



A fundamentally different regime

February 2023

Disclaimer

This communication has been prepared by Antipodes Partners Limited ('Antipodes') ABN 29 602 042 035 AFSL 481580 as the investment manager of the Antipodes Global Fund (ARSN 087 719 515) and is for general information only. Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371 ('PFSL') is the product issuer of the Fund. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') ABN 22 100 325 184. The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund is available at www.antipodes.com. Any potential investor should consider the relevant PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund.

Antipodes believe the information contained in this communication is reliable, however no warranty is given as to its accuracy and persons relying on this information do so at their own risk. Any opinions or forecasts reflect the judgment and assumptions of Antipodes and its representatives on the basis of information at the date of publication and may later change without notice. The information is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so.

Past performance is not a reliable indicator of future performance. Unless otherwise specified, all amounts are in Australian Dollars (AUD).

To the extent permitted by law, Antipodes disclaim all liability to any person relying on the information in respect of any loss or damage (including consequential loss or damage) however caused, which may be suffered or arise directly or indirectly in respect of such information contained in this communication.

The information contained in this communication is not to be disclosed in whole or part or used by any other party without the prior written consent of Antipodes. Antipodes and their associates may have interests in financial products mentioned in this communication.

A fundamentally different regime



A fundamentally different regime



Fiscal activism to continue

Rise in populism set wheels in motion

Now climate and security in focus

A fundamentally different regime



Fiscal activism to continue

Rise in populism set wheels in motion

Now climate and security in focus



More volatile economic cycle

This will weigh on equity multiples



Navigate the shifting landscape with a pragmatic approach to value



Fiscal activism to continue

Rise in populism set wheels in motion

Now climate and security in focus



More volatile economic cycle

This will weigh on equity multiples



New winners will emerge

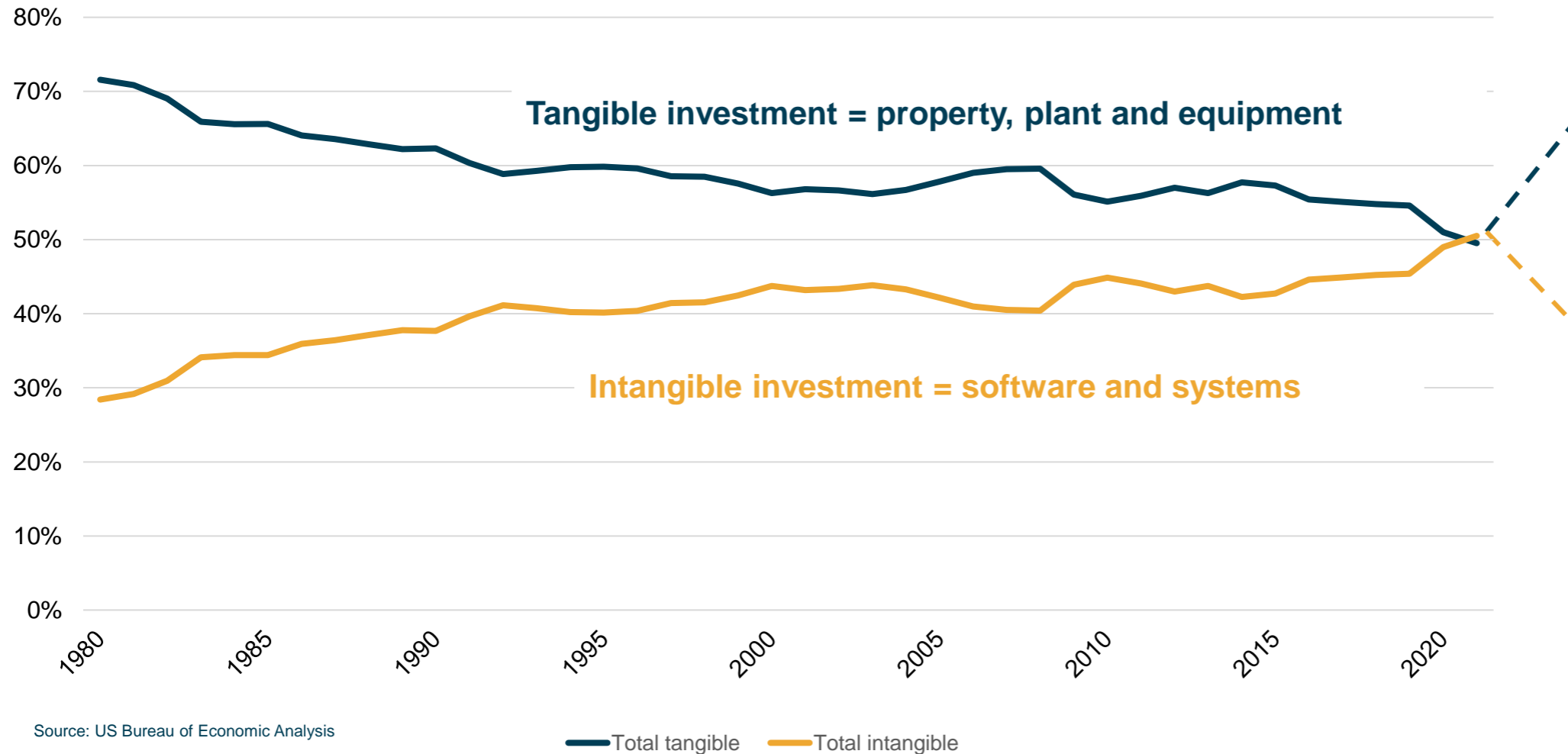
Shift to tangible investment cycle

Decarbonisation, onshoring, infrastructure & defence

Fiscal activism: “inflationary” supercycle in “tangible” investment

Solves for risk rather than productivity

Gross non-residential Fixed Asset Investment mix (%)



“Tangible” plays

- SIEMENS
- TotalEnergies
- tsmc
- Frontier COMMUNICATIONS

A more volatile economic cycle will weigh on equity multiples

Inflation will fall with tighter monetary policy, but:

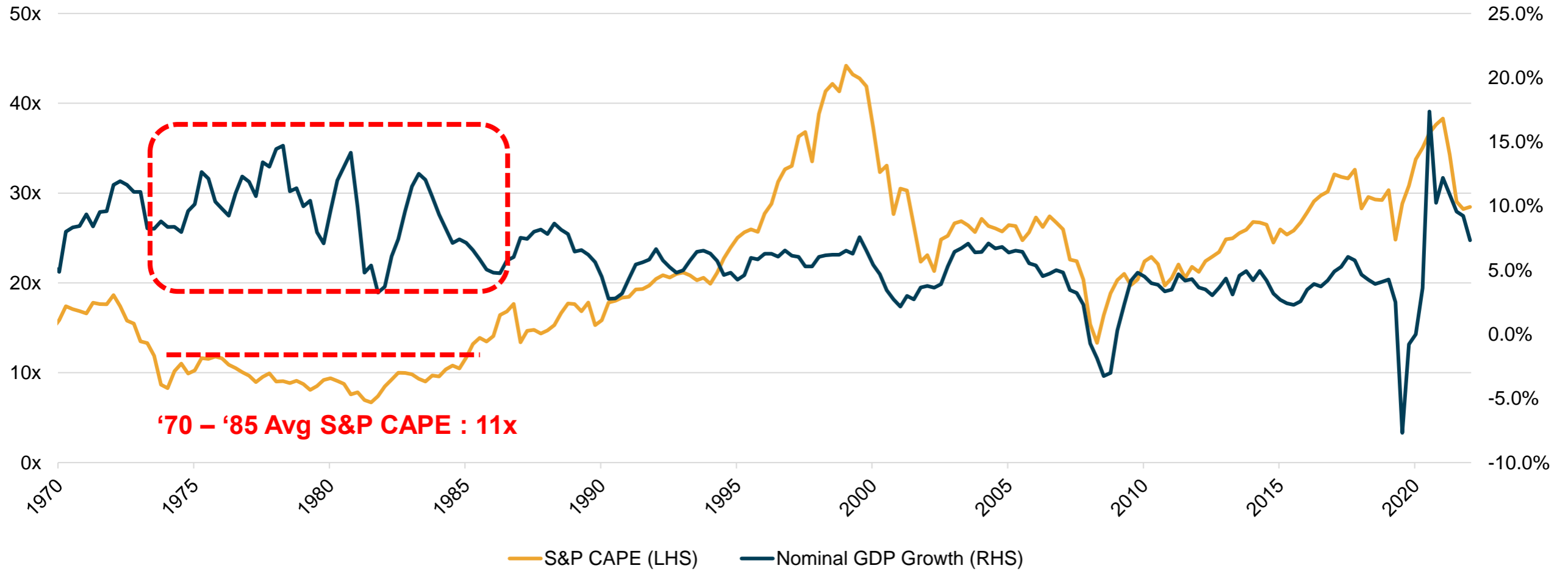
- Policy led stimulus → Trump tax cuts, COVID response ... and now IRA, CHIPS Act
- Wage pressure is sticky → structurally lower labour participation rate and skills mismatch in US and UK
- Longer-term inflationary forces → China's cost arbitrage has closed, ageing populations, decarbonisation ... with some offset from AI/ML

We've seen this before ...

Will history repeat?

70s and 80s characterised by extreme policy swings and roundabouts

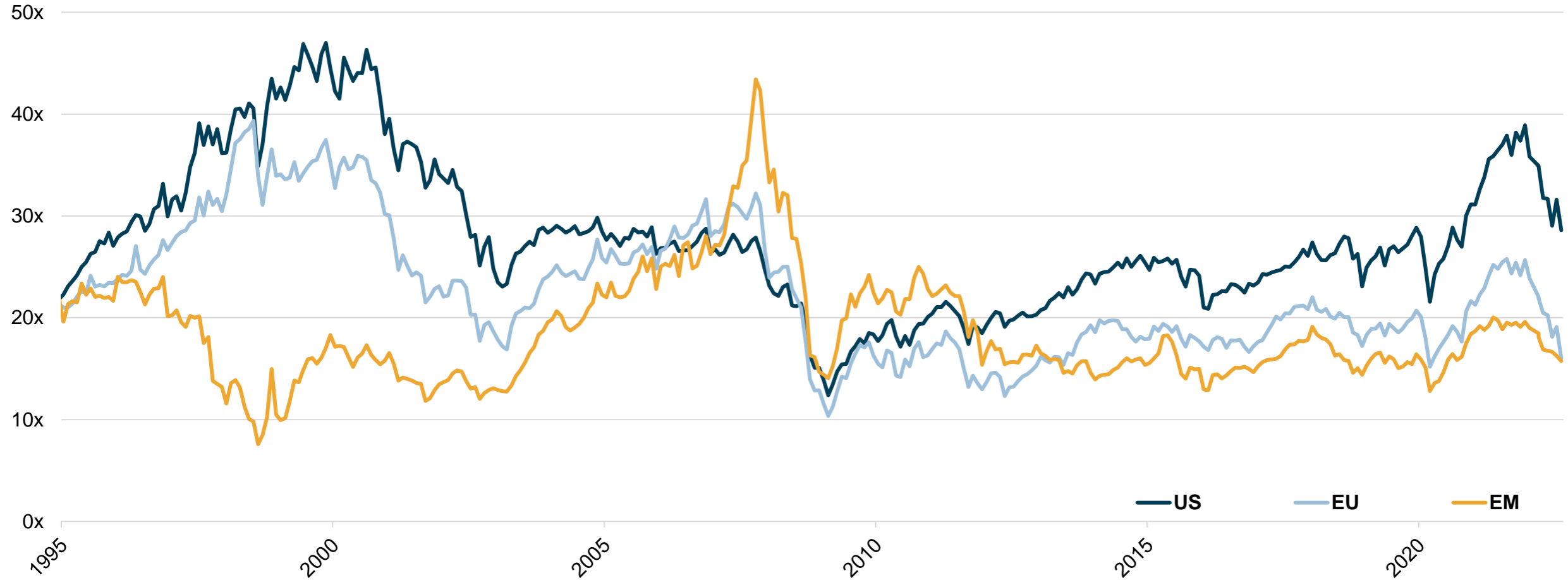
Nominal GDP vs S&P CAPE



Source: Yale, Antipodes

The great valuation divide

Europe and China further into downgrade cycle and valuations are more attractive



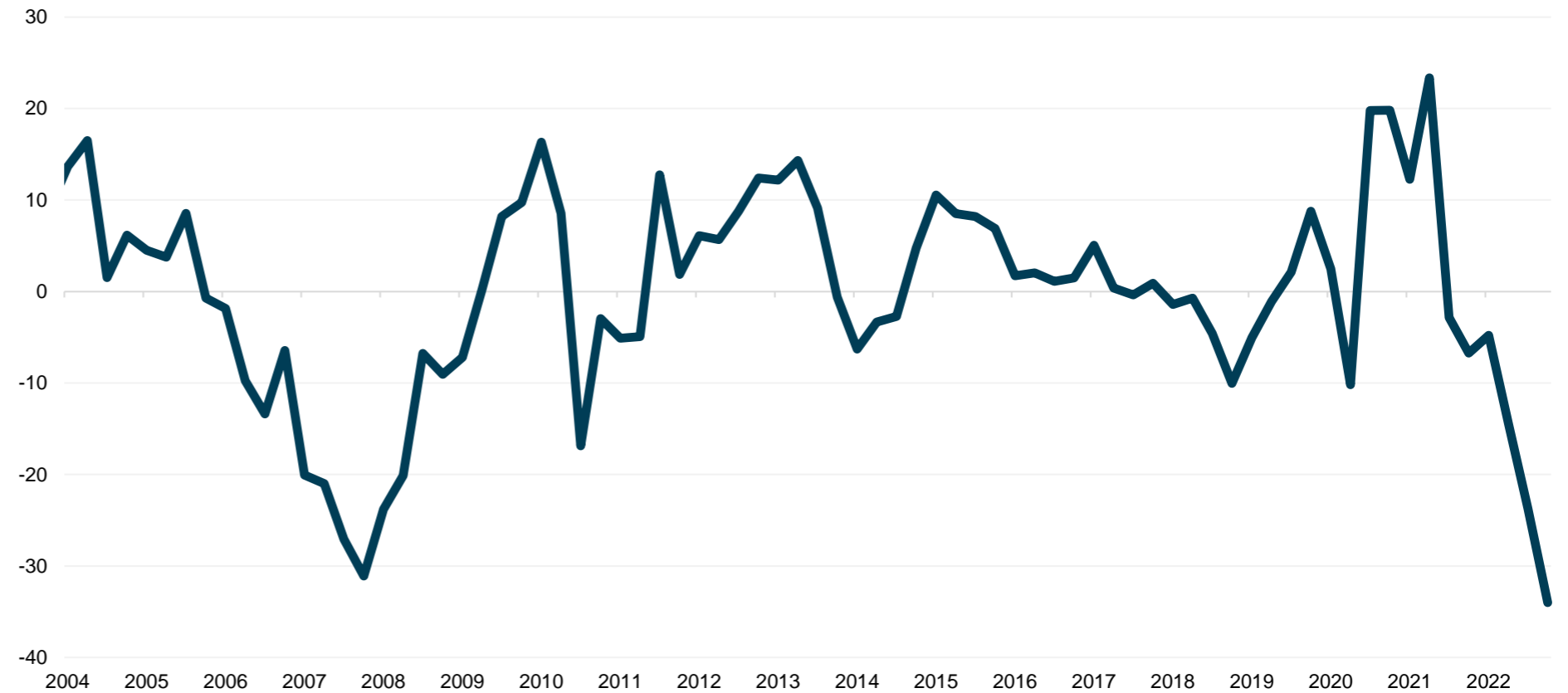
Source: FactSet, Antipodes

HOPE is an acronym ... not a strategy

Fed pivot coming ... but we're not there yet

Housing

Existing Home Sales (YoY)



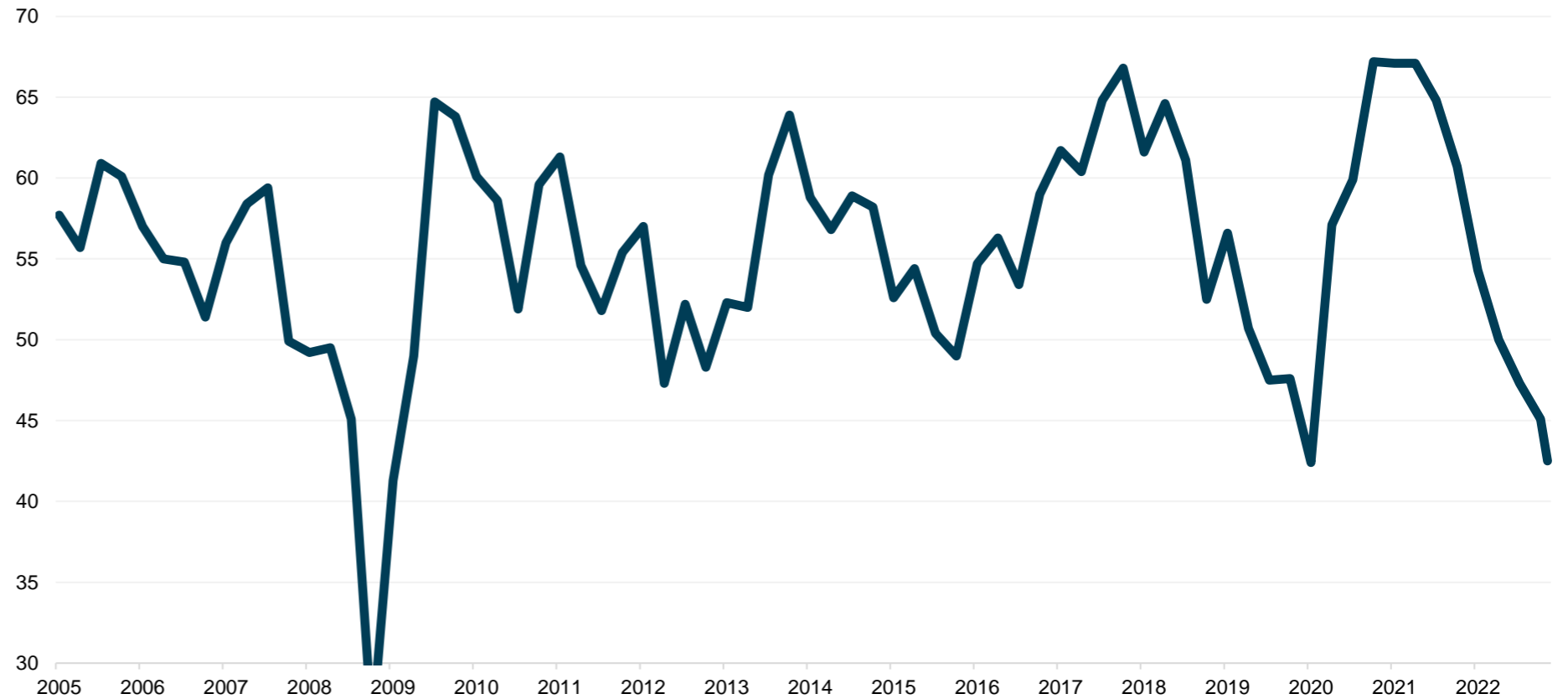
Source: National Assoc. of Realtors

HOPE is an acronym ... not a strategy

Fed pivot coming ... but we're not there yet

Housing Orders

ISM New Orders



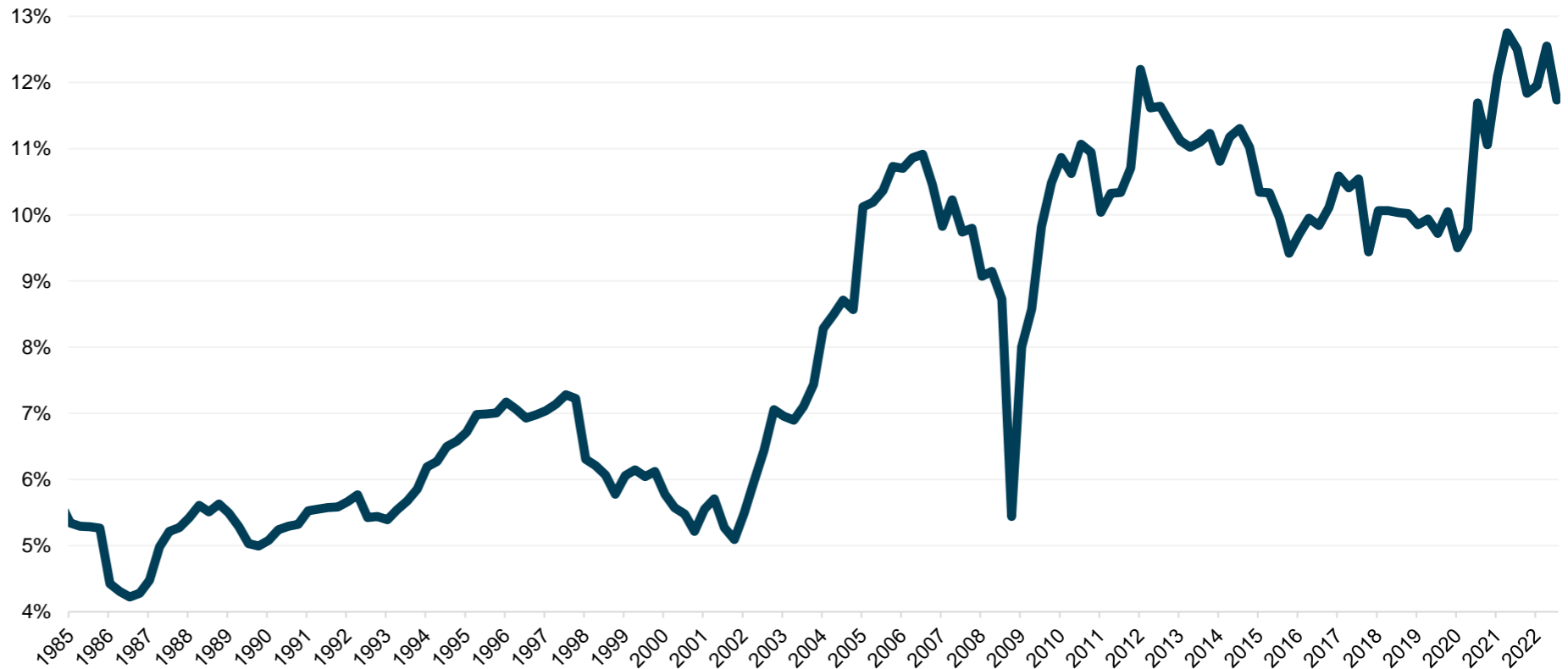
Source: Institute of Supply Management

HOPE is an acronym ... not a strategy

Fed pivot coming ... but we're not there yet

Housing
Orders
Profits

After Tax Corporate Profits to GDP



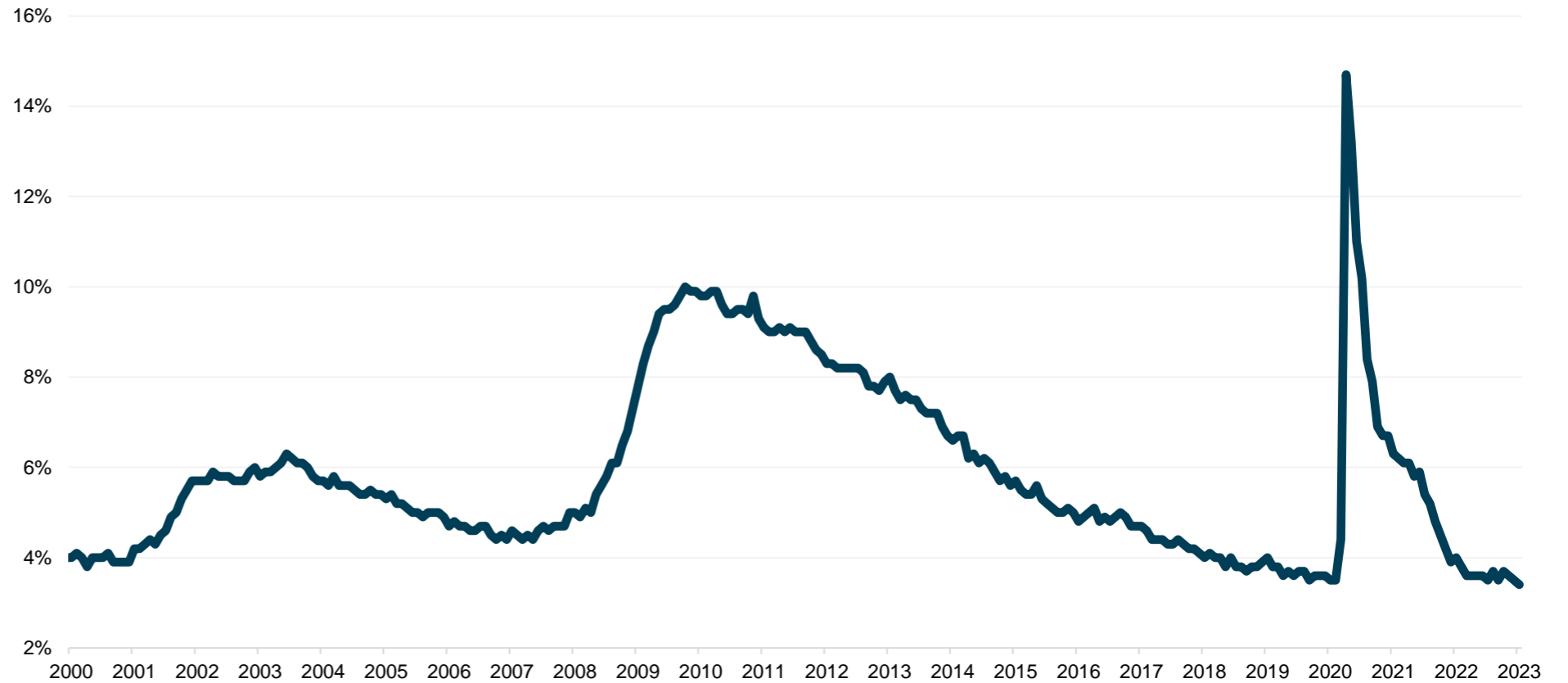
Source: Bureau of Economic Analysis

HOPE is an acronym ... not a strategy

Fed pivot coming ... but we're not there yet

Housing
Orders
Profits
Employment

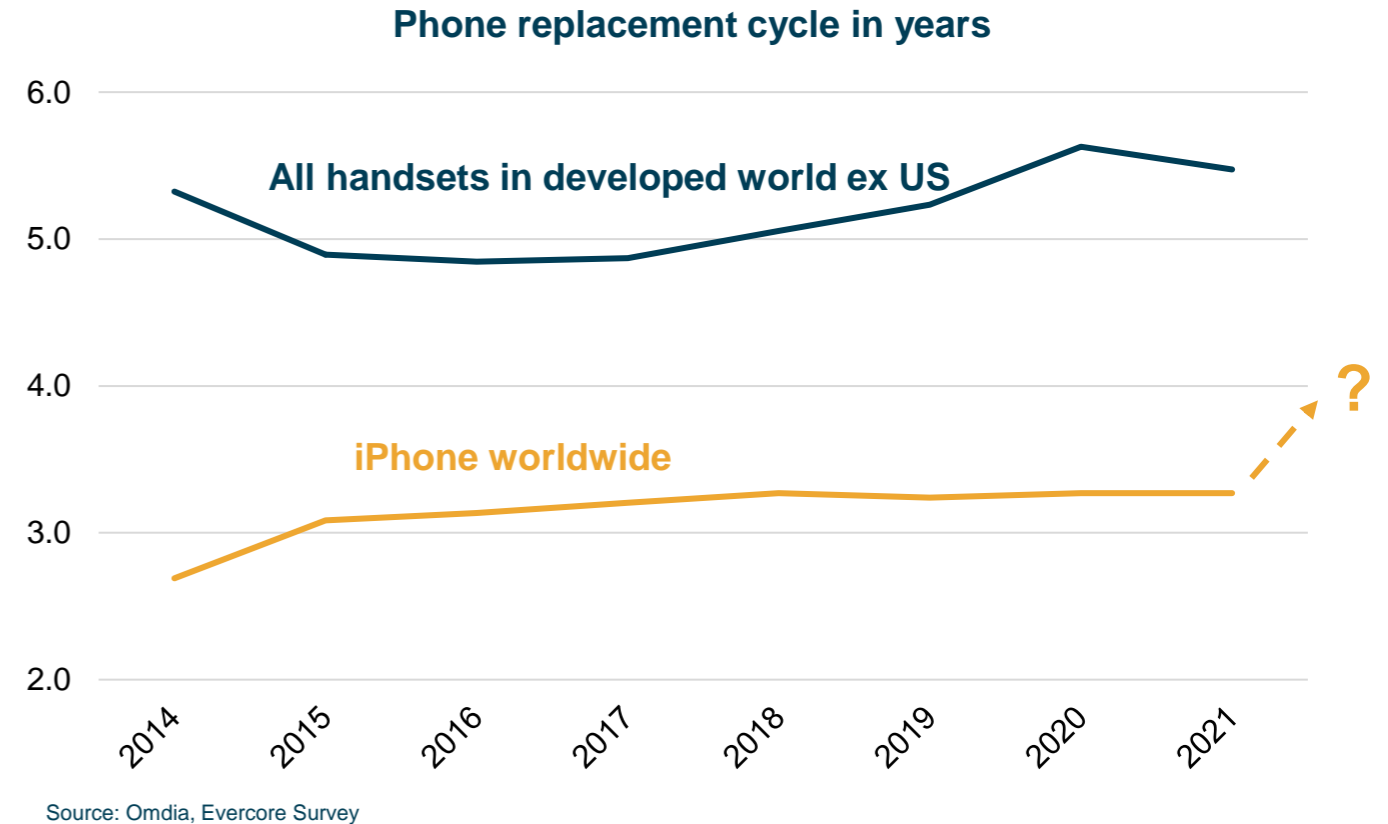
Unemployment Rate



Source: Bureau of Economic Analysis

Competition is rising amongst yesterday's winners

Be selective, the margin of error is growing



Focus on tomorrow's winners

Pragmatic value exposure to AI and high performance compute

TSMC: 12x earnings

- The arms dealer with a near monopoly status at leading edge chip production
- Barriers to entry are rising
- Demand increasing across AI, datacentre, next gen 5G/WiFi, autonomous/electric vehicles



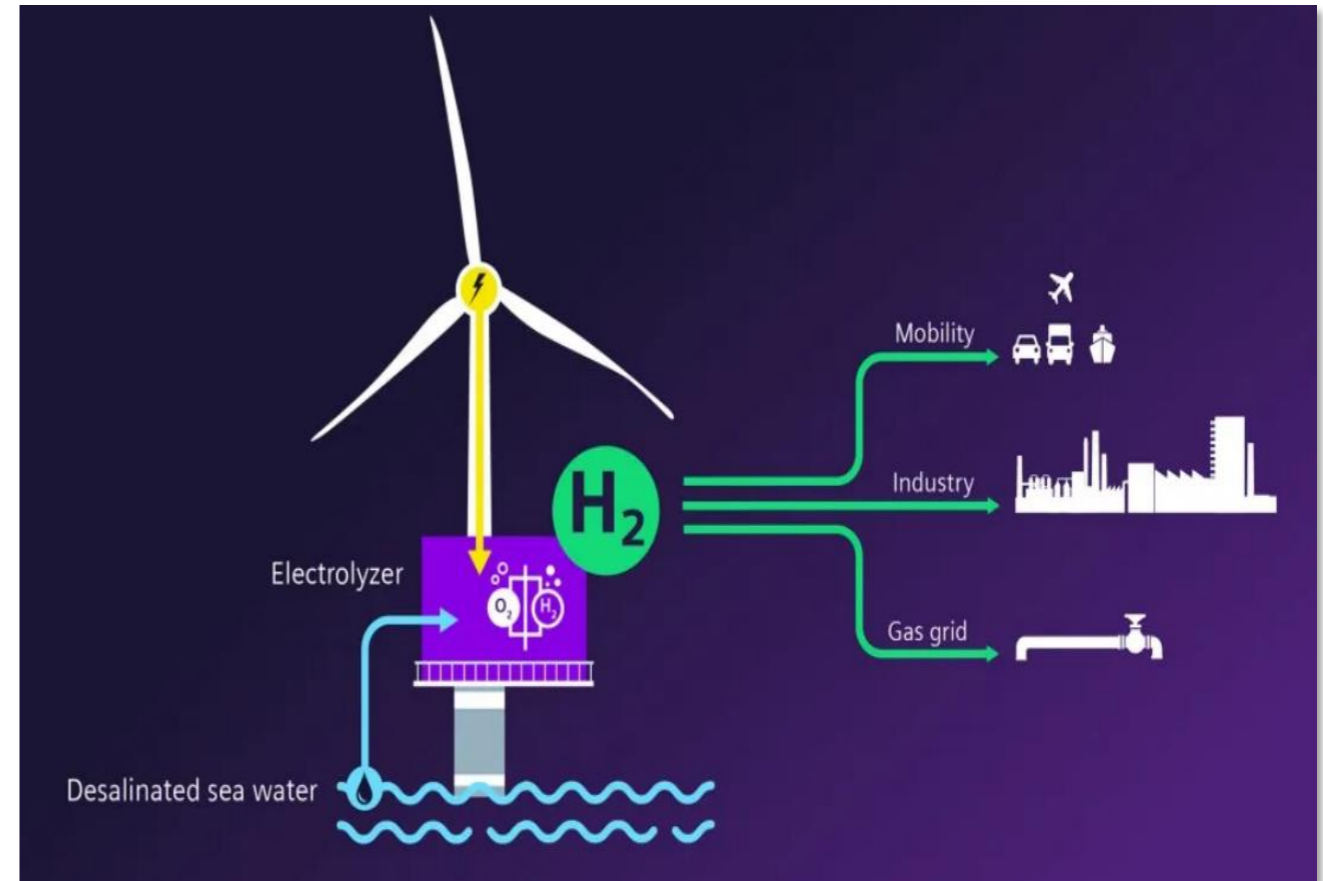
Oracle and Microsoft: 16x and 25x earnings

- Control large corporate (and consumer) datasets
- Incorporate AI solutions within existing software
- Offer ready to use 'AI as a service' via cloud



Siemens Energy: the “Swiss Army Knife” of decarbonisation

- #1 in offshore wind turbines and leader in onshore wind
- Utility scale gas turbines: oligopoly and a critical enabler of renewable build out
- Next gen solutions: electrolysers and hydrogen-fired utility scale turbines
- Benefits from investment needed to strengthen the grid
- Backlog €100b equals 3 years' sales
- 5x EV/EBITDA (2025)



Source: Siemens Energy

Investing in a fundamentally different regime

- Position for policy led stimulus; a supercycle in “tangible” investment is coming
- Be wary of rising competition amongst yesterday’s winners
- Take advantage of the earnings cycle divide; active management is key
- Monitor key tail risks around hard landing but also geopolitics, levered economies

Navigate the shifting landscape with a pragmatic approach to value

Strategy summary

Antipodes Global Shares (Quoted Managed Fund) (AGX1:ASX)	Antipodes Global Fund – Long	Antipodes Global Fund	Antipodes Emerging Markets (Managed Fund)
Lonsec (Recommended)	Lonsec (Recommended)	Lonsec (Recommended)	Lonsec (Investment Grade)
Zenith (Highly Recommended)	Zenith (Highly Recommended)	Zenith (Highly Recommended)	Zenith (Recommended)
Morningstar (Bronze)	Morningstar (Bronze)		
  	  	 	 

Ratings Disclaimers



© 2018 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/s/fsg.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement (Australian products) or Investment Statement (New Zealand products) before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782 ("ASXO").



The Zenith Investment Partners ("Zenith") Australian Financial Services License No. 226872 rating (IOF0045AU rating issued November 2018, WHT0057AU rating issued November 2018, IOF0203AU rating issued November 2018) referred to in this document is limited to "General Advice" (as defined by the Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Zenith usually charges the product issuer, fund manager or a related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessment's and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>



The Lonsec Ratings (assigned as follows: Antipodes Global Fund - February 2018; Antipodes Global Fund – Long - February 2018; Antipodes Asia Fund - February 2018) presented in this document are published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421445. The Ratings are limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial products. Past performance information is for illustrative purposes only and is not indicative of future performance. They are not a recommendation to purchase, sell or hold Antipodes Partners products, and you should seek independent financial advice before investing in these products. The Ratings are subject to change without notice and Lonsec assumes no obligation to update the relevant documents following publication. Lonsec receives a fee from the Fund Manager for researching the products using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: <http://www.beyond.lonsec.com.au/research-solutions/our-ratings>.





Thank you

