

Antipodes Wholesale Plus Global Fund

Quarterly report – 31 December 2024

Fund overview¹

Inception date	29 June 2016
APIR code	WFS0864AU
Fund size (AUD millions)	\$123.84
Investment objective	The aim of the Fund is to achieve absolute returns in excess of the benchmark over the investment cycle (typically 3–5 years).
Recommended investment timeframe	6 to 7 years
Distribution frequency	Annually
Management fees and costs (%) pa²	1.10
Performance fees (%) pa³	0.00
Buy/sell spread (%)	0.60/0.00

Performance review⁴

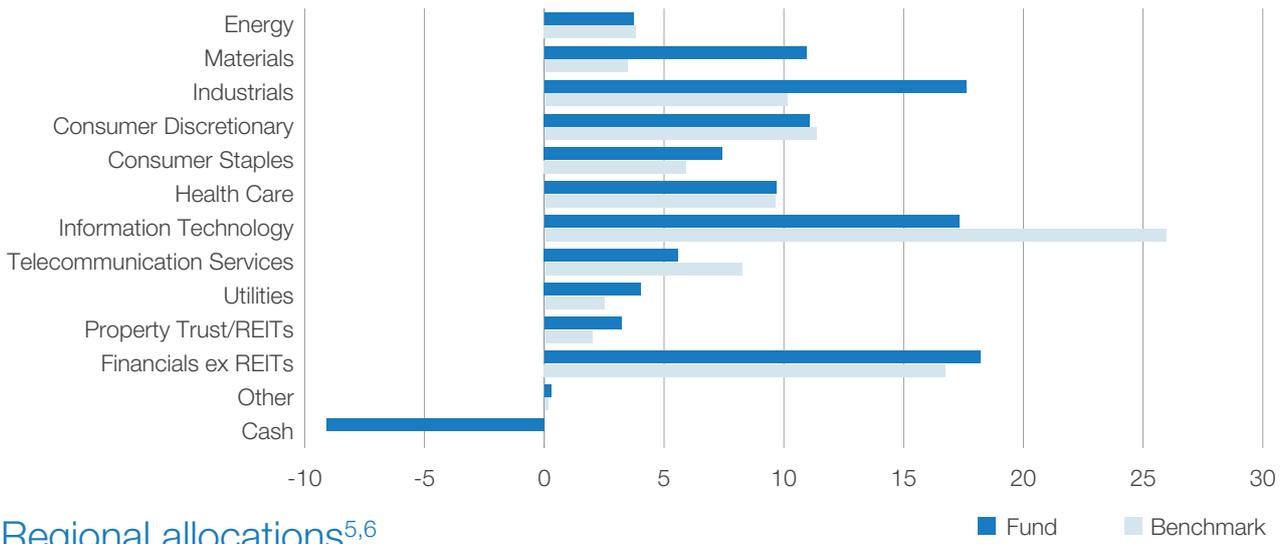
Period ending 31 December 2024	1 month	3 months	1 year	3 years	5 years	Since inception
	%	%	%	%pa	%pa	%pa
Total Net return	2.66	4.95	19.68	8.62	8.37	9.51
Growth return	2.66	4.95	7.87	0.71	0.97	3.14
Distribution return	0.00	0.00	11.81	7.91	7.40	6.36
Benchmark [~]	2.73	10.94	29.48	11.23	12.89	13.66

~ MSCI All Country World Net Index in AUD.

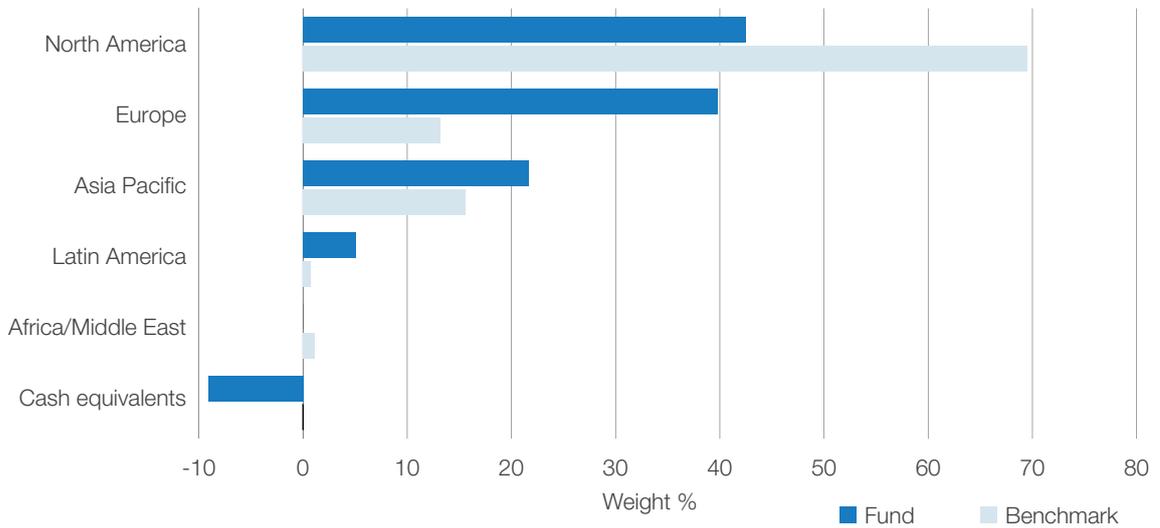
Top 10 holdings⁵

Holding	Fund %	Benchmark %
Alphabet	3.79	1.44
RWE	2.41	0.02
Capital One Financial	3.21	0.09
Sanofi	3.20	0.14
Amazon	3.30	2.68
Tesco	2.84	0.04
Microsoft	3.89	3.84
Airbus	2.50	0.12
SCOR SE	2.63	0.00
Societe Generale SA	2.92	0.03

Sector allocations^{5,6}



Regional allocations^{5,6}



Fund update⁵

The Antipodes Wholesale Plus Global Fund returned 4.95% over the quarter, underperforming the benchmark which returned 10.94% over the same period.

Portfolio performance was supported by exposures in Western Europe, particularly Germany, France and the UK, in addition to positive contribution from Taiwan. However, the portfolio's underweight position in North America, detracted from relative return, largely due to the outperformance of the 'Magnificent 7' technology stocks (+10.0%, USD). This contrasts with the remaining 493 companies in the S&P 500 index which returned (-1.5%, USD), highlighting the current concentrated nature of returns in the US market. On a sector basis, portfolio positioning in cyclical sectors including industrials, financials and real estate was additive over the Quarter. Underweight positioning in information technology was the most notable detractor, in addition to the consumer discretionary sector. Short positioning within the portfolio also detracted over the quarter.

During the quarter we increased our exposure to US financials via Ally Financial, which complements our existing holding in CapitalOne Financial. Ally's deposits are dominated by high-cost savings accounts while the loan book is dominated by fixed rate auto loans. Unlike many of its peers, Ally's net interest margin can expand even in a loosening cycle as lower policy rates take pressure off Ally's funding cost while auto loans fixed three to five years ago roll off onto higher interest rates. Given the fixed rate nature of its loan book, Ally can still see net interest margins widen even if policy rates remain unchanged. At 5x our 2026 earnings forecasts, our view is the market is underestimating the improvement in Ally's credit quality and earnings potential. Both Ally and CapitalOne are likely Trump beneficiaries due to tax cuts and deregulation, especially as capital requirements are unlikely to tighten under a Trump administration, freeing up capital for greater distributions and/or loan growth.

We increased our exposure to natural gas via EQT, the largest pure play natural gas producer in the US which can be a meaningful beneficiary of the expected increase in US gas exports. The company sits very low on the cost curve and offers a 10% 2026 free cash flow yield on current forward gas prices – prices which we believe are too low to incentivise new supply.

The move in mega cap tech stocks over the quarter catalysed a rotation in our Cloud/AI Monetisation exposure, one of our key structural investment trends.

In Software/Internet, we exited our long-held position in Meta and trimmed Oracle which have meaningfully outperformed, and added to relative laggards including Alphabet and Microsoft. Meta is facing normalising revenue growth while pressure on costs and capex rise as the company invests to become an AI leader. At 25x earnings the valuation is high relative to its own history. Oracle's continued strong performance saw the stock re-rate to 30x forward earnings at the time of reduction with a mid-teens earnings growth profile.

Conversely, we added to Alphabet and Microsoft. Alphabet is the only tech stock today to have an integrated AI stack from proprietary large language models and hardware to the application layer. Core search is proving to be more resilient than the market feared with evidence of AI beginning to drive better search engagement and higher usage. Additionally, there are other important growth drivers including Google Cloud, YouTube and the Android universe. Alphabet has performed in-line with the S&P, but at 19x earnings has a lower than market multiple but a better than market growth profile. See our recent video for our investment thesis. Microsoft is both a cloud winner (apps and infrastructure) and AI winner (apps and compute). The stock price has lagged on slower growth in its cloud infrastructure business Azure, but growth should re-accelerate into 2H25 as supply constraints ease. Microsoft is priced at 26x our 2026 earnings forecasts.

In Hardware, we exited Samsung Electronics and added to Keysight. Qualification of Samsung Electronics' High Bandwidth Memory, a special type of DRAM used inside AI chips, has taken longer than expected. The company will ultimately become a supplier to Nvidia and the hypescalers but this delay suggests Samsung could lag peers in qualifying for the next version. Keysight is a global supplier of electronic testing and measurement equipment. The orderbook is inflecting as key end markets (hyperscalers, aerospace, telcos) have begun to invest to grow their capabilities, while the 6G investment cycle, with early research beginning in 2025, represents an additional leg to the company's growth profile.

As uncertainty around China's policy response remains, we used the strong bounce in late September and early October to exit or meaningfully trim positions that met our price target such as Ping An Insurance and Tsingtao Brewery. We also exited Baidu as recent advertising revenue growth has remained structurally weak. While the company will benefit from a cyclical recovery we see greater upside from other exposures with stronger structural opportunities such as DiDi, China's leading ride hailing business with close to 75% market share. DiDi is expected to start reporting a profit this year as take-rates increase, losses from other domestic initiatives fall (e.g. food delivery) and international operations pivot from loss making to profit making. As at year end our global portfolios have c. 13% exposure to Chinese equities.

Trump's election win also provided the opportunity to add Mexican cement manufacturer Cemex, a dominant Mexican and leading US cement manufacturer. Even with some dismantling of the Inflation Reduction Act, only half of Biden's \$1.2t Infrastructure Investment and Jobs Act has been committed, and only half of this has been spent. Upgrading US infrastructure can underwrite demand, and the US is already a net importer of cement which will intensify as demand increases. A valuation of 7x earnings and 50% discount to replacement cost compensates for geopolitical risk.

Footnotes

1. Generally, the Wholesale Plus Funds are not open to direct investors. The Fund is only accessible through an Investor Directed Portfolio Service (IDPS), IDPS-like scheme or a nominee or custody service, a managed account or any other service or platform approved by us, or through a superannuation fund. Refer to the Product Disclosure Statement for the Fund which is available at bt.com.au/wholesaleplus or contact 1300 881 716 for more information.
2. The management costs identified in this fact sheet comprise the management fee, indirect costs and include the effect of GST (net of reduced income tax credit (RITC)). Refer to the Product Disclosure Statement of the Fund and online disclosures for further information.
3. Performance fees are prescribed by legislation to be calculated based on the average of the performance fees incurred by the Fund or Underlying Fund (as relevant) over the previous 5 financial years.
4. Past performance is not a reliable indicator of future performance. Performance figures are calculated net of all fees and costs and before taxes, other than any fees and costs deducted through an investment platform. Growth and distribution returns may not equal the total net return received due to rounding.
5. Information shown has been provided by the underlying manager.
6. Allocations may not equal 100% due to rounding.

For more information

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