the Antipodes Global Fund we also increased the size of tail-risk hedges (via credit protection and index puts). From the market peak on 20 February to the end of the quarter, the Antipodes Global Fund protected investors from 7.6% (AUD) of the market drawn down.

The sell-off accelerated in the latter part of the quarter and ended with global equities down more than 21% in USD (9.7% in AUD). The S&P experienced its worst quarter since 2008, ending the longest running bull market in history and reversing almost all of 2019's stellar 27% return in just six weeks.

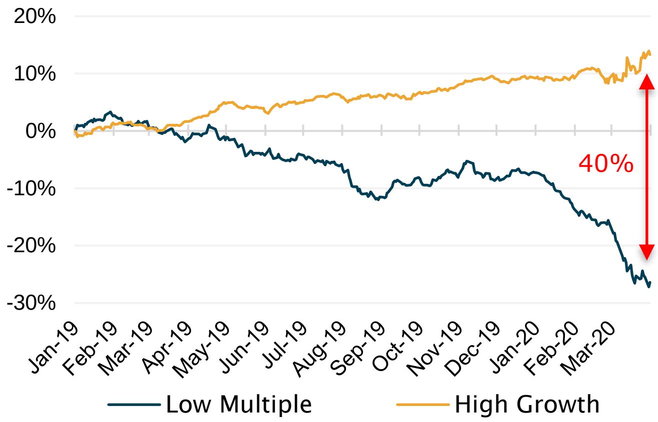
Volatility and correlation (the degree to which stocks move in the same direction) hit levels not seen since the GFC and European sovereign debt crisis. The cost to insure a portfolio of US high yield bonds skyrocketed, widening by ~400bp, and the yield on US 10-year government bonds reached 50bp. The oil price collapsed, touching $25, as the disintegration of the OPEC + alliance compounded economic growth concerns, and there was a scramble for USD.

Low-multiple/value stocks – which today are typically found in the more cyclical part of the market – underperformed as investors attempted to come to grips with how severe the global recession would be. Momentum – buying the 'winners' – outperformed, but this could turn quickly. Buybacks and passive flows have been the two largest sources of demand for US equities over the last decade. Buybacks are set to see sharp declines with over 80 companies in the US already terminating/suspending buybacks.

What makes this crisis different from previous events is that COVID-19 is first and foremost a public health crisis. The impact of the virus is driven by morbidity rates (the rate of serious infection) as this determines the strain placed on the healthcare system. A severely affected COVID-19 patient may require admission to an intensive care unit (ICU) and time on a ventilator to recover from the severe respiratory effects of the virus. This may require as much as 5% of infected individuals spending 5 days or more in the ICU on a ventilator. Our analysis shown below assumes 5% of COVID-19 patients require ICU/ventilation (current average across large population sets) and 50% of all ICU beds are available to treat those patients with the virus (the other 50% occupied by other critically ill patients). Clearly, there are caveats to these assumptions including the fact that hospitalisation rates/demand will be highly correlated to the average age/health of patients and the degree to which the infection growth curve is flattening in the area served by a hospital. Based on this analysis, one can understand why the fatality rate has been so high in Italy and Spain given the

Figure 8: Factor performance[6]

Factors	Q1 2020	Q4 2019	2019	2017-19 p.a.	2015-19 p.a.
Value	(19.3%)	0.9%	(7.0%)	(3.1%)	1.4%
Growth	1.9%	1.8%	8.0%	9.4%	6.5%
Profitability	9.1%	3.3%	11.0%	11.1%	7.9%
Resilience	7.3%	1.7%	(2.0%)	1.3%	0.2%
Momentum (12m)	23.6%	(5.4%)	(4.0%)	5.1%	(1.4%)

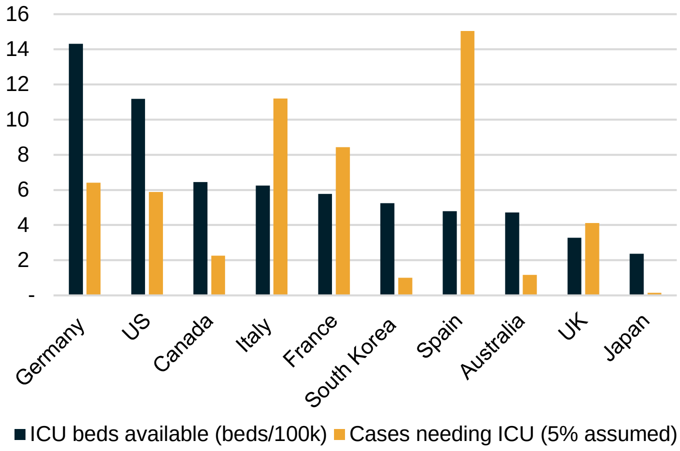


Source: Antipodes

6 Factor returns measure global price performance of the highest to lowest quintile (cheapest to most expensive for Value).

healthcare systems there were completely overwhelmed. Thankfully infection growth in Italy is moderating rapidly while both France and the UK look vulnerable on this measure.

Figure 9: Available ICU beds at 50% availability v current cases



Source: Antipodes

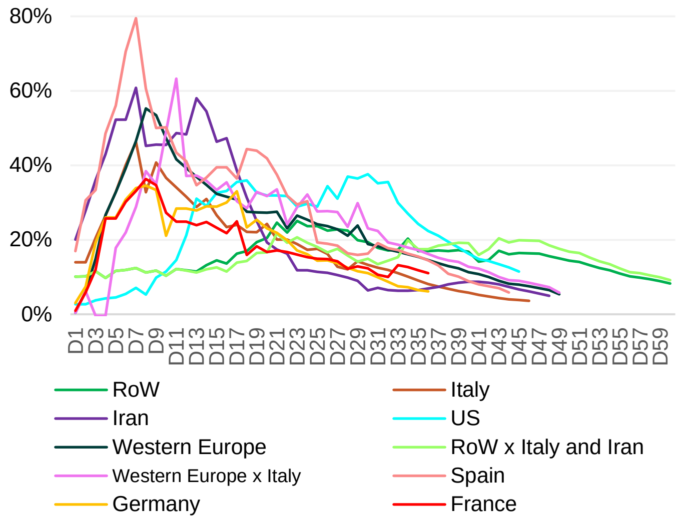
Social distancing and shutting parts of the economy are having the desired effect - infection growth rates are falling. In the US, new cases in current hotspots like New York City are showing signs of plateauing and growth in the number of new ICU patients is stabilising. Further, both ICU and ventilator capacity has increased in response. These are all positive near-term data points.

As infection curves are flattening, the arsenal fighting COVID-19 is also ramping up. Trials of the generic anti-malarial drug Chloroquine (and Hydroxychloroquine) together with Azithromycin (an antibiotic) plus Gilead Sciences' anti-viral Remdesivir suggest a reduction in disease severity/duration may be achieved based on early intervention. Given the virus causing COVID-19 has not shown significant signs of mutating, a vaccine is likely to be successful and human trials have begun even though broad availability is unlikely for some time. Long-term investors will appreciate our exposure to Merck (major player in vaccine development along with Sanofi) and Gilead prior to COVID-19, and these positions have proven resilient over the quarter.

The severity of the economic recession depends upon the effectiveness, and hence the duration, of the virus lockdowns. If lockdowns are lifted too quickly, we risk a second wave of infections – just as was experienced in the early 1900s with the Spanish Flu. In this sense the US could present the greatest risk given it's an election year.

[7] As it stands today, approximately 95% of all confirmed COVID-19 cases are in locations where temperatures averaged 15 degrees Celsius or below during the key period of spread (Nov 19 – Feb 20), of which around 80% of all cases can be found in locations where temperatures have averaged below 10 degrees.

Figure 10: Change in cases – 7 day rolling CAGR



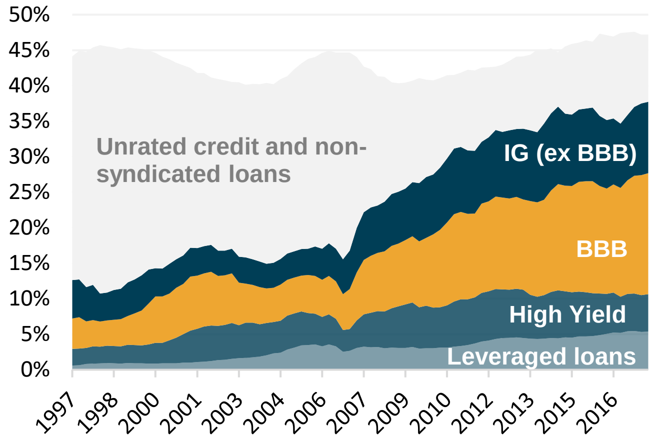
Source: John Hopkins University, Antipodes, as at 3/4/2020

greatest risk of this given its an election year. However, as hospitals globally work to increase ICU capacity and as more ventilators are deployed, the system will have greater capacity to manage any second wave. ICU/ventilator capacity utilisation is the key factor policy makes will monitor in determining the speed at which the economy reopens.

Currently infection rates seem highly correlated to cooler/dryer climates[7], though we don't yet know conclusively whether COVID-19 is a seasonal virus like its close relatives which cause the "common cold". This bears watching as a potential positive as the northern hemisphere starts to warm. Ultimately the goal is to achieve 'herd immunity' to the virus. Measuring this will require mass serology testing of the healthy to determine the degree of asymptomatic infection (i.e. you were infected and remained healthy) and durability of any subsequent immunity. Some experts believe at least half the population may need to have caught the virus before herd immunity can start working (i.e. slowing/preventing community spread).

As expected, central banks and policy makers around the world have responded in full force with monetary and fiscal stimulus. The initial response of the Fed (and other central banks) was to cut interest rates and ensure banks had the necessary support to continue functioning. US banks can borrow directly from the Fed to meet funding shortages at a time when corporates are simultaneously drawing on credit lines given the extent of economic impact. Pressure building in supply chains was also addressed by making USD funding readily available to foreign central banks via FX swap lines and allowing the pledging of US Treasuries as collateral to access USD (primarily for emerging market central banks). Consequently, we expect the initial strength seen in the USD to reverse. Large scale fiscal stimulus followed, notably the US $2.3t CARES Act, to support household and corporate cash flows during lockdown.

Figure 11: Non-financial corporate debt to GDP



Source: ICE, S&P LCD, Morgan Stanley Research

We continue to monitor developments in this space closely. While the aggressive response from policy makers has addressed liquidity issues, the question remains is whether the current combination of monetary and fiscal stimulus is sufficient to neutralise solvency risks? As we've discussed previously, and in some detail last quarter, the defining tail risk of the current cycle is the build-up of debt in weaker companies (high yield/junk or non-investment grade corporate borrowers). These companies were already suffering margin pressures prior to the onset of the COVID-19 demand shock. Unlike 2008, banks today are relatively well-capitalised, have the support of regulators and maintain limited direct exposure to junk bonds. This tail risk, therefore, lies directly with institutional and retail investors.

Since the 2008 Financial Crisis, debt rated BBB (the lowest tranche of investment grade) and below as a proportion of total US corporate debt outstanding has doubled to ~60%. The size of the BBB bucket relative to junk (high yield and leveraged loans) has grown from ~0.7X in 2008 to ~1.6X today. This could be taken positively, i.e. junk is a smaller share of the < BBB bucket, but it also highlights just how quickly the size of the junk bucket could expand if BBB downgrades were to accelerate.

Already downgrades to junk this quarter, the so-called "fallen angels", amount to $150b[8], equivalent to 5% of BBB rated debt outstanding. Using previous downgrade cycles as a guide, if 15% or ~$550b of BBB rated debt is downgraded, the junk bucket would expand by ~25%. To put this in perspective, the same rate of downgrade in 2008 would have resulted in a mere ~10% expansion in this bucket highlighting the vulnerability of the current corporate debt stack to a tougher economic environment.

The leveraged loan market (the loan equivalent of the high yield/junk bond market) – is sizable, having risen three-fold over the cycle to $1.2t with private equity sponsored companies accounting for ~60% of the borrowing. Risks in the CLO (Collateralised Loan Obligation) market share many similarities to the subprime CDO (Collateralised Debt Obligation) debacle of 2008. Roughly 65% of all leveraged loans are bundled together into a single pool, which is then transformed into a new stack of structured credit products (CLO tranches). The tranches are then rated between investment (60% of the issue) and speculative grades (40% of the issue). An investment grade rating on the higher tranches is justified on the basis that the credit risk of the underlying loans is diversified by industry/geography and the lower tranches provide protection.

A large portion of the leveraged loan market is B-rated, the bulk of which was already on negative watch prior to the COVID-19 outbreak. Worryingly, this B- category has grown from 13.5% of the leveraged loan market at the end of 2019 to 15.6%[9]. Any downgrade of the B- bucket to CCC+ would be significant as the natural buyer (CLO manager) is already very close to their maximum holding limit of 7.5% to 10.0% in CCC+ and below loans. The impact of COVID-19 is a highly correlated event which may ultimately place the investment grade rating of the upper tranches of CLOs at risk.

The Fed's initial response provided an almost unlimited backstop to the investment grade (IG) corporate bond market. Hence, BBB rated corporates have been incentivised by the Fed to defend an IG credit rating at any cost by cutting dividends, selling assets, suspending buybacks and/or raising equity. Only recently has the Fed extended some support to the junk market. As the Fed continues to aggressively socialise corporate credit risks, this policy may increasingly appear as a bailout to private equity/weaker corporates rather than one designed to protect jobs. While this may make sense in the short-term, clearly it could fan populist sentiments and keep weaker companies alive which will lower longer-term productivity growth and returns. Further, this is happening against a backdrop of existing populism, prolonged low interest rates and accelerating

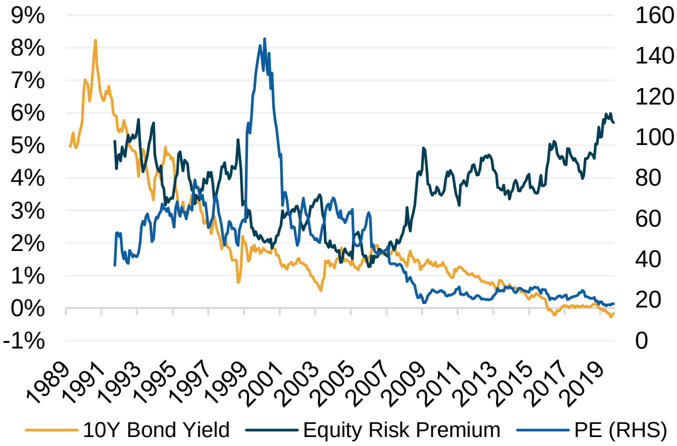
8 Dominated by Occidental Petroleum, Kraft Heinz and Ford

9 S&P LCD database

disruption which means the broader competitive environment is already intensifying.

While it's difficult to imagine interest rates rising any time soon, discount rates can rise due to a higher equity risk premium demanded by investors to compensate for the risks related to the "zombification" of the economy. This has been the experience in Japan over the last 20 years as seen in the chart below - as interest rates fell, P/E ratios also fell. This is the real risk emerging now for the US and Europe.

Figure 12: Japan 10-year bond yield, equity risk premium and PE (weighted avg.) ratios



Source: Bloomberg, FactSet, Antipodes

Prior to COVID-19 global growth was already fragile and so the virus simply exposed an existing need for fiscal stimulus. The US has entered this recession running a fiscal deficit equivalent to 4% of GDP and the $2.3t CARES Act could take this closer to 14%, and this ignores any hit to Federal revenues. This deficit level has not been seen since World War II. The bulk of the CARES Act is to provide support to households and small businesses via expanding/extending unemployment benefits, one-time payments to households, and loans/guarantees and tax cuts to small business. The question is whether this level of support will be adequate when unemployment in the US is expected to hit 10% *by the end of April.* For context, unemployment *peaked* at 10% following the GFC.

While Northern Europe has a strong government position, COVID-19 highlights a continued lack of fiscal coordination across the European Union. From a fiscal stimulus perspective, to date Italy and Spain have been left to fend for themselves with very little support from the EU apart from the ECB restarting it's bond buying programs – which misses the point, this is a solvency issue that requires household/corporate cashflow support.

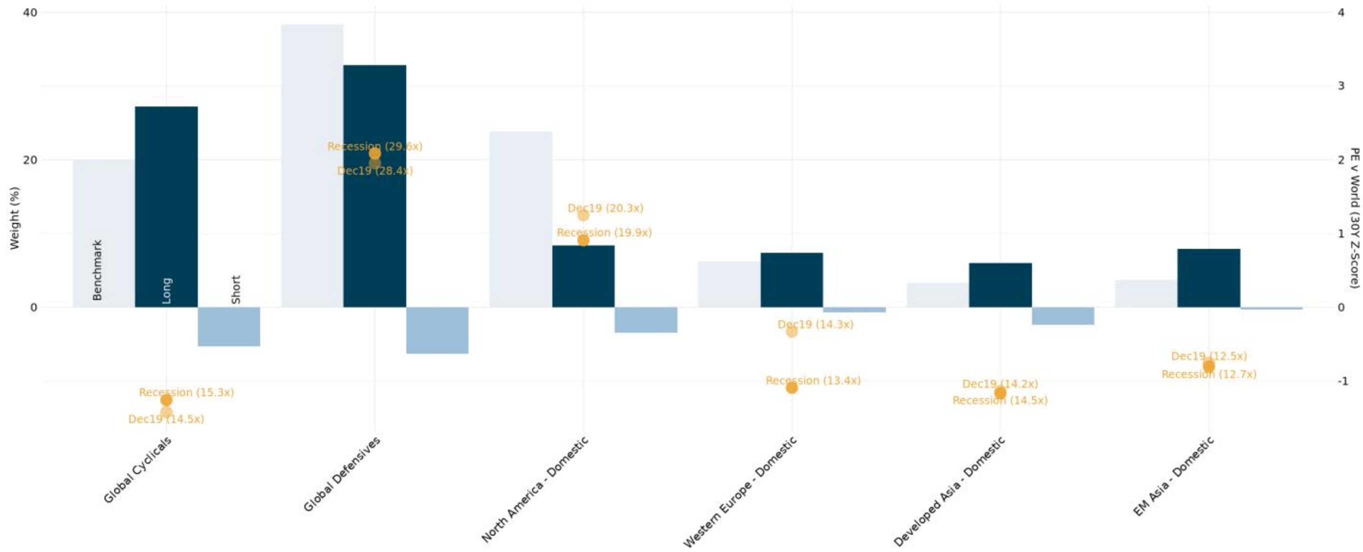
China is already back to operating at 75-80% of pre-Chinese New Year capacity with fiscal stimulus of ~3% seemingly sufficient to stabilise the economy which pales in comparison to the 10% planned by the US.

While supporting household and corporate cashflows is paramount in the short-term, ideally fiscal stimulus should transition to funding longer term investment programmes. The economies able to strike this balance will emerge in better shape. We think this is more likely to be the case for China versus Europe (due to lack of leadership) and the US (due to a weak government balance sheet). This could take the form of infrastructure, de-carbonisation (investment in grids, renewables, EV infrastructure) and 5G adoption. The market will change its view on the more economically sensitive/cyclical parts of the market as stimulus shifts from supporting households/corporates to investment.

Given current consensus forecasts S&P2020 earnings to be flat on last year, investors should be prepared for equities to reverse some of the recent gains on infection curve flattening as earnings downgrades become a reality. Notwithstanding this, the peak impact on asset markets will be reached before the peak impact to economic activity.

Our more cyclical/economically sensitive exposures were a drag on portfolio performance over the quarter but these holdings will benefit as the landscape changes. This change could be driven by fiscally funded investment programmes, central bank monetisation of ballooning fiscal deficits and consequent impact on real rates as the market inevitably demands a higher equity risk premium. *Most importantly,* ***global cyclicals are 1SD (standard deviation) cheap*** *after factoring in recessionary-style earnings cuts (30% cut to earnings) while* ***global defensives are still 2SD expensive*** *after recessionary-style earnings cuts (15% cut).* Yesterday's winners – long-duration assets – will not necessarily be tomorrow's winners as investors hunt for bargains in beaten up areas of the market. The focus of retail investors will shift to raising cash/protecting balance sheets and we expect to see more pressure on previous winners where retail/hedge funds are most overweight.

Figure 13: Global fund v MSCI ACWI weights &valuations (March 2020)[10,11]



Sources: iShares, FactSet, Antipodes

Our cyclical exposure focuses on industrials with structural growth opportunities such as automation (e.g. Siemens) and cleaner energy (e.g. EDF), tech hardware at the heart of a future where everything will be connected (Samsung Electronics, Qualcomm) and dominant retail banking franchises with no exposure to high yield tail risk (e.g. ING, Capital One). We have avoided direct exposure to travel, leisure and airlines. Our exposure to oil/natural gas is to those operators that are beneficiaries of the acceleration in capital rationing currently taking place.

The cyclical exposure is balanced with attractively priced defensive businesses such as our healthcare cluster (e.g. Merck, Roche) and leading consumer franchises which importantly control their distribution networks (e.g. Coke and Pepsi, Ping An, Yum China).

Finally, we have exposure to businesses that are higher growth/higher multiple, but importantly are trading on valuations that are attractive relative to their growth profile. COVID-19/social-distancing will accelerate certain secular trends. Companies like Microsoft, where Office365 downloads have hit record levels as we adapt to working from home, a trend which will persist beyond COVID-19; Alibaba, as social-distancing has accelerated online consumption; Facebook, which will experience softness in near-term advertising revenues due to the exposure to small and medium businesses, but over the long-term the acceleration in social-commerce means this business is well-placed to participate in the retail ecosystem of the future.

Significant market sell-offs, as experienced this quarter, also create opportunities to selectively add to dominant businesses in areas which have seen the most material dislocation. As we think about building out our exposure to some of these “recovery” opportunities, we must consider that life won’t necessarily revert to the prior status quo. Corporates will cut costs which may mean lower IT budgets and a slower than expected recovery in employment, business travel and office demand, with deflationary implications for expensive housing markets.

As a pragmatic value manager we will adapt as the landscape evolves to maintain a portfolio of great businesses at attractive valuations with the aim of generating strong risk-adjusted returns for our clients over the investment horizon.

10 Mar-20 multiples use 31/03/20 prices over CY19 EPS. Our recessionary valuation scenarios use 31/03/20 prices over CY19 EPS post an earnings haircut; 30% for cyclicals/15% for defensives, equivalent to a global benchmark haircut of ~24%. The benchmark multiple has moved from 17.5x CY19 as at 31/12/19 to 18x as at 31/03/20 assuming above earnings cuts to CY19 (13.8x CY19 today based on no change to 31/12/19 earnings).

11 Global Cyclicals includes Commodities, Chemicals, Industrials, Autos/other durables, Hardware; Global Defensive includes Internet, Software, Staples, Pharmaceuticals; Domestic includes Retail, Housing & Construction, Media, Transport, Consumer/commercial services, Health services, Financials, Communications, Infrastructure, REITS.

Appendix

Market returns to 31 March 2020 (USD, p.a.)

Absolute performance (%)	3m	1y	3y	5y	10y
Regional equities (MSCI)					
AC World	(21.4%)	(11.3%)	1.5%	2.8%	5.9%
USA	(19.8%)	(7.7%)	4.4%	5.9%	9.8%
Europe	(24.3%)	(15.5%)	(2.3%)	(1.3%)	2.5%
Japan	(16.8%)	(6.7%)	1.0%	1.8%	3.8%
Korea	(22.4%)	(16.8%)	(4.6%)	(0.2%)	2.2%
AC Asia ex Japan	(18.4%)	(13.4%)	1.1%	1.3%	3.8%
All China	(9.9%)	(5.9%)	4.4%	(0.1%)	3.5%
EM ex Asia	(39.0%)	(33.4%)	(10.1%)	(5.6%)	(5.1%)
Global sectors (MSCI)					
Consumer Discretionary	(21.3%)	(11.2%)	2.3%	3.2%	9.1%
Consumer Staples	(13.9%)	(6.0%)	1.0%	2.8%	7.2%
Energy	(43.9%)	(44.6%)	(15.2%)	(9.7%)	(4.4%)
Financials	(31.7%)	(22.2%)	(5.8%)	(1.5%)	2.3%
Health Care	(11.4%)	0.6%	7.0%	4.0%	10.6%
Industrials	(26.3%)	(18.0%)	(2.3%)	1.2%	5.3%
Information Technology	(13.7%)	6.7%	14.4%	13.8%	13.0%
Materials	(27.2%)	(21.3%)	(4.0%)	(0.5%)	(0.7%)
Communication Services	(16.2%)	(6.1%)	(0.7%)	0.3%	4.4%
Utilities	(15.0%)	(6.0%)	3.6%	3.9%	3.9%
Commodities					
Crude Oil Brent	(60.1%)	(61.0%)	(21.0%)	(13.7%)	(10.8%)
Gold	6.2%	24.2%	8.9%	6.3%	3.7%
Bloomberg Commodity Index	(23.5%)	(23.7%)	(10.2%)	(8.8%)	(7.3%)
Bonds (BAML)					
Global Government	2.7%	6.6%	4.2%	3.0%	2.4%
Global Large Cap Corporate	(5.7%)	0.9%	2.9%	2.4%	3.5%
Global High Yield	(14.1%)	(8.3%)	0.3%	2.7%	5.1%
Currency					
AUD	(12.9%)	(13.8%)	(7.1%)	(4.3%)	(4.0%)
EUR	(2.2%)	(2.3%)	0.9%	0.4%	(2.1%)
JPY	0.7%	2.5%	1.1%	2.1%	(1.4%)
CNY	(1.8%)	(5.3%)	(1.0%)	(2.7%)	(0.4%)

Source: MSCI, BAML, Bloomberg, FactSet

Antipodes

Fund summaries
antipodespartners.com/fund-updates/

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