Antipodes

Global Long

Global Long-Short

Asia Long-Short

Quarterly Report 31 March 2022

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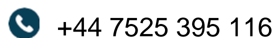
+44 7525 395 116

invest@antipodespartners.com

Australia Head Office
Antipodes Partners Limited
Level 35, 60 Margaret St
Sydney NSW 2000
Australia

UK Office
Antipodes Partners (UK) Limited
6th Floor, Nova North
11 Bressenden Place
London SW1E 5BY UK

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Market commentary

The first quarter of the year was characterised by uncertainty as volatility dominated global markets. Overall, global equities plunged (-5.4% in USD, -8.4% in AUD) over the period. The Russian invasion of Ukraine put further pressure on already stressed supply chains and rising global inflation, with energy, materials and agriculture commodities pushed higher. Whilst the impact of the conflict, as well as the persistence of COVID-19, will eventually ease, longer-term inflationary pressures, increased spending in alternative forms of energy and increased defence spending, will see central banks consumed by balancing the risks of inflation against concerns of weaker growth.

During the Quarter energy, materials and utilities outperformed, whilst consumer discretionary, consumer services and information technology underperformed.

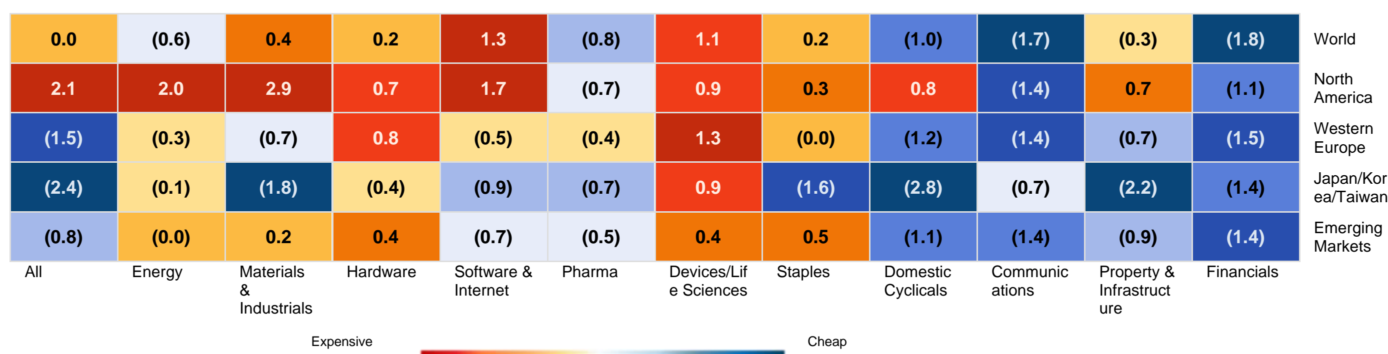
US equities (-5.3%) whilst down over the quarter outperformed the broader global markets. As global markets reacted to the war in Ukraine, US domestic equities and the US dollar were seen as less exposed to the geopolitical tensions. In a hawkish move from the Fed, the US saw its first interest rate rise since 2018 and signalled faster and possibly larger rate increases were highly likely, especially against the backdrop of a continued tight labour market. This rhetoric was in contrast to prior commentary, whereby the Fed had indicated a gradual pace to interest rate hikes.

Equities in Asia were down (-7.5%) over the quarter. Chinese equities (-14.3%) continued to underperform, with disappointing Chinese macro data, exaggerated by the surge of the Omicron variant of COVID-19 and concern that China's vaccines have proven less successful at preventing transmission. With the Chinese Government strictly pursuing a zero-COVID strategy, the enforced lockdowns in several major cities and manufacturing hubs, raises concern for further global supply chains disruption. Against this backdrop, the Peoples Bank of China delayed any major easing announcements, although commentary from key policymakers over the quarter was supportive. Japanese equities were down over the quarter (-6.6%), though in contrast to most other major central banks globally, the Bank of Japan held interest rates, citing that the impact on growth because of the Russia-Ukraine war was worse than inflation for the economy.

Europe (-7.4%) saw a particularly tumultuous quarter, with the ECB acknowledging the level of economic shock to the eurozone economy. Heavily reliant on natural gas from Russia, particularly Germany, the ECB scaled back its bond buying stimulus plan in response to inflation driven up by the war in Ukraine. With already-high energy costs pushed up even further, Europe's focus is securing future energy supply as it looks to cut reliance on Russian commodities, while increasing its defensive spending.

Brent Crude (+38.7%) was strong due to the ongoing geopolitical uncertainty. The USD strengthened (DXY +2.8%) in line with central bank tightening and the perception as a safe haven, and the value of Gold increased during the quarter (+5.9%) also as a flight to safety.

Figure 1: Region-sector valuation heat-map[1] - Composite multiple vs world – Z-score (Dec 1996 – Mar 2022)



	All	Energy	Materials & Industrials	Hardware	Software & Internet	Pharma	Devices/Life Sciences	Staples	Domestic Cyclicals	Communications	Property & Infrastructure	Financials
World	0.0	(0.6)	0.4	0.2	1.3	(0.8)	1.1	0.2	(1.0)	(1.7)	(0.3)	(1.8)
North America	2.1	2.0	2.9	0.7	1.7	(0.7)	0.9	0.3	0.8	(1.4)	0.7	(1.1)
Western Europe	(1.5)	(0.3)	(0.7)	0.8	(0.5)	(0.4)	1.3	(0.0)	(1.2)	(1.4)	(0.7)	(1.5)
Japan/Korea/Taiwan	(2.4)	(0.1)	(1.8)	(0.4)	(0.9)	(0.7)	0.9	(1.6)	(2.8)	(0.7)	(2.2)	(1.4)
Emerging Markets	(0.8)	(0.0)	0.2	0.4	(0.7)	(0.5)	0.4	0.5	(1.1)	(1.4)	(0.9)	(1.4)

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 composite multiple relative to the world is above or below its 25-year relative trend (expressed as a Z-Score, the number of standard deviations from the mean). The warmer the colour, the greater the relative composite multiple versus history; vice versa for the cooler blues, with extremes highlighted by the boldest of colours. Composite of forward PE, EV/Sales, EV/Operating Capital Employed (including goodwill) and cyclically adjusted PE and EV/EBIT for industrials, with EV based measures replaced with PB and cyclically adjusted P/Pre-provision profits for financials.

Performance analysis

Summary

Performance[2] as at 31 Mar 2022

	3 months	1 year	3 years p.a.	5 years p.a.	Inception[3] p.a.
Global Long	(4.2%)	(2.8%)	9.7%	8.4%	9.1%
MSCI AC World Net Index	(5.4%)	7.3%	13.8%	11.6%	10.0%
Difference	1.1%	(10.1%)	(4.1%)	(3.2%)	(0.9%)
Global Long-Short	(4.1%)	(4.5%)	7.1%	5.7%	7.5%
MSCI AC World Net Index	(5.4%)	7.3%	13.8%	11.6%	10.0%
Difference	1.2%	(11.7%)	(6.6%)	(5.9%)	(2.5%)
Asia Long-Short	(16.3%)	(25.0%)	1.3%	3.1%	4.4%
MSCI AC Asia x Japan Net Index	(8.0%)	(14.6%)	5.1%	6.7%	5.4%
Difference	(8.3%)	(10.4%)	(3.8%)	(3.6%)	(1.0%)

Performance & risk summary[4] as at 31 Mar 2022

	Global Long	Global Long-Short	Asia Long-Short
Average Net Exposure	89.0%	64.9%	75.8%
Upside Capture Ratio	95	73	89
Downside Capture Ratio	87	63	83
Portfolio Standard Deviation	14.9%	12.0%	15.3%
Benchmark Standard Deviation	14.4%	14.4%	16.5%
Sharpe Ratio	0.65	0.66	0.33

2 All returns are net of fees and in USD terms since inception. Calculations are converted to $US and are based on the exit price of the $A managed account 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 for Antipodes Global Strategy – Long, Antipodes Global Strategy and Antipodes Asia Strategy.

4 All metrics are based on gross of fee returns in USD 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.

Key contributors to performance over the quarter included:

- **Oil/Natural Gas** cluster, including Exxon, Coterra Energy and EQT Corporation with commodity prices surging over the quarter as geopolitical risks to supply, namely the initial standoff and subsequent invasion of Ukraine. The dependency on Russian gas led to the cluster also benefiting from the renewed demand outlook for US gas exports.
- **Materials** cluster, notably Teck Resources reported strong earnings in February, exceeding market estimates with the diversified miner reporting profit increases on metallurgical (steel-making) coal, copper and zinc operations, reflective of demand surges and higher prices globally. Positive sentiment continued into the end of the quarter with record high copper prices, in line with Antipodes' thesis on copper as a key commodity in the redesign and strengthening of power grids in the shift towards renewables.
- **Tail Risk** cluster, notably Gold and Industrials. Gold as well as miners Newcrest and Barrick Gold contributed to the portfolio over the quarter as geopolitical tension played on investor sentiment, with gold benefitting as a perceived safe haven. Newcrest was further buoyed by the revision of its mineral resource and ore reserve estimates, reporting gold ore reserves increased by 10% and approval to acquire the remaining stake in Canadian company, Pretivm Resources.
- **Shorts**, including **Industrials** and **Internet/Software - DM** clusters as higher yields triggered a more severe sell off in weaker companies early in the quarter. The sell off expanded most notably into widely held technology names over February. In addition, companies with high starting valuations were also impacted given their higher sensitivity to rising discount rates, with short positioning within the **Consumer Cyclical – DM** cluster, notably retail exposure, contributing over the quarter.

Key detractors to performance over the quarter included:

- **Internet/Software – DM** cluster, notably Meta Platforms which reported weaker than expected earnings in early February 2022, casting doubt over market estimates of future growth prospects. This was coupled with privacy initiatives from Google with respect to Android hardware and broader data sharing disputes in Europe. Later in the quarter however, sentiment turned positive in line with Antipodes' thesis Meta Platforms' core assets (Facebook, Instagram, WhatsApp and Messenger) remain dominant with a long runway of monetisation.
- **Consumer Cyclical – DM** cluster including ING Groep and UniCredit with the market reacting to the Russian exposure of many European banks. Russia/Ukraine exposure is immaterial with respect to both companies' loan books and equity. Despite the geopolitical uncertainty and depressed sentiment, we view the market reaction as disproportionate relative to exposure and against the strong capital positions of both companies, reaffirmed by the commitment to future buyback plans.
- **Hardware** cluster including, Mediatek. After a period of strong performance Mediatek saw investor profit taking later in the quarter with the shift in sentiment stemming from recent negative datapoints and media reports indicating weaker Chinese domestic handset volumes 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 Wi-Fi, and other businesses lines outside of handset hardware.
- **Internet/Software – Asia/EM**, cluster including KE Holdings, Tencent, Meituan Dianping and JD.com. 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. This was emphasised in recent commentary supportive of the economy from senior Chinese policy makers.

Global Long-Short

Top 5 contributors & detractors

Top 5 contributors	
Coterra Energy	1.1%
Teck Resources	0.9%
Exxon Mobil	0.9%
EQT Corp	0.8%
Gold	0.7%

Top 5 detractors	
Meta Platforms	(1.0%)
UniCredit	(0.6%)
MediaTek	(0.6%)
KE Holdings Inc	(0.6%)
ING Groep	(0.6%)

Global Long

Top 5 contributors & detractors

Top 5 contributors	
Coterra Energy	1.1%
Teck Resources	0.9%
Exxon Mobil	0.8%
EQT Corp	0.8%
Nutrien Ltd	0.3%

Top 5 detractors	
Meta Platforms	(1.0%)
UniCredit	(0.6%)
ING Groep	(0.5%)
Siemens	(0.5%)
MediaTek	(0.5%)

Asia strategy

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

- **Consumer Cyclical – Asia EM** cluster, including Longfor Group Holdings Ltd and KB Financial Group. Amidst a weaker period for Chinese residential property management companies, Longfor was added later in the quarter, in line with Antipodes positive outlook for the Chinese property sector as policy is eased. The share price rebounded off entry-level lows contributing to the portfolio. KB Financial Group contributed amidst a stronger environment for Korean equities, particularly later in the quarter.
- Reliance Industries Ltd and JGC within the **Oil/Natural Gas** cluster. Indian conglomerate Reliance Industries benefited from the global surge in commodity prices. Later in the quarter the company announced further expansion of its pathways in renewable energy, reporting the acquisition of cobalt-free lithium battery technology company Lithium Werks, under the Reliance New Energy Ltd subsidiary. Similarly, Japanese engineering company JCG rose on the prospect of new LNG projects amid the renewed demand for gas resources outside of Russia.
- KT Corp within the **Infrastructure/Property – Asia/EM** cluster with the Korean telco benefitting from the election of conservative presidential candidate Yoon Suk-yeol, and the more favourable attitude of the new government towards telcos. Positive sentiment was furthered by the assumption of continued strong free cash flow and the decreased likelihood of significant capex spending being mandated by the incoming government.

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

- Meituan Dianping within the **Internet/Software – Asia/EM** cluster, on the back of a regulatory proposal calling for food delivery platforms to further reduce the service fees of catering merchants to reduce the operating costs of related catering enterprises. Our thesis remains in-tact with the view the proposal may produce short-term support for the catering industry during the difficult current period and the relief measures do not appear to be permanent commission rate reductions.
- Wuliangye within the **Consumer Cyclical – Asia/EM** cluster reported preliminary 2021 results during the quarter, which failed to meet consensus expectations despite reporting growth in sales and net profit. In addition, Wuliangye continues to face lockdown induced headwinds.
- Focus Media, within the **Consumer Cyclical – Asia/EM** cluster, which detracted over the quarter amid fears of weaker economic activity impacting sentiment towards advertising companies. This was in addition to the ongoing effects of significant lockdowns, which included Shanghai and other major cities.
- Country Garden Services Holdings within the **Consumer Cyclical – Asia/EM** cluster detracted as provincial lockdowns and restricted movement impacted sentiment around property management platforms over the quarter. Our thesis remains in-tact in line with a positive outlook for Chinese property management services as policy is eased.

Top 5 contributors & detractors

Top 5 contributors	
Longfor Group Holdings Ltd	0.3%
KB Financial Group	0.3%
KT Corp	0.2%
Reliance Industries Ltd	0.2%
AIA Group	0.1%

Top 5 detractors	
Meituan	(2.8%)
KE Holdings Inc	(1.9%)
Tencent	(1.2%)
Wuliangye	(1.1%)
Focus Media	(1.0%)

Portfolio positioning

Global strategies

Key changes over the quarter included:

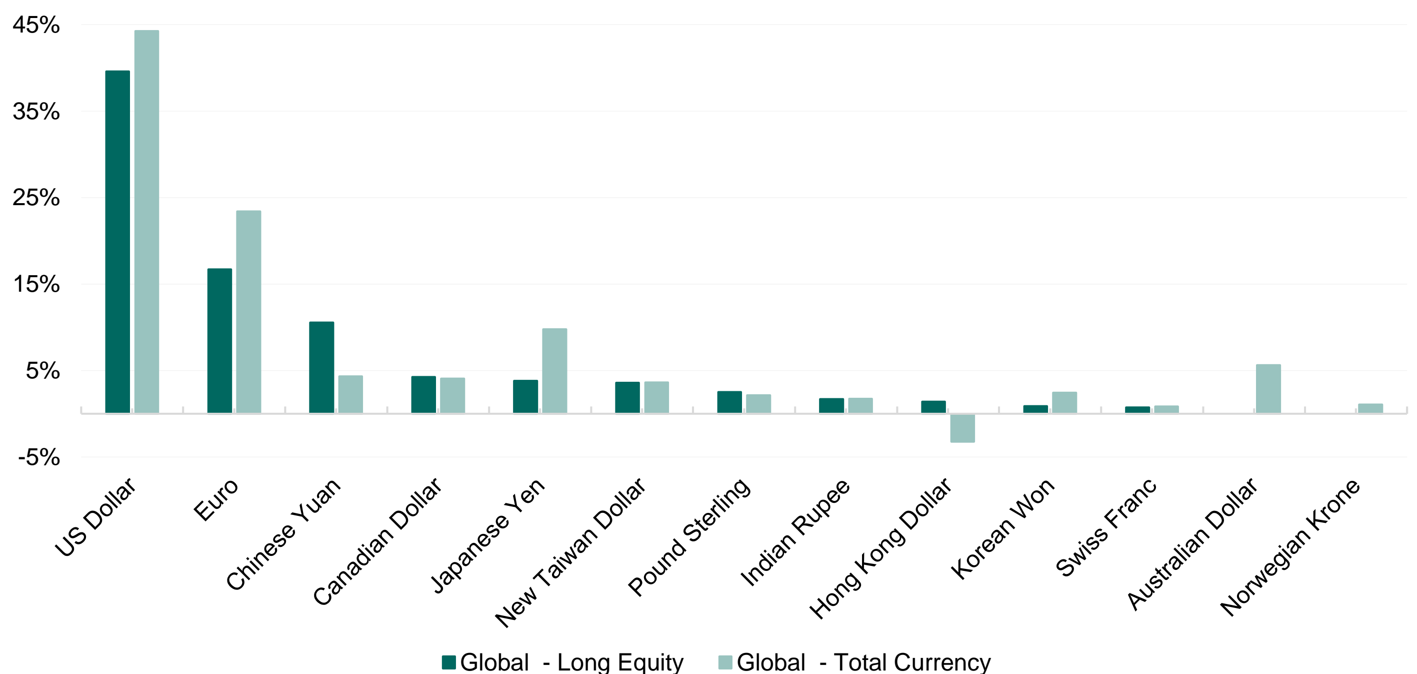
- Following the meaningful move in energy prices over the quarter, we rotated exposure within our **Oil/Natural Gas** cluster via exiting Exxon following strong performance in favour of EQT Corporation, which will disproportionately benefit from a higher US gas price and similarly exposed equipment and services providers. Europe's desire to reduce dependence on Russian gas will see the bloc increase LNG imports (and accelerate the shift to renewables), which supports our longer-term thesis on greater gas exports from the US.
- Likewise, the move in commodity prices resulted in a rotation within the **Industrials** cluster. Exposure to materials was reduced via trimming Nutrien and exiting Norsk Hydro following outsized moves in the underlying commodities driven by the Russia/Ukraine conflict which, are unlikely to be sustained. We reduced aerospace exposure via exiting General Electric and trimming Airbus, which can see profit cycles pushed out as the conflict lengthens the return to a full reopening. Exposure to defence increased via Northrop Grumman (position initiated prior to the Ukraine conflict) and Thales which are relatively well positioned for the current environment.
- Within the **Hardware** cluster, we initiated a position in Nikon given the attractiveness of its semiconductor production equipment. Nikon is a core supplier of lithography tools to Intel (amongst others), where capex will need to increase should Intel seek to close the gap with TSMC and Samsung Electronics. We reinitiated a position in North American regulated utility Fortis Inc within the **Infrastructure/Property – DM** cluster, given the expected growth in transmission assets and additional investment required to reinforce the Midwestern grid to keep up with increasing renewable energy targets.
- Within the **Consumer Cyclical – DM** cluster, we exited Tapestry as the recent slowdown in real goods consumption is more pronounced than expected, and trimmed exposure to Capital One Financial in preference for Wells Fargo given the latter's greater sensitivity to rising rates.
- Domestic exposure to China remained roughly flat, as we gradually reposition into recovery exposures. We exited Meituan, with a preference for key internet platform exposure around JD.com and Tencent within the **Internet/Software – Asia/EM** cluster. We exited Wuliangye within the **Consumer Defensive – Asia/EM** cluster, in favour of adding to luxury goods retailer, Richemont.
- Within the **Consumer Cyclical – Asia/EM** cluster, we added to property recovery related exposure given recent policy support via Midea Group (air-conditioning) and initiated a position in Longfor Group, a high-quality developer and beneficiary of policy easing.

Global Long-Short

Cluster exposure & changes[5]

Sector/cluster	Long	Short	Net	Benchmark	3 month net change	12 month net change	Long examples
Global	**39.8%**	**(10.8%)**	**29.0%**	**35.0%**	**(4.5%)**	**(8.5%)**	
Industrials/Materials	16.3%	(8.1%)	8.2%	13.8%	(0.1%)	(11.4%)	Siemens, Teck Resources
Oil/Natural gas	8.4%	(0.7%)	7.7%	3.6%	1.0%	4.4%	EQT Corp, Coterra Energy
Hardware	8.4%	(0.9%)	7.4%	7.8%	(2.3%)	(0.9%)	TSMC, MediaTek
Healthcare	6.7%	(0.9%)	5.7%	9.7%	(3.1%)	(0.7%)	Sanofi, Merck, Seagen
NA/Europe Domestic	**41.9%**	**(3.2%)**	**38.7%**	**52.7%**	**3.3%**	**10.5%**	
Software/Internet	15.7%	(0.9%)	14.7%	18.2%	1.9%	5.8%	Microsoft, SAP, Oracle
Consumer defensive	6.9%	(0.2%)	6.7%	7.6%	(1.0%)	0.4%	Tesco, Coca-Cola, Walgreens
Consumer cyclical	9.0%	(0.9%)	8.1%	19.5%	(0.3%)	(0.2%)	UniCredit, ING
Telco/Infrastructure	10.3%	(1.1%)	9.2%	7.4%	2.7%	4.4%	Frontier Communications, Energy Transfer, EDF
Asia/EM Domestic	**14.5%**	**(0.3%)**	**14.2%**	**11.8%**	**0.3%**	**(2.6%)**	
Software/Internet	4.9%	-	4.9%	2.4%	(1.9%)	(0.2%)	Tencent, JD.com
Consumer defensive	-	-	-	1.0%	(1.0%)	(0.7%)	
Consumer cyclical	9.6%	-	9.6%	6.3%	3.3%	0.9%	Ping An, ICICI Bank Limited
Telco/Infrastructure	-	(0.3%)	(0.3%)	2.1%	0.0%	(2.7%)	
Tail risk hedge (equity)	**3.9%**	**(8.1%)**	**(4.2%)**	**0.5%**	**(0.8%)**	**(0.7%)**	Newcrest, Barrick Gold
Total equity	**100.1%**	**(22.4%)**	**77.7%**	**100.0%**	**(1.8%)**	**(1.3%)**	
Tail risk hedge (other)	**-**	**(9.6%)**	**(9.6%)**	**-**	**(1.5%)**	**(0.7%)**	Credit Default Swaps, iShares TIPS Bond ETF[6]

Currency exposure



5 Options exposure represents the market downside. For put options (typically used to limit potential downside) delta-adjusted exposure is used and for call options (typically used to capture potential upside) exposure is calculated using the current option value.

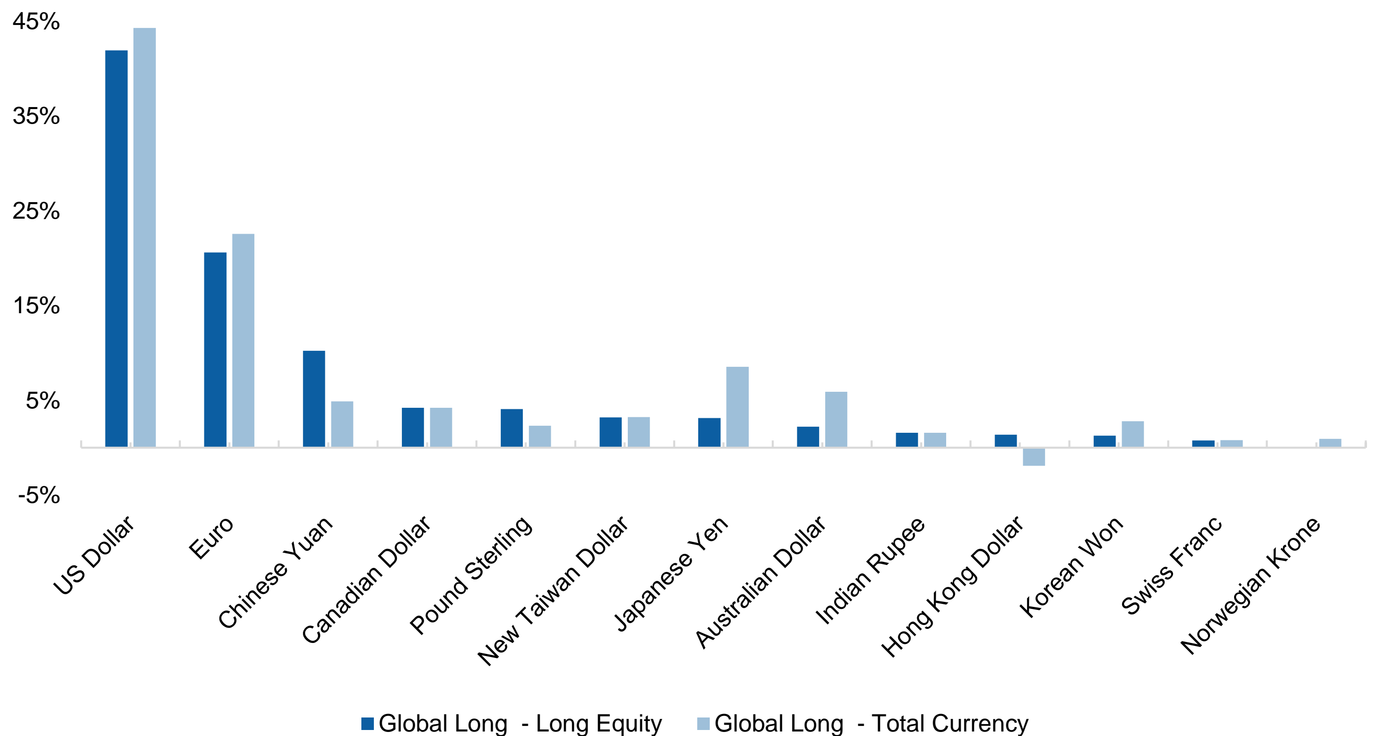
6 Short position in inflation linked bonds acting as a short on real yields.

Global Long

Cluster exposure & changes[5]

Sector/cluster	Long	Benchmark	3 month net change	12 month net change	Examples
Global	**38.9%**	**35.0%**	**(0.6%)**	**(3.7%)**	
Industrials/Materials	15.9%	13.8%	0.6%	(7.8%)	Siemens, Teck Resources
Oil/Natural gas	8.3%	3.6%	1.6%	4.6%	EQT Corp., Coterra Energy
Hardware	7.8%	7.8%	(1.3%)	(1.0%)	TSMC, MediaTek
Healthcare	7.0%	9.7%	(1.5%)	0.5%	Sanofi, Merck, Seagen
NA/Europe Domestic	**38.2%**	**52.7%**	**0.5%**	**7.5%**	
Software/Internet	14.2%	18.2%	1.2%	2.9%	Microsoft , SAP, Oracle
Consumer defensive	7.4%	7.6%	0.1%	1.2%	Tesco,Coca-Cola, Walgreens
Consumer cyclical	8.5%	19.5%	(1.1%)	(0.1%)	UniCredit, ING
Telco/Infrastructure	8.2%	7.4%	0.3%	3.5%	Frontier Communications, T-Mobile, EDF
Asia/EM Domestic	**13.6%**	**11.8%**	**1.0%**	**(3.1%)**	
Software/Internet	4.4%	2.4%	(1.1%)	(0.0%)	Tencent, JD.com
Consumer defensive	-	1.0%	(0.7%)	(0.6%)	
Consumer cyclical	8.8%	6.3%	2.4%	0.1%	Ping An, ICICI Bank Limited
Telco/Infrastructure	0.4%	2.1%	0.4%	(2.5%)	KT Corporation
Tail risk hedge (equity)	**3.8%**	**0.5%**	**1.3%**	**2.4%**	Newcrest, Barrick Gold
Total equity	**94.5%**	**100.0%**	**2.2%**	**3.1%**	
Tail risk hedge (other)	**-**	**-**	**-**		

Currency exposure



Asia strategy

Key changes over the quarter included:

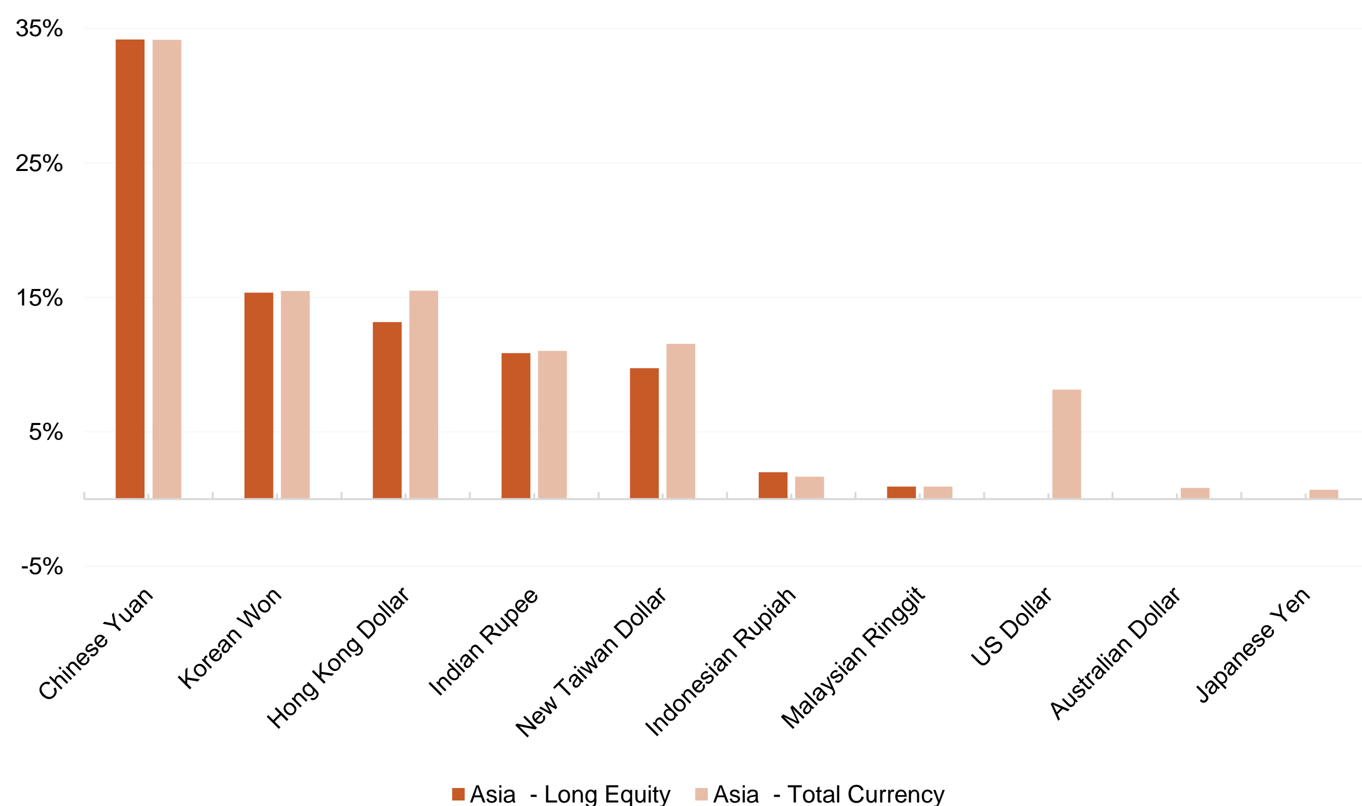
- Initiated positions in the **Oil/Natural Gas** cluster, via the Indian exposures of Reliance Industries and Oil & Natural Gas Corporation, with both companies poised to benefit from a renewed demand outlook for global LNG resources due to the Russia/Ukraine conflict.
- Initiated positions within **Infrastructure/Property – Asia/EM** cluster via telecom companies KT Corp and Bharti Infratel. KT Corp is a well-established Korean telecommunications provider and well positioned with respect to the election of conservative presidential candidate Yoon Suk-yeol. This is due to the favourable attitude of the new government towards telcos and the lower likelihood of mandated capex requirements. Conversely, Indian telecommunications infrastructure company, Bharti Infratel is well positioned to capitalise on a domestic capex cycle within India, in particular, telecom tower and fibre network upgrades.
- Within the **Consumer Cyclical – Asia/EM** cluster, we rotated positioning in Indian financials HDFC Bank and ICICI Bank after strong performance, in favour of reinitiating a position in KB Financial Group because of a favourable regulatory environment in Korea and positive sentiment around the incoming government. We initiated a position in Bank Mandiri which is well positioned to capitalise on a fuller reopening of the Indonesian economy.
- Additionally, we initiated a position in Longfor Group, a high-quality developer that will be a beneficiary of reform in the Chinese property sector and Mumbai headquartered WNS Limited, a global business process outsourcing company. WNS is well positioned to benefit from labour outsourcing trends in back office and customer service across a range of industries. These portfolio additions were partially funded by trimming Trip.com amid impacts from lockdown-induced travel restrictions and a more prolonged timeline around sustained economic recovery in China.
- Reduced exposure to **Consumer Defensive – Asia/EM** cluster, exiting Li Ning after a period of strong performance and trimmed Wuliangye as the liquor manufacturer faces near-term headwinds from lockdowns.
- Reduced exposure to **Internet/Software – Asia/EM** cluster, including reducing exposure to Meituan amid recent regulatory pressures on food delivery services. Despite this, our thesis remains in-tact over the medium-term as economic activity returns to trend. Similarly, Tencent and online real estate platform KE Holdings were trimmed in line with near term economic growth headwinds.

Asia Long-Short

Cluster exposure & changes[5]

Sector/cluster	Long	Short	Net	Benchmark	3 month net change	12 month net change	Long examples
Global	**23.9%**	**-**	**23.9%**	**40.4%**	**(3.5%)**	**(5.4%)**	
Industrials/Materials	3.4%	-	3.4%	13.5%	(1.1%)	(3.6%)	Larsen & Toubro
Oil/Natural gas	2.9%	-	2.9%	2.2%	2.9%	2.9%	Reliance Industries, Oil & Natural Gas Corp.
Hardware	17.7%	-	17.7%	21.3%	(5.2%)	(4.7%)	TSMC, Samsung, MediaTek
Healthcare	-	-	-	3.5%	-	-	
Asia/EM Domestic	**63.0%**	**-**	**63.0%**	**59.3%**	**3.1%**	**6.4%**	
Software/Internet	21.5%	-	21.5%	16.8%	(5.8%)	1.2%	Meituan Dianping, JD.com, Tencent
Consumer defensive	4.9%	-	4.9%	5.5%	(5.8%)	(3.6%)	China Mengniu Dairy, Wuliangye
Consumer cyclical	33.6%	-	33.6%	28.4%	11.4%	6.0%	China Merchants Bank, Ping An Insurance, AIA Group
Telco/Infrastructure	3.1%	-	3.1%	8.7%	3.1%	2.9%	KT Corp, Bharti Infratel
Tail risk hedge (equity)	**-**	**-**	**-**	**0.2%**	**1.0%**	**-**	
Total equity	**87.0%**	**-**	**87.0%**	**100.0%**	**0.6%**	**1.0%**	
Tail risk hedge (other)	**-**	**-**	**-**	**-**	**-**	**-**	

Currency exposure



Feature: Another energy cycle - debt, decarbonisation and dividends

Whilst Russia's invasion and ongoing conflict in Ukraine have highlighted the fragility of the global energy system, the seeds of the current energy cycle were sown some years ago. Antipodes' participation in this cycle was an example of contrarian thinking and application of the capital cycle framework.

All industries, to a large degree, follow a similar pattern of excess capital being attracted to high returns and valuations, eventually eroding returns and reversing investor appetite for the sector, ultimately forcing weaker players out of the market and consolidating industry capacity, thereby allowing returns to stabilise and for the cycle to begin again. Global commodities of all types, within which the energy sector sits, have followed this classic pattern for decades.

Irrational extrapolation

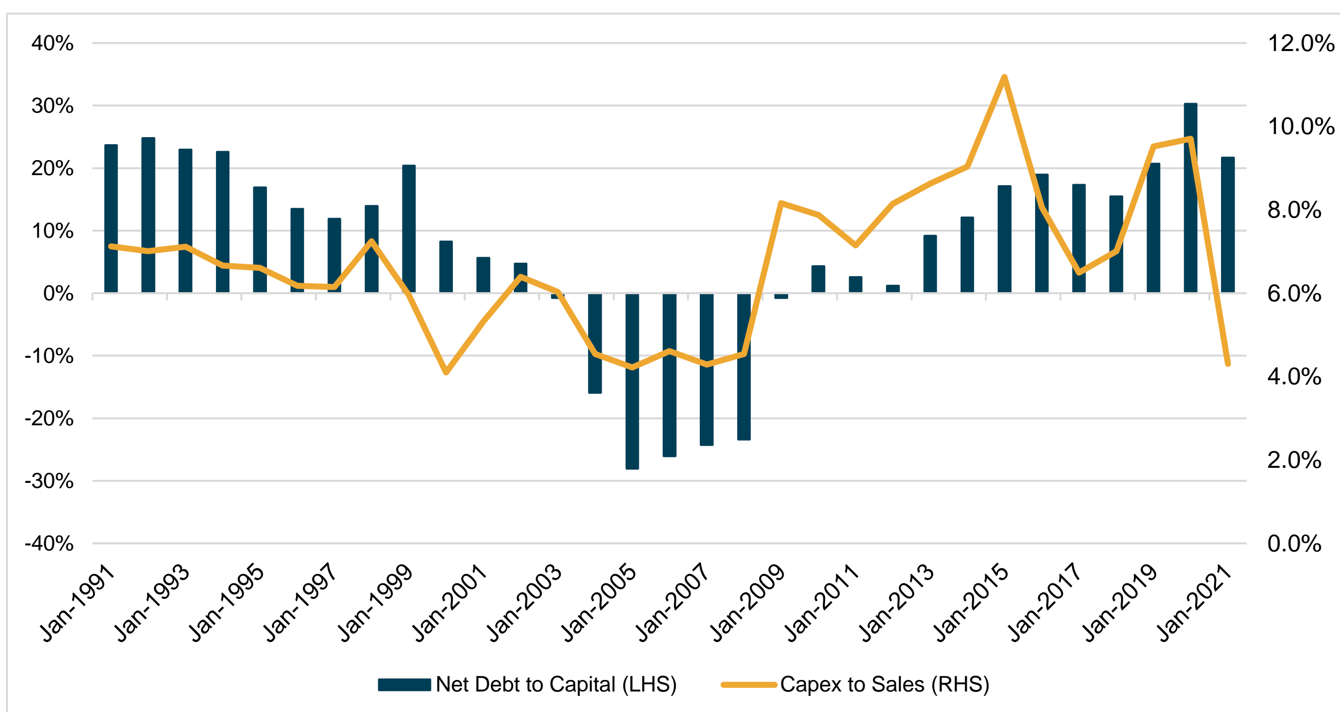
– bear cycles can last beyond many investors' time horizons

Each cycle, however, distinguishes itself from the last, as new technology, regulation and evolving investor preferences shape its duration and amplitude. But as every cycle bottoms, it is the extrapolation at this point in time that provides opportunities for patient investors.

Three things stand out as having formed the ongoing energy cycle in play today: debt, decarbonisation and dividends.

The accumulation of significant balance sheet leverage through the last spending and acquisition cycle resulted in an industry that was by 2020 heavily burdened with debt. Exxon Mobil is representative of the pattern across the industry, with an acceleration of leverage through the last decade as capital expenditures and acquisition spend remained well above long term averages. By the end of 2020 Exxon Mobil's net debt to capital had risen to a 30-year high, putting its dividend at risk as the company balanced ways in which it could invest in future growth while urgently addressing its leverage issues. To both sustain its dividend and bring down leverage, the company cut capital expenditure to the bone. In absolute terms capital expenditures declined from a peak of US$33bn in 2013/14 to just US$12bn by 2021 – a level of spending that barely sustained Exxon's existing assets. Across the industry a similar story played as capital expenditures declined by 60% from the peak in 2014.

Figure 2: Exxon Mobil Inc



Source: Antipodes Partners

Decarbonisation's sweeping influence across capital markets over the past five years has added even more pressure to the energy sector. Given the inherent carbon footprint of the sector, it has become increasingly difficult for energy companies to access public markets for the development of upstream assets. While bank lenders have been under pressure from their own stakeholders to minimise financing of fossil fuel related activities. Many traditional upstream energy providers have pivoted capital budgets directly towards renewable energy activities at the behest of shareholders and policy makers, diverting capital away from the development of fossil reserves.

The energy sector however has the unique characteristic that in order to simply stand still, it requires substantial ongoing investment in the development of new production assets, i.e. replacing the reserves that are lost each year as "barrels" are produced. Put another way, this depletion is comparable to a treadmill – constant investment is needed, just to stay flat. Proven reserve life for the world's largest producers has declined significantly over the last decade, with reserve to production ratios declining to 12 years, down 36% since its 2012 peak. US onshore producers have seen a 50% decline in this metric over this time frame. The shale revolution managed to attract enormous investor capital but has left the industry much less able to deal with future demand should it sustain at or above current levels. Against this backdrop, we have generally observed US-based energy companies to have stayed the course on core upstream operations - albeit under the constraints noted above.

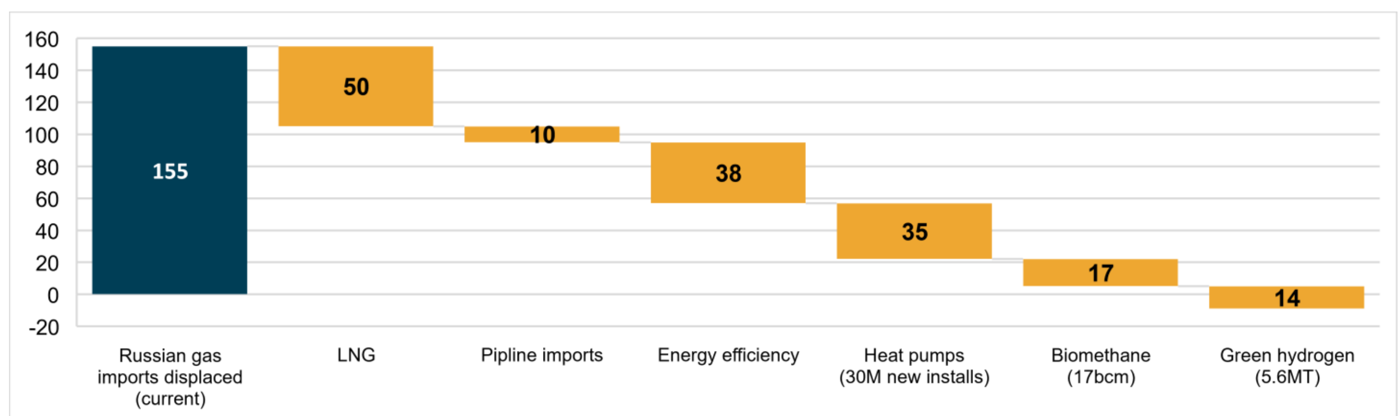
Dividends have become the other priority driving corporate behaviour. Born of out of the poor capital allocation choices of the prior decade, and equity performance delivering significantly below index levels of return, capital returns have moved up the pecking order for most in the sector with a recent pattern of fixed base dividends plus top-up dividends linked to quarterly free cashflow generation having become the norm. This behaviour has been reinforced by rising share prices as the market rewards this newfound discipline across the industry.

Summing up, we see threshold return requirements for investment as having increased significantly for the global hydrocarbon energy sector, the consequence being that significantly higher oil and gas prices are required to attract new investment and once again balance the market.

Russia's invasion of Ukraine in late February has catalysed a further dramatic reset in global energy markets, adding to capital cycle dynamics already driving prices. Russia is the world's 3rd largest hydrocarbon producer, behind the United States and Saudi Arabia, and provides one third of European gas and produces 11mn barrels of oil per day. Europe, already struggling under the weight of the world's highest energy prices, has now moved to eliminate its dependence on Russian gas announcing the "RePowerEu" program within days of the invasion occurring. By 2030 the program seeks to eliminate the need for Russian gas through a series of measures including:

- accelerating the importation of non-Russian LNG
- increasing pipeline imports from other regions (Norway, Africa)
- introducing industrial and consumer energy efficiency measures
- installing 30 million heat pumps
- accelerating biomethane and green hydrogen production.

Figure 3: EU's target to displace Russian gas imports (2030, bcm)



Source: European Commission, Antipodes

Margin of Safety

– relative pricing matters as US gas remains the cheapest natural gas source globally, whilst EU policy puts a bid under global LNG demand

Perspective is critical in gas markets – gas is gas, but logistics is the bottleneck. Right now, European prices are c. $33/mmbtu (Metric Million British Thermal Unit) whilst the same gas in the US is $6/mmbtu. The only issue is the logistics network between the two which we believe will be built out aggressively as cutting reliance on Russian gas becomes a strategic objective on both sides of the Atlantic.

Europe consumes just under 500bcm (billion cubic metres) of gas annually, of which around 155bcm is imported from Russia. The total US market is approximately 800 bcm. The EU's plan implies a reduction in Russian imports of 100bcm in 2022, recognised by the EU commission as an enormous shift in scale, indeed Timmermans noted "It is hard, bloody hard. But, it is possible, if we are willing to go further and faster than we have done before". The table below outlines expectations for Europe's gas flows in 2022 should the targets in the RePowerEu program be achieved. As highlighted, Russian gas supplies will decline by 100bcm, and assuming new measures (efficiencies, renewables etc) are successful, we estimate there to be a net additional call of 90bcm on global LNG markets in 2022 versus 2021, making Europe a buyer for approximately one fifth of all LNG.

Figure 4: Expectations for Europe's gas flows in 2022

European Gas Flows (bcm)	2021	2022	of which Russia
Production	69	69	
Pipeline	313	231	
Russia	142	59	-83
Norway	124	130	
North Africa+	38	42	
LNG	94	184	-17
RePowerEU Measures			
Efficiencies		18	
Heat pump + biomethane		5	
Wind/Solar deployments		20	
Storage	19	-15	
Total Demand	**495**	**495**	
Net Change in Russia Supply			-100
Net Change in LNG ex Russia		**90**	

Source: OEIS, Antipodes

Europe is also seeking to replenish its gas storage levels over the European summer to prepare for a winter without Russian gas. In 2021, the system drew 19bcm from storage, however this year it plans to add 15bcm to achieve desired storage levels (90% by October 1st), resulting in a net storage swing of 34bcm this year, adding significantly to the call on LNG.

In 2021 worldwide LNG trade totalled 480bcm, according to the International Energy Agency. Europe's accelerated move away from Russian gas, adding an additional 90bcm to global demand will likely sustain tight conditions for the foreseeable future. Against this backdrop the United States stands out; having a) the cheapest natural gas prices in the world, and b) an ambition to liberate its gas stores as additional LNG liquefaction capacity is built for export. We also expect US domestic politics and policy to support an acceleration in US LNG exports to aid Europe's move away from Russian gas. For these reasons it has made sense for Antipodes to allocate more of our energy exposure to US natural gas plays as this cycle has evolved.

Margin of Safety
– lowly priced valuations given longevity of resource base

Key holdings here include EQT Corp and Coterra Energy, where we see attractive starting valuations and a much bigger opportunity for US gas to be repriced as LNG export capacity is built-out – along with longevity of earnings power given the scale of their resource base. Priced off 2023 natural gas forward prices, EQT and Coterra trade at free cashflow yields of 23% and 17% respectively. However, we see upside to US natural gas prices as exports take an increasing share of US production, coupled with underinvestment in upstream development keeping supply tight. If we apply US Henry Hub "spot" pricing - today at $6.30/mmbtu – to our 2023 outlook, EQT and Coterra's free cash flow yields rise to 45% and 22% respectively. If we were to assign an "energy equivalent" price[7] to US natural gas relative to crude oil, prices would need to reach around $16/mmbtu, and as a further reference European front month gas futures prices today trade at $33/mmbtu. In other words, our margin of safety around both natural gas equity valuations and gas prices appears very attractive.

In conjunction with these exposures Antipodes has established weightings in providers that will be critical in developing new, as well as modernising existing, energy transport infrastructure. Portfolio holding Technip Energies (TE), for instance, built the world's very first LNG facility in the 1960's and continues to be among the foremost designers and builder of LNG systems today. TE's backlog of business at the end of 2021 stood at €16.4bn growing by 30% for the year, and dwarfing its equity value of only €2bn. TE also has strong capabilities in providing remediation of brownfield installations such as petrochemical facilities as owners look to decarbonise and extend the life span of these assets. TE's shares today can be purchased on a forward price earnings ratio of 8x, with the recently announced share buyback and maiden dividend payment (4% yield) providing further conviction in the outlook for the business.

Siemens Energy designs and builds gas turbines used in power generation, but also the critical transmission and distribution components used to develop and modernise electrical grids - investment necessary to carry increased loads and link up newly developed wind and solar installations. This core business has returned to profitability and growth over the past 18 months, with core "Gas & Power" orders growing 11% in the December 2021 quarter with operating margins expanding by 200 basis points to 6.4% versus the prior year. Siemens Energy also own two-thirds of the world's largest offshore wind turbine company Siemens Gamesa. While there are short term challenges associated with cost inflation, recent EU announcements have reminded us of the long-term commitment the region has to develop its wind resources. Specifically, the "RePowerEU" program is accelerating the permitting process for new renewable projects, while tax credits associated with America's "Build Back Better" program should combine to boost investment in wind energy over the next five years. Also on the horizon is the emergence of "floating" offshore wind technology, that will be cheaper and faster to deploy. These factors should lead to a reacceleration in orders for Siemens Gamesa starting later this year.

Looking at a sum-of-the-parts analysis provides compelling value: deducting the listed market value of Siemens Gamesa plus cash and other investments from the Siemens Energy balance sheet, we are paying less than 5x net earnings for its core "Gas & Power" business, implying an enormous margin of safety on our investment. We expect both policy and financial market dynamics to drive a cycle of investment across the broad energy infrastructure landscape over the next decade.

7 A barrel of oil contains approximately 6x the combustible energy as 1mcf of gas, hence $100 per barrel of oil would in energy equivalent terms equate to gas prices of $16.66/mmbtu.

Outlook

Inflation rate hikes and a sharp rotation into low multiple stocks as higher yields led to a repricing of risk were set to define global equities in 2022. Then the crisis in Ukraine hit.

Geopolitical and economic uncertainty saw investors seek refuge in US equities in the latter part of the quarter with the S&P 500 posting one of the largest and fastest bear market rallies since 1928. By the end of March, the S&P was only 5% shy of all-time highs set in early January despite the shift in uncertainty. Pleasingly the Antipodes global portfolios generated alpha during the quarter due to exposure to materials and commodities, including an overweight to energy and gold, and an underweight to expensive tech and expensive domestic cyclicals in the US.

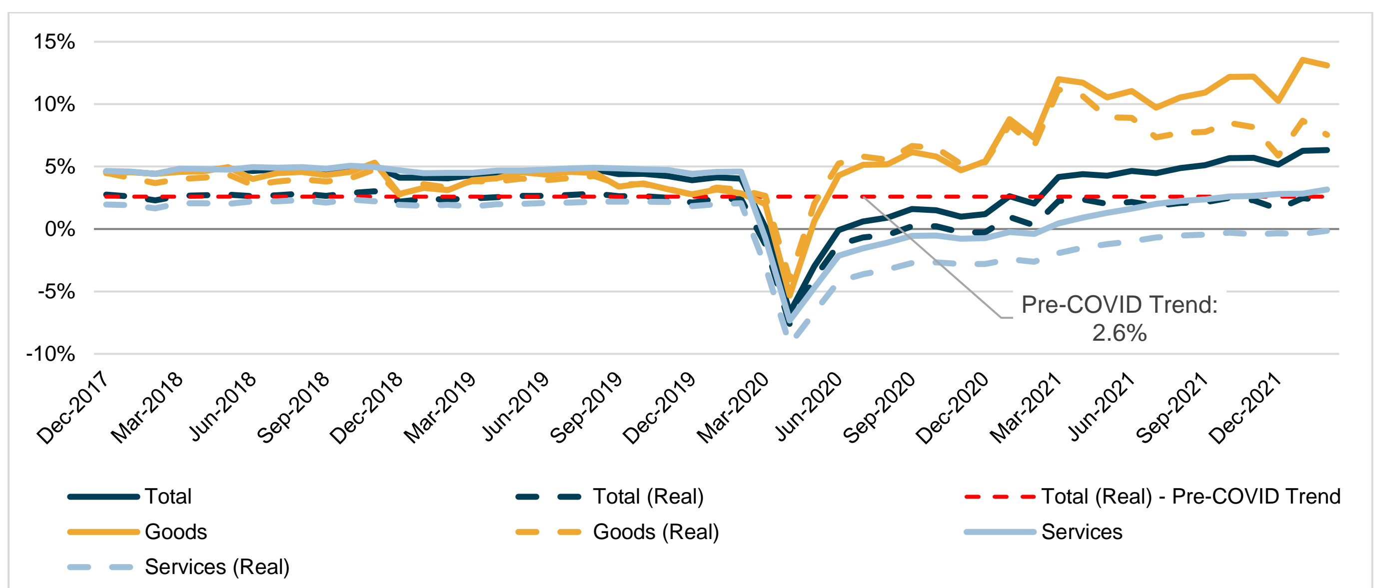
We've highlighted the stagflation tail risk scenario for some time now, as the West passes its peak rate of stimulus led growth coupled with inflationary pressures in the system. The war in Ukraine has intensified this risk.

Russia, Ukraine and Belarus are not only large exporters of oil and gas but other commodities including steel, aluminium, nickel, fertiliser and timber. Russia and Ukraine produce around 30% of global wheat, 20% of corn and 13% of vegetable oil (including more than 50% of sunflower oil), and Russia and Belarus control almost 40% of the global potash fertiliser market. Food prices have already risen 13% in March[8] and are likely to continue rising. This is a second supply side shock on top of the yet to be fully resolved COVID-19 supply side shock.

Headline inflation in the US rose further to 8.5% in March. Higher energy and food prices are adding to existing pressure in wages and rent. Wages in the US continue to rise c. 6% p.a. due to a mismatch between labour supply and skills in demand, and residential rents c. 15% p.a. with no sign of deceleration. This will continue to feed into CPI over the year as the official statistic still captures rent inflation at just c. 5% due to the flow-based nature of the calculation.

Nominal personal consumption (PCE) in the US is growing around 6% p.a. post COVID[9] versus a pre-COVID trend of 4.3% p.a, but on an inflation adjusted basis real PCE was 2.3% p.a. in February 2022 (two-year rolling basis), modestly below a pre-COVID trend of 2.6% p.a. Consumption has been supported by significant over-spending in goods due to stimulus and lockdown. We expected goods consumption to slow and with offsets from higher/normalised spending on services as the global economy moved to a full reopening. However, real goods consumption is under pressure from a higher than expected inflation tax. Hence, consumption related freight bottlenecks are likely to alleviate much faster than the market expects. As the year progressors, the volume of physical goods in the supply chains, especially in COVID winner categories like consumer electronics, used cars, DIY and sporting apparel will fall.

Figure 5: Nominal vs Real PCE – 2 Year Rolling CAGR



Source: Bureau of Economic Analysis

8 Food and Agriculture Organisation of the United Nations

9 February 2020 – February 2022

US household consumption has been resilient to date due to excess savings and wage growth, but with inflation running higher than 8%, low-income households are likely to be sensitive to rising rent, energy and food prices. For as long as real wage growth remains negative, downside risks to discretionary spending loom.

Consumption of services such as travel, hospitality and entertainment will normalise with full reopening but are a relatively small proportion of the services basket compared to housing and healthcare. Looking forward we see mixed signals for household consumption and the US economy. We are tracking the US/global consumption data closely given the implications for the global economy, and in this context, it will also pay to monitor for signs of a sustained household credit cycle as additional support.

Even as the outlook for economic activity has become less certain, the US Federal Reserve's rhetoric around inflation has become even more hawkish given how tight the labour market is. Prior economic and market drawdowns have seen the Fed pivot and reverse policy, but higher and stickier inflation is likely to force the Fed to run tight policy even in the face of weakening economic growth.

The Fed has indicated neutral policy rates of 2.3 – 2.5%[10] , which the market has already forecast to reach by the end of this year. Additionally, it intends to reduce its $9t balance sheet by $95b per month and to reach that pace of tightening relatively quickly. This is far more aggressive than QT in 2017[11]. At $95b/month, the balance sheet will reduce by around $1t p.a. (or c. 12%), with Chairman Powell suggesting every $1t reduction equates to another 25bp rate hike.

The Fed is in a delicate position. Aggressively hiking short term rates could intensify any slowdown without necessarily addressing rising asset prices/inflation because the US consumer is more sensitive to long-end rates. For example, US mortgages are priced off 30-year yields so tightening at the short-end will not completely cool the housing market which is driving up rents. Further, raising short-end rates won't help solve a growing list of supply side constraints.

The market may be missing that the Fed strikes a balance between some rate hikes at the short-end (though potentially fewer than expected) and higher yields at the long-end via QT (selling bonds that have, for example, 10-year maturities), in effect engineering a steeper yield curve. Fewer rate hikes at the short-end will provide some protection to economic activity and control systemic risk while higher longer-term yields will curb the excesses in asset/property markets that are feeding services inflation. The Fed may need to channel some Chinese style "common prosperity" and target lower housing prices to maintain affordability and alleviate supply pressures. Clearly, there is significant potential collateral damage to the major equity indices if the Fed proceeds down the path of targeting higher longer-term yields (the reverse of what we are seeing in Japan and Europe). However, given the unpalatable trade-off of protecting broader employment but moderating inflation, against the reality that higher income households hold a disproportionate share of total assets and consume a disproportionate share of services, this may represent the socially acceptable option.

2022 is a year of transition, especially for US/Western policy. The last 18 months were characterised by incredibly loose monetary and fiscal conditions and both are now tightening. Against the backdrop of a drawn-out conflict in the Ukraine, the stagflation scenario has become our base case.

This sudden conflict also highlights the fragility of global energy markets, but particularly so in Europe. Russia accounts for around 10% of global LNG exports and 30-40% of Europe's gas supply and is not easily replaced. Accordingly, Europe cannot follow the US in sanctioning Russian gas and coal exports. Europe's desire to reduce dependence on Russian gas will see the bloc increase LNG imports and accelerate the shift to renewables, trends we have been well positioned toward for some time and discussed in our March 2022 podcast, "Energy and commodities: strengthening portfolios today, but what about the future?".

The Antipodes global portfolios have around 10% in the oil/natural gas cluster, anchored by exposure to US natural gas producers (EQT Corporation and Coterra Energy), and have been overweight before the current surge in energy prices. Our original investment thesis centred around the underinvestment in oil and gas, where industry capex has fallen by 50% between 2014 and 2020 due to deleveraging, ESG scrutiny and a focus on shareholder returns. This underinvestment has seen industry capex decline while demand for energy continues to rise globally. Whilst the ultimate goal is decarbonisation, this is a multi-decade investment cycle and natural gas, with half the emissions of coal per unit of electricity produced, is an important part of

10 Neutral policy is the point at which the economy is neither speeding up or slowing down

11 QT in 2017 was $50b/month, and it took the Fed more than a year to reach this target.

the transition. Despite abundant resource, the US is still a relatively small supplier into global gas markets with limited LNG export capacity and until recently little incentive to invest. US gas production and exports will increase over time given greater demand for gas as a transition fuel and a highly competitive gas price. Exposure to energy in the portfolio has broadened to include LNG infrastructure beneficiaries and equipment and services providers that are key to energy exploration and development. This topic is covered at length in our Quarterly Feature.

Our exposure to gas complements the 13% exposure to decarbonisation via capital providers/utilities that are greening the grid (e.g. EDF), materials key to decarbonisation (e.g. copper via Teck Resources), and the enablers that will facilitate a reduction in carbon emissions (e.g. Siemens).

Whilst US policy is unquestionably tightening, a war on Europe's doorstep could see Europe loosen fiscal policy to support the household as energy prices spike and accelerate decarbonisation with a dual mandate of energy independence and supporting economic growth. Inflation will likely see the European Central Bank (ECB) end almost eight years of negative interest rates but the ECB may take a more flexible approach towards monetary policy than the Fed e.g. the ECB is yet to walk away from QE.

Economic activity in China remained lacklustre over the quarter due to relatively weak credit data, continued weakness in the property sector and a worrying surge in COVID-19 infection rates which prompted lockdown in certain key cities/provinces under China's zero-COVID policy. We are, however, encouraged by a marked change in rhetoric and policy from the top echelon of the Chinese government.

Vice Premier Liu He recently stated the government must stabilise the economy, citing:

- monetary policy should be eased as required
- moderate loan growth is required to support the real economy
- property developer risk needs to be managed to create financial stability
- quality property developers should be supported
- regulation around internet platforms needs to be swiftly completed for the stability and healthy development of the platform economy

Residential real estate development directly accounts for c. 10% of GDP, and the slowdown continues to weigh on the economy. Policy easing gathered pace over the past few months and contracted sales began to stabilise and recover incrementally into February 2022. The recent widespread COVID-19 disruptions, however, saw contract sales of the top 100 developers in March decline to c. 60% of March 2019 levels. In terms of Government support, Asset Management Companies are now buying developer debt to accelerate restructuring, banks are supporting developer consolidation via M&A loans, mortgage rates cuts, accelerated approvals and rules on escrowed customer deposit cash were relaxed to support liquidity. These changes collectively represent growing urgency from the government to reverse the current liquidity and confidence crunch to allow the stronger developers to take-over projects at their choice and avoid a disorderly default process.

Gross property developer debt is around 30% of GDP, or around $4.5t. If one-third needs to be restructured (a worst-case scenario) it equates to around 25% of the People's Bank of China's balance sheet. By way of context, the Fed increased its balance sheet by nearly 120% in response to the pandemic.

As the regulator targets lower leverage across the sector, highly geared developers will be forced to prioritise debt repayment over land banking. China's property sector will consolidate around the larger quality players, the ultimate beneficiaries of reform. Housing starts will re-base to a level closer to real demand. On a headline basis urbanisation is high at 65% but broadly speaking one-third of these residents do not have household registration to live in the city (otherwise known as 'Hukou'), making it very difficult to acquire property. Adjusting for this, urbanisation is closer to 45%. The government estimates 300m citizens can be targeted with Hukou reform, along with policies such as lower deposits and mortgage rates, and rent-to-buy financing.

Finally, the Chinese Securities Regulatory Commission has modified rules restricting offshore listings from sharing financial records. This paves the way for Chinese ADRs to keep US listings and shows China's willingness to balance national security issues with the needs of investors/businesses.

Signs of greater policy stability reduce the tail risk around Chinese regulation and reform. We remain of the view that policy makers are rapidly reaching a tipping point where reform must be balanced against economic health to defend the 5.5% GDP growth target. The crisis in Ukraine and risks

to the global economy, a slowing export engine as consumption of goods in the West fades and an increase in COVID-19 infection and lockdowns (more below) heightens the need for China to stimulate. Add to this the 20th Party Congress elections at the end of the year where President Xi Jinping will be determined to be re-elected.

Tax cuts have recently been announced targeting small and medium enterprises which are a meaningful contributor to the economy accounting for 80% of employment and 60% of GDP, but China has the scope to do more and unlike the rest of the world doesn’t yet have an inflation problem acting as a handbrake to stimulus. China has a fiscal deficit of less than 5% of GDP (compared to the US at more than 11%) and government debt of less than 70% of GDP (120% in the US). We expect stimulus to focus on lower income consumption subsidies, decarbonisation investment and strengthening the social safety net via affordable housing, education and healthcare.

The key risks to recovery are that policy makers are too slow or too gradual to stimulate, that the risks in the property sector are not addressed, and the potential for more lockdowns as China attempts to gain control of the COVID-19 outbreak.

As the Western world moves toward learning to live with COVID-19, infection rates are rising with cases in Shanghai now exceeding 26,000 per day. China is in a challenging position. Less than 60% of the population aged 80 and above have been vaccinated, and less than 40% of those aged 60 and above have been boosted. Add to this Sinovac’s vaccine is less efficacious versus other COVID-19 vaccines, multi-generational households are commonplace, and a developing healthcare system. Therefore, China originally chose, and has since maintained, a zero COVID policy. Continued lockdowns in Shanghai as well as the Jilin, Guangdong and Hebei provinces and the potential for more outbreaks are a meaningful headwind to domestic consumption and manufacturing activity, with the potential to create added constraints in global supply chains if lockdowns persist. Balancing this, China is trialling its own mRNA vaccine with a view to a rapid rollout and is also seeking to minimise the duration of lockdowns. We are following this closely given the implications for domestic and global economic activity and inflation.

The global portfolios have c. 13% exposure to China. Even though the Chinese economy remains in the middle of a slowdown we are encouraged by the change in policy rhetoric and increase in frequency of announcements around protecting the economy, stabilising the property sector and reaching an end to the regulatory cycle. Our exposure remains focused on dominant consumer franchises with opportunities to increase market share that will perform well in a rebound (travel, insurance, restaurants), leading platforms that are relatively better positioned from a regulatory perspective (JD.com and Tencent), and very high quality property related exposures.

Whilst US equities were perceived to be the safe-haven in the early stage of the Russia/Ukraine sell off, weaker domestic data and Fed tightening may amplify the narrative around policy error. In this context we remain comfortable with our underweight to expensive US domestic cyclicals which will bear the brunt of a weaker environment.

We remain overweight European equities and remain biased towards companies that will benefit from a longer-term increase in spending around decarbonisation and defensives such as Sanofi and SAP. Domestic exposure is focused on financials which are well capitalised with a mandate to increase shareholder returns, utilities greening Europe's grid, and Tesco which is taking share as grocery shifts online.

Stagflation represents a more challenging environment as Growth-Value factor and bond-equity correlations will likely rise. Further, historically equity multiples have compressed at an aggregate level when inflation is sustained above 4%. We continue to avoid weaker companies, irrespective of growth profile, which will be tested in a tougher economic environment and focus on resilient market leaders that can take profitable market share against a backdrop of stickier inflation.

Appendix

Market returns to 31 March 2022 (USD, p.a.)

Absolute performance (%)	1m	3m	1y	3y p.a.	5y p.a.	10y p.a.
Regional equities (MSCI)						
AC World	2.2%	(5.4%)	7.3%	13.8%	11.6%	10.0%
USA	3.5%	(5.3%)	13.6%	18.5%	15.5%	14.0%
Europe	(0.1%)	(7.4%)	3.5%	8.2%	6.9%	6.3%
Japan	(0.5%)	(6.6%)	(6.5%)	6.8%	6.1%	6.5%
Korea	(0.1%)	(9.6%)	(18.5%)	8.7%	6.1%	4.5%
AC Asia ex Japan	(2.8%)	(8.0%)	(14.6%)	5.1%	6.7%	5.8%
All China	(8.3%)	(14.3%)	(24.2%)	1.3%	4.7%	5.4%
EM ex Asia	0.9%	(0.5%)	4.2%	1.7%	2.8%	(1.2%)
Global sectors (MSCI)						
Consumer Discretionary	1.2%	(11.3%)	(5.5%)	14.2%	12.4%	11.9%
Consumer Staples	(0.3%)	(4.0%)	7.5%	8.0%	6.7%	7.8%
Energy	5.2%	21.2%	40.0%	5.2%	5.1%	1.6%
Financials	0.9%	(0.4%)	11.1%	10.7%	7.8%	8.5%
Health Care	4.6%	(3.8%)	12.6%	13.8%	12.4%	13.0%
Industrials	2.1%	(6.0%)	1.5%	10.5%	9.0%	9.1%
Information Technology	2.3%	(10.3%)	12.3%	27.2%	23.6%	18.1%
Materials	4.1%	2.8%	10.9%	15.5%	11.6%	6.0%
Communication Services	(0.1%)	(10.6%)	(7.4%)	11.1%	7.4%	6.7%
Utilities	4.9%	1.2%	10.7%	8.5%	8.6%	7.0%
Commodities						
Crude Oil Brent	6.9%	34.6%	66.9%	15.7%	14.4%	(1.6%)
Gold	1.7%	7.5%	14.8%	14.5%	9.3%	1.6%
Bloomberg Commodity Index	8.6%	25.5%	49.1%	15.3%	7.8%	(1.3%)
Bonds (BAML)						
Global Government	(3.6%)	(6.5%)	(7.6%)	(0.4%)	0.9%	0.4%
Global Large Cap Corporate	(2.5%)	(7.5%)	(6.4%)	1.9%	2.7%	2.6%
Global High Yield	(1.4%)	(6.0%)	(4.7%)	3.2%	3.9%	5.1%
Currency						
AUD	3.5%	3.3%	(1.4%)	1.9%	(0.3%)	(3.2%)
USD	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EUR	(0.9%)	(2.2%)	(5.3%)	(0.3%)	0.8%	(1.8%)
JPY	(5.1%)	(5.1%)	(9.0%)	(3.0%)	(1.7%)	(3.8%)
CNY	(0.5%)	0.5%	3.3%	1.9%	1.7%	(0.1%)
SGD	0.3%	(0.4%)	(0.7%)	0.0%	0.6%	(0.7%)

Source: MSCI, BAML, Bloomberg, FactSet

Fund summaries
antipodes.com/fund-updates/

Further information

+44 7525 395 116

invest@antipodespartners.com

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