Market Commentary

The first quarter of 2025 (the 'Quarter) saw a resurgence in global volatility. The Quarter began with a continuation of US exceptionalism, culminating in the inauguration of President Trump in early January. However, Trump's comments on global conflict prompted Europe to refocus fiscal spending on defence and infrastructure, strongly lifting European markets. Elsewhere Chinese platform DeepSeek's test results sent shockwaves through US technology stocks as global competition in artificial intelligence was realized. Finally, towards the end of the Quarter, Trump's announcement of a series of tariffs ignited fears of a global trade war.

Overall, global equities finished the Quarter (-1.3% in USD, -2.0% in AUD, -2.4% in NZD) with energy, utilities and financials outperforming, while information technology, consumer discretionary and communication services underperformed.

US equities underperformed (-4.6% in USD) as the market digested the potential for global competition in AI and Trump's tariff announcements in March. US AI investment and valuations experienced increased market scrutiny following DeepSeek's release of an 'apparent' low cost large-language model with performance similar to global peers. Additionally, Trump's tariff announcements targeting levies on Mexico, Canada and China and certain sectors, further rocked markets and heightened volatility.

European equities outperformed over the Quarter (+10.5% in USD), triggered by the US withdrawing support for Ukraine, while also seeking a ceasefire and demanding Europe increase defence spending. Subsequently, the European Union and many European countries revised fiscal spending commitments towards defence and infrastructure, led by Germany. Sentiment was further supported by cooling inflation data, central bank easing and resilient economic data.

Overall, Asian equities outperformed through the Quarter (+1.3% in USD), led by Chinese equities (+9.2% in USD) following a resurgence in sentiment towards the technology sector. Japanese equities marginally outperformed (+0.3% in USD) as tariff concerns weighed on sentiment despite the strong relationship with the US.

Elsewhere, brent crude (+0.1% in USD) was unchanged, despite volatility, Gold (+19.0%) appreciated as a safe haven, and the US Dollar (-3.9%) declined following trade uncertainty and weaker economic data.

Portfolio Commentary

The Antipodes Global Value strategy (the Strategy) strongly outperformed the benchmark over the Quarter. Portfolio performance was led by exposures in Western Europe, particularly France and Germany, in addition to positive contributions from China/HK and LATAM (Brazil and Mexico). The portfolio's underweight position in North America, added to relative returns, with stock selection in North America also positive.

On a sector basis, all sectors except for communication services contributed positively to portfolio performance over the Quarter, led by industrials (Thales SA), materials (Barrick Gold), utilities (RWE and American Electric Power) and financials (Société Générale).

The Strategy also outperformed the MSCI ACWI Value index (Value Index) over the Quarter, adding to 12 month outperformance.

Detailed commentary on key contributors and detractors is outlined below and further detail on the portfolio and positioning is provided in the Antipodes Quarterly Outlook.

Quarterly performance drivers

Key stock contributors to performance over the Quarter include:

- **Société Générale** continued its positive CY24, posting strong profit growth in fourth quarter reporting, driven by a rebound in retail activity and announcement of a €872m buyback plan. Société Générale reported revenue and net income figures exceeding consensus estimates, with investment banking operations, which represent close to two thirds of group earnings, increasing 12% year-on-year. In addition, the bank announced a new CFO which was welcomed by markets, with expectations around the French bank's ability to deliver healthy shareholder returns, commitment to operational efficiency and strong capital position fuelling positive sentiment towards the end of the Quarter.

- **Thales SA,** Europe's largest defence electronics firm, surged in February in line with broader European defence peers, as market expectations for significant increases in defence budgets by European countries were fuelled by fears that the US would withdraw security guarantees. Later in the Quarter, the company posted stronger than expected 2024 earnings, highlighted by a 5.7% rise in adjusted operating income year-on-year as revenues gained 8.3%, driven by growth in its defence division.

- **Barrick** Gold finished higher over the Quarter in line with strength in the gold price, amid economic and geopolitical uncertainty. At a company level, in late February the miner reported a 69% increase in net earnings year-on-year, the highest in a decade and 20% growth in operating cash flow. In addition, the miner announced plans aimed at achieving 30% growth in gold equivalent ounces by 2030.

- **Alibaba** finished the Quarter positively following strong earnings results, a deepening of its AI development and continuation of its aggressive buyback strategy. The company reported 4Q24 net income of 48.9b yuan, exceeding forecasts of 40.6b yuan and far outpacing last year's 14.4b yuan. Sentiment was further buoyed by the platform's AI advancements in its 'Qwen' large language model and recent strategic partnership with Apple for AI services in China. Further, founder Jack Ma's reappearance at a high-profile meeting with President XI fuelled optimism around China's technology and private sectors.

- Not holding NVIDIA, Apple and Tesla contributed on a relative basis over the Quarter.

Key stock detractors to performance over the Quarter included:

- **Merck** sold off in early February despite reporting fourth-quarter earnings that topped expectations, with the company delivering weaker-than-expected guidance for 2025. The company also withdrew its guidance for the long-term sales target of human papillomavirus vaccine Gardasil due to ongoing challenges in China. Later in the Quarter, uncertainty lingered around the looming patent cliff for key immuno-oncology drug, Keytruda which is due to expire in 2028. Antipodes' thesis on the stock remains unchanged, with the company reporting 9% revenue growth for 4Q24 and promising developments in the pipeline, including pulmonary arterial hypertension drug Winrevair which received FDA approval in late 2024.

- **Alcoa** finished lower over the Quarter with the company reporting fourth quarter and full year earnings, which fell short of expectations. Concerns over a normalisation of alumina pricing, uncertainty over the company's asset in Spain and the potential impact of tariffs on Alcoa's Canadian production weighed on investor sentiment.

- **Taiwan Semiconductor Manufacturing Company** (TSMC) sold off late in the Quarter in line with major chip players following President Trump's reciprocal tariff announcements.

Portfolio changes

HCA Healthcare	Added to defensives within the portfolio via HCA Healthcare. HCA is the largest for-profit hospital operator in the US, where the hospitals are fed by a large network of outpatient care sites including urgent care centres, ambulatory surgery centres and emergency departments. The US healthcare system is increasingly shifting towards outpatient centres as first sites of care to reduce cost and hospital strain, benefitting HCA which has expanded outpatient facilities by c. 12% p.a. since 2012. Importantly, HCA over-indexes to higher growth markets such as Florida and Texas which have more favourable demographics including faster growing populations, a higher proportion of aging persons, and a wealthier population with higher employment rates than the US average.
nationalgrid SEVERN TRENT	Also within defensives, we added British gas and electricity provider National Grid and Severn Trent, a water utility servicing the midlands region of the UK and Wales. Both companies stand out as attractively valued relative to other regulated utilities and offer attractive dividend yield and superior protection against a stagflationary environment.
ST life.augmented micron	We rotated our Hardware exposure via re-initiating a position in Micron and reducing STMicroelectronics. We took advantage of the recent pullback in Micron's share price, following Micron and other memory suppliers' expectations of slower demand for memory chips in 1H25, with a stronger 2H25 expected. Within this, however, demand for HBM (high bandwidth memory) chips required by AI servers continues to accelerate, and the longer-term thesis around demand for these speciality chips remains intact, and Micron is a market share taker in HBM. This was funded via STMicro, which has underperformed the semi complex due to its large exposure to auto and industrial semis. While early indicators suggest a more positive outlook for industrials may be on the horizon, our view remains Micron represents better risk/reward in the near term.
Alibaba	We rotated our China exposure following the significant moves in that market post the DeepSeek announcement. We exited our position in Alibaba, which experienced an outsized move resulting in less upside versus our other China holdings. In terms of our exposure to China's platform and industry vertical internet companies we see greater upside in property platform KE Holdings (with 45% share of secondary property transactions), JD.com (a beneficiary of consumer stimulus in China and/or a recovery in consumer confidence) and Tencent (with a heavily under-monetised network which can adopt AI to further drive search and advertising revenue, with a cloud infrastructure business) and Didi (ride sharing which is growing structurally).
華潤啤酒 CR BEER 中國海外 CHINA OVERSEAS	Elsewhere in China, we saw opportunity to reposition the portfolio to consumer and property exposures where we see stabilisation and improvements that are not reflected in share prices. We initiated a position in China Resources Beer (China's largest brewer, skewed towards the mass affluent, with on-premise consumption poised for a recovery) and China Overseas Land and Investment (COLI), which has become one of the largest property developers in the country with an estimated 9% market share (attributable contract sales basis) within the top 100 developers in China. COLI has achieved this through the combination of a strong balance sheet, attractive project pipeline and solid execution. The bulk of COLI's attributable exposure is in tier 1 and 2 cities where we're seeing signs of stabilisation, and we remain constructive on longer-term supply-demand dynamics. These positions were funded via exiting Ping An Insurance and Beijing Oriental Yuhong Waterproof Technology.
HEINEKEN Shinhan Financial Group	Elsewhere in the portfolio, we exited Heineken following a meaningful re-rating in staples as investors rotated their exposure. The decision to fully exit Heineken relates to lower conviction around the resilience of its earnings profile relative to other defensive exposures in our portfolio. We also exited our position in Korean bank, Shinhan Financial with a preference for consumer exposures in Latin America and China (as per above).

Further information

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Antipodes Global Value Fund (PIE) (the "Fund")

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