



Global Equities... At the Right Price

2024 PINNACLE INVESTMENT SUMMIT: VALUE, GROWTH OR BOTH?

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Link to the TMD: [IOF0045AU](#), [WHT0057AU](#), [IOF0203AU](#), [WHT3997AU](#)

For historic TMD’s please contact Pinnacle Client Service phone 1300 010 311 or email service@pinnacleinvestment.com

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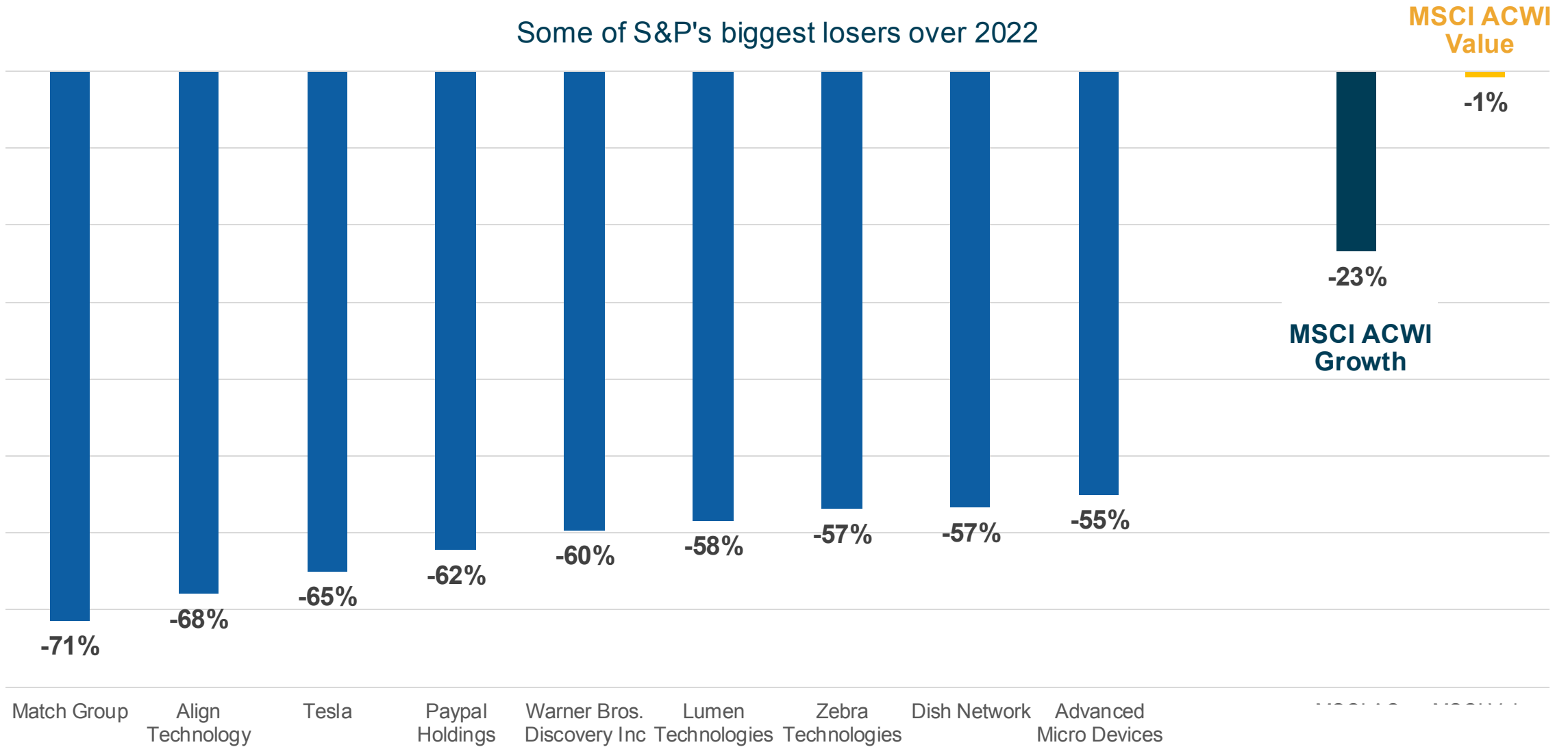
Memories from 2022... Ouch!

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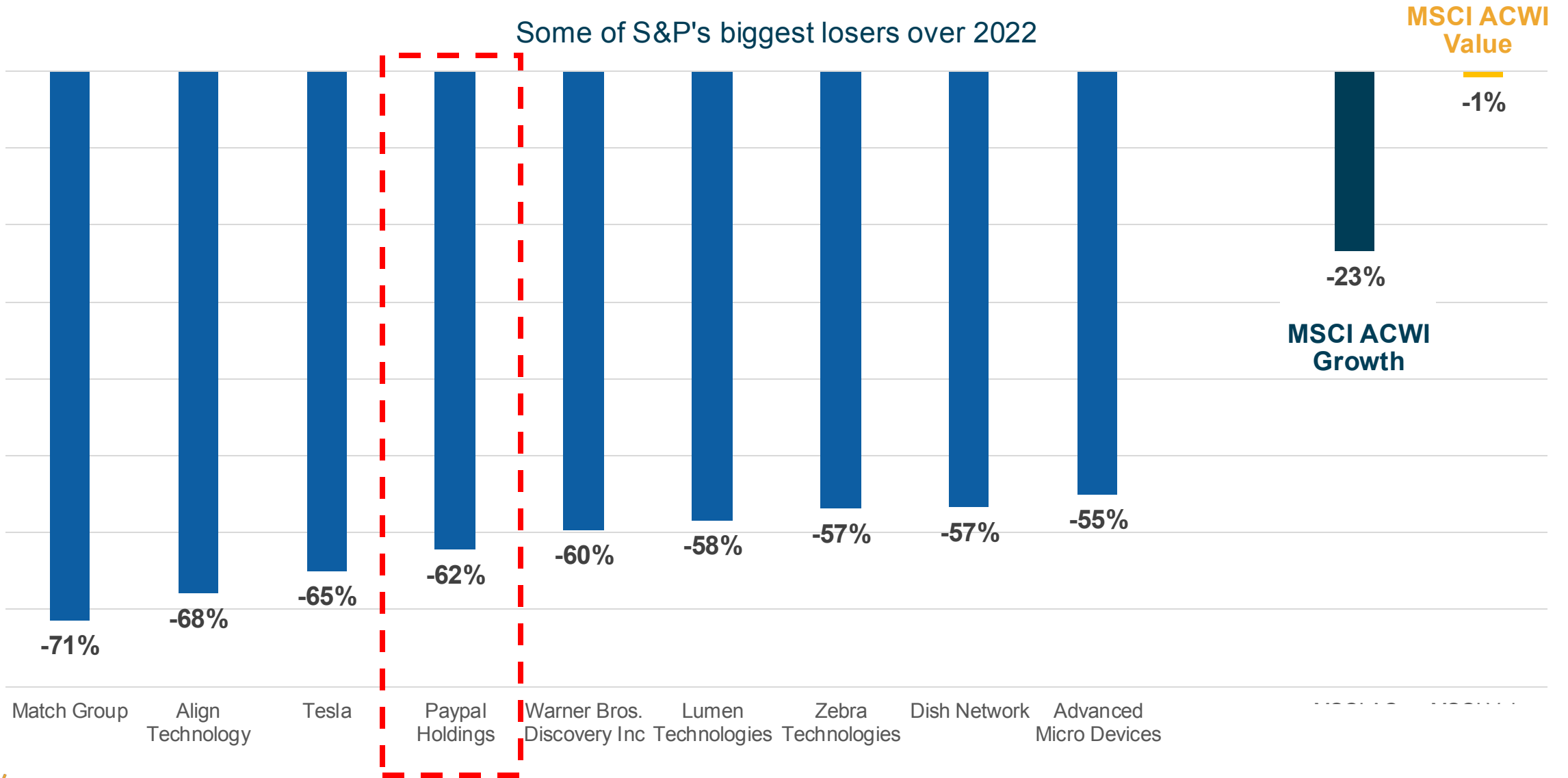


Do you know what else hurt in 2022?... the growth drawdown

Some of S&P's biggest losers over 2022

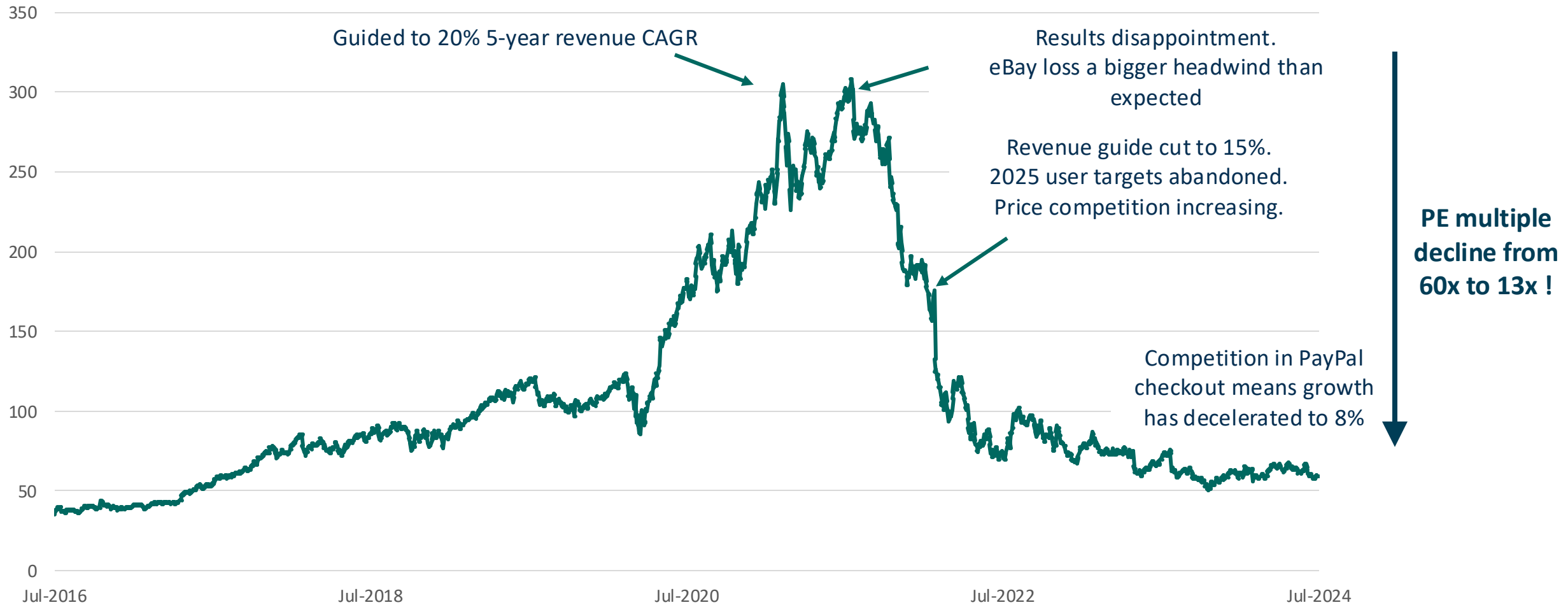


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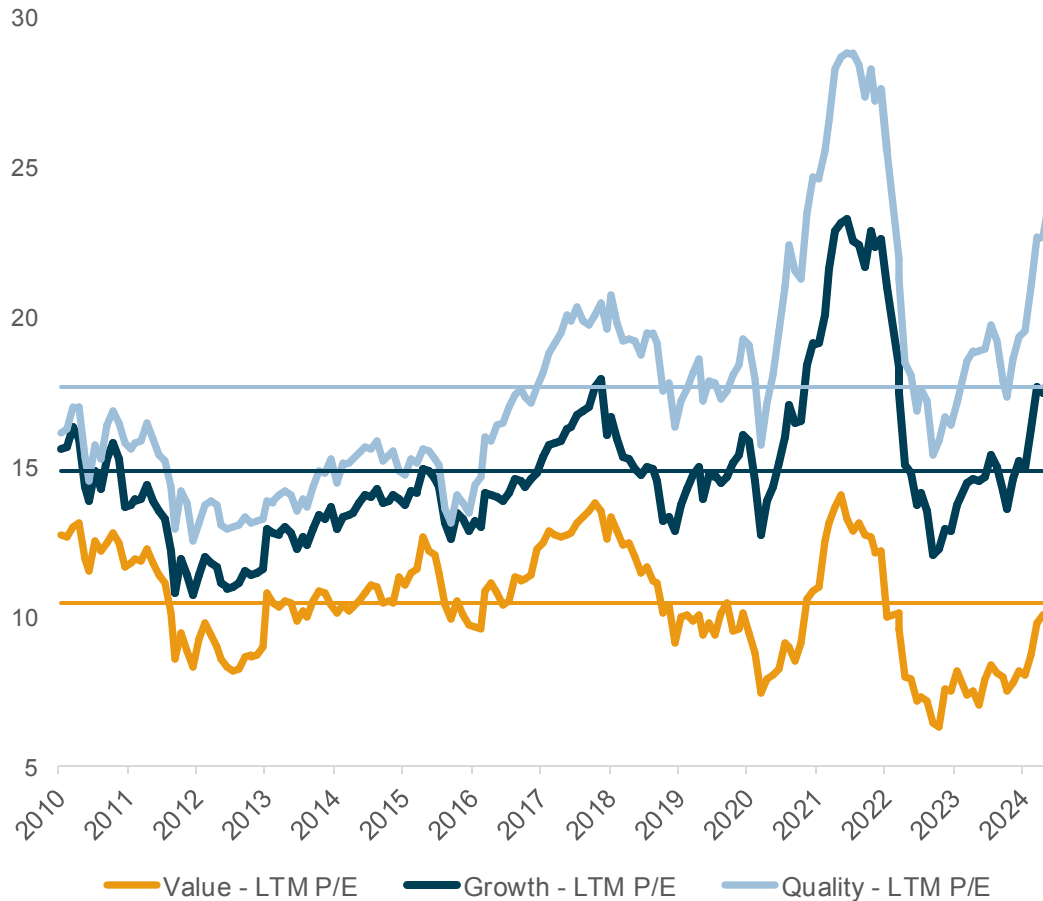
Beware of growth traps

Paypal share price



Where are we today? Growth and Quality valuations are stretched

Average LTM P/E ratio by factor

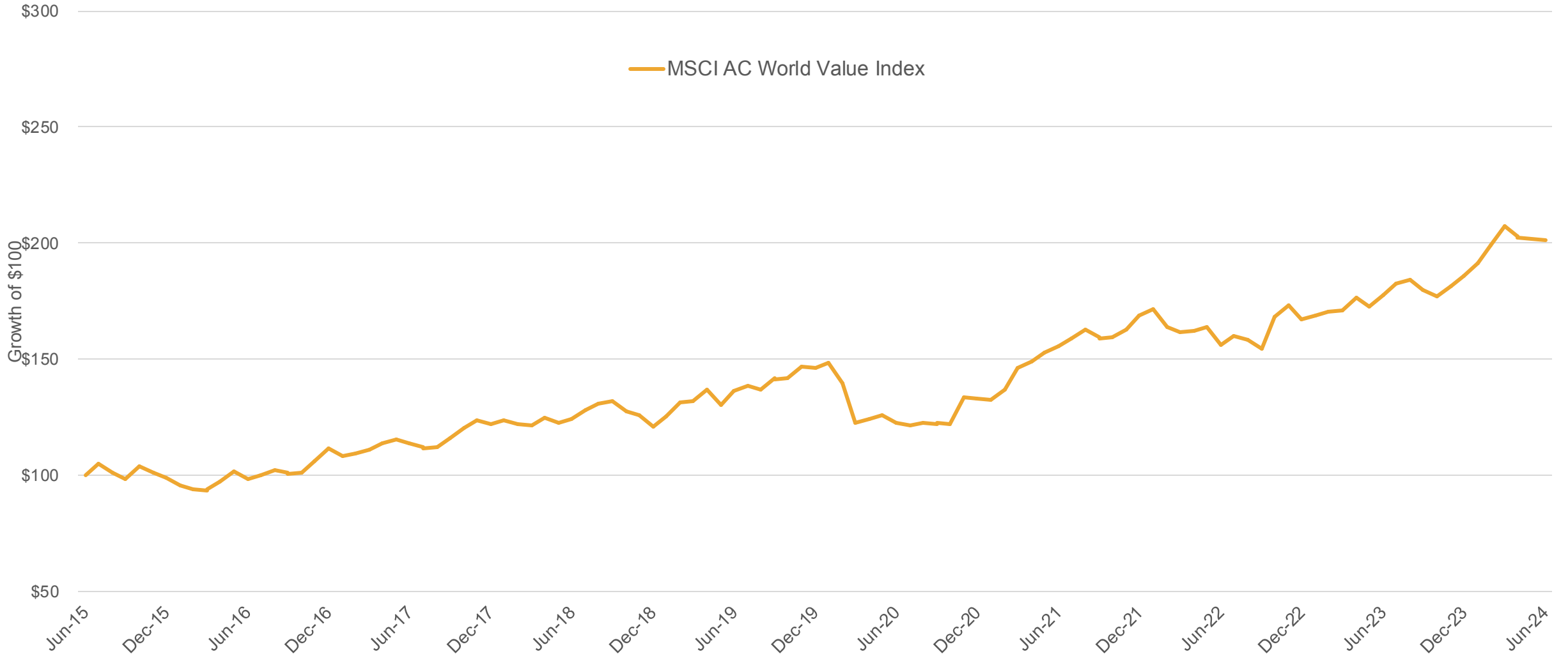


- Growth and Quality stocks are trading at a significant premium to history
- Value factor is at the largest discount to growth and quality in 15 years
- Value factor is trading at a discount to history
- Position portfolios for dispersion to narrow as company fundamentals prevail

Top quintile of factor exposure as at June 2024
Source: Bloomberg, MSCI

Value has been on a steady journey

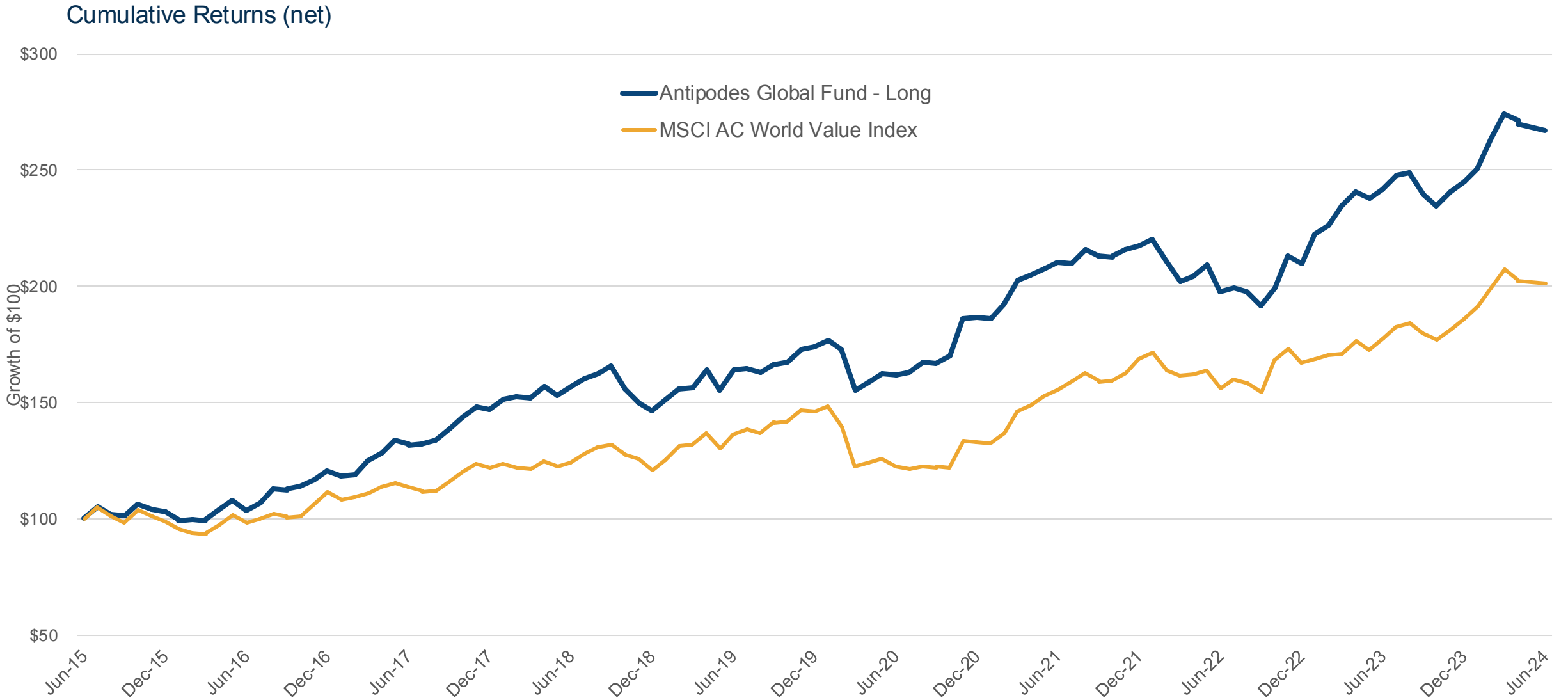
Cumulative Returns (net)



1 Past performance is not a reliable indicator of future performance.

Performance based Antipodes Global Fund - Long (Class P) net returns in NZD, Jul-15 to May-24 relative to MSCI All Country World Value Index (Net div., AUD). Inception 1 July 2015

Pragmatic value - Delivering excess returns vs traditional value

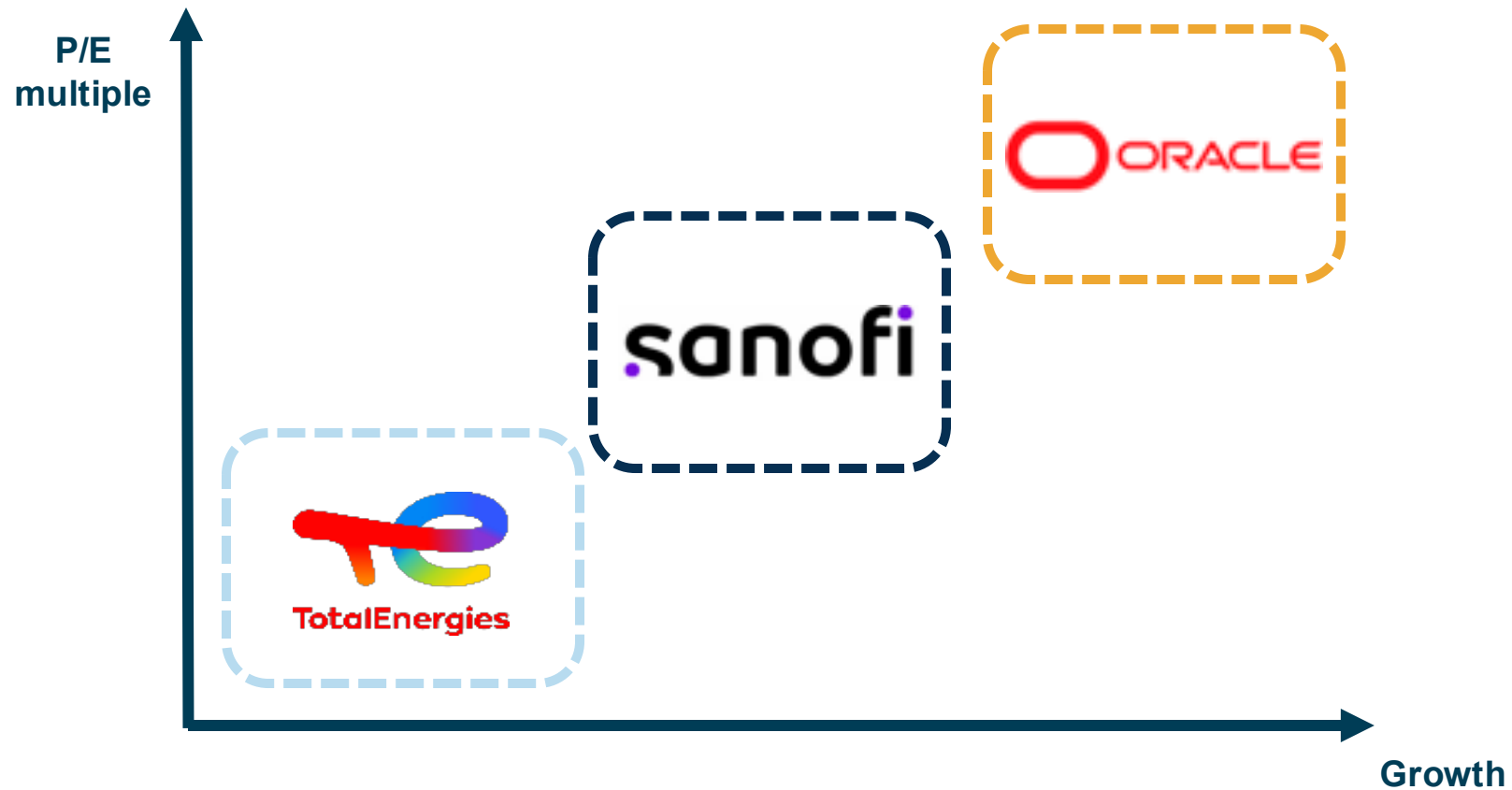


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Pragmatic value - an all-weather approach to value investing

Seeking mispriced opportunities relative to underlying business resilience and growth



Finding value across the spectrum

Industry-led research identifies opportunities presented by change



**Cyclical
change**



**Structural
change**



**Socio/
Macroeconomic
change**

Why mispriced

- Scars of the downturn
- Non-linear change not recognized
- Long-term accumulation of risks below the radar

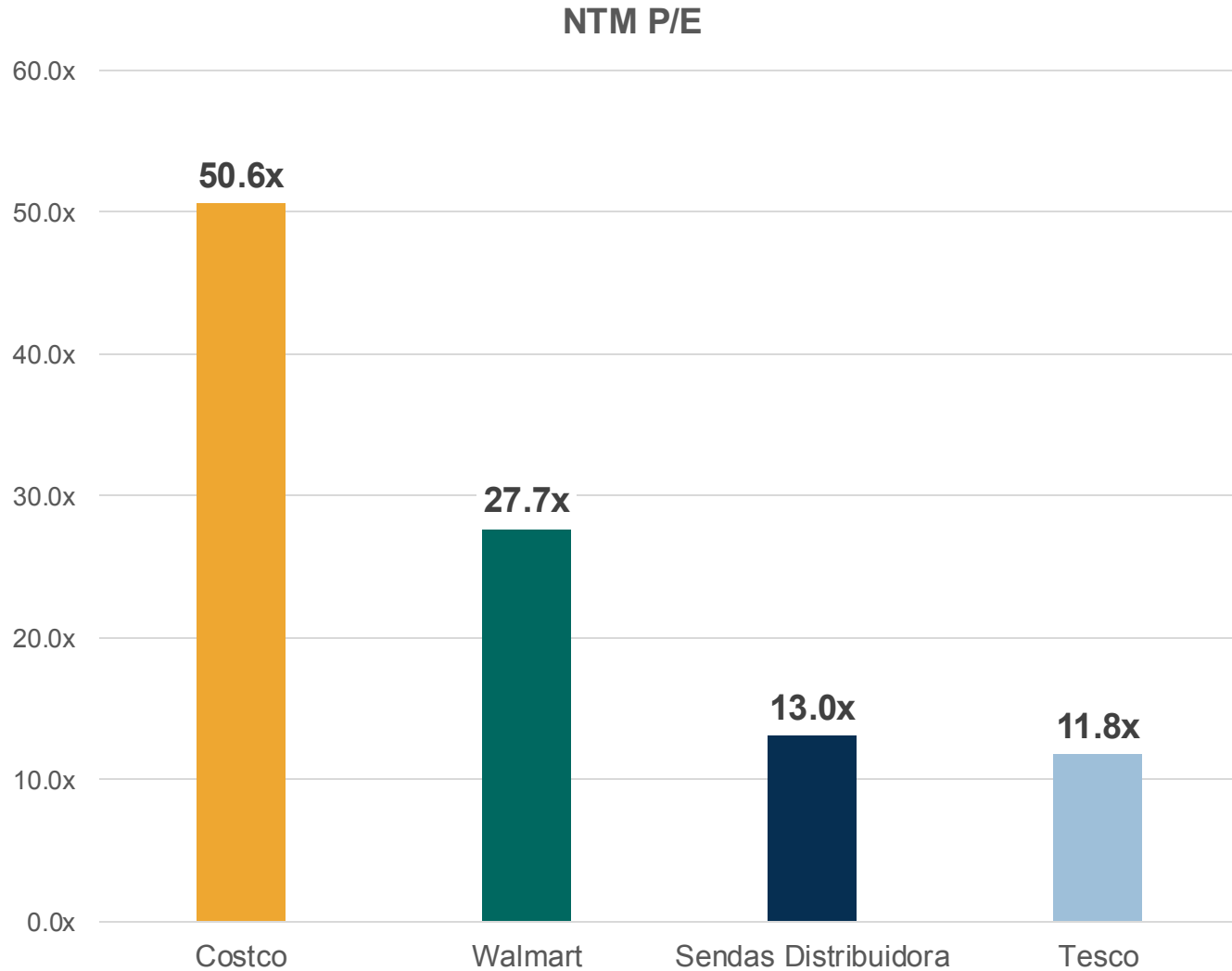
Buy

- Incumbents entering a recovery
- Structural grower early in adoption cycle
- Cheap hedges on tail risks/opportunities

Avoid

- **Value traps**
- **Growth traps**
- **Biases**

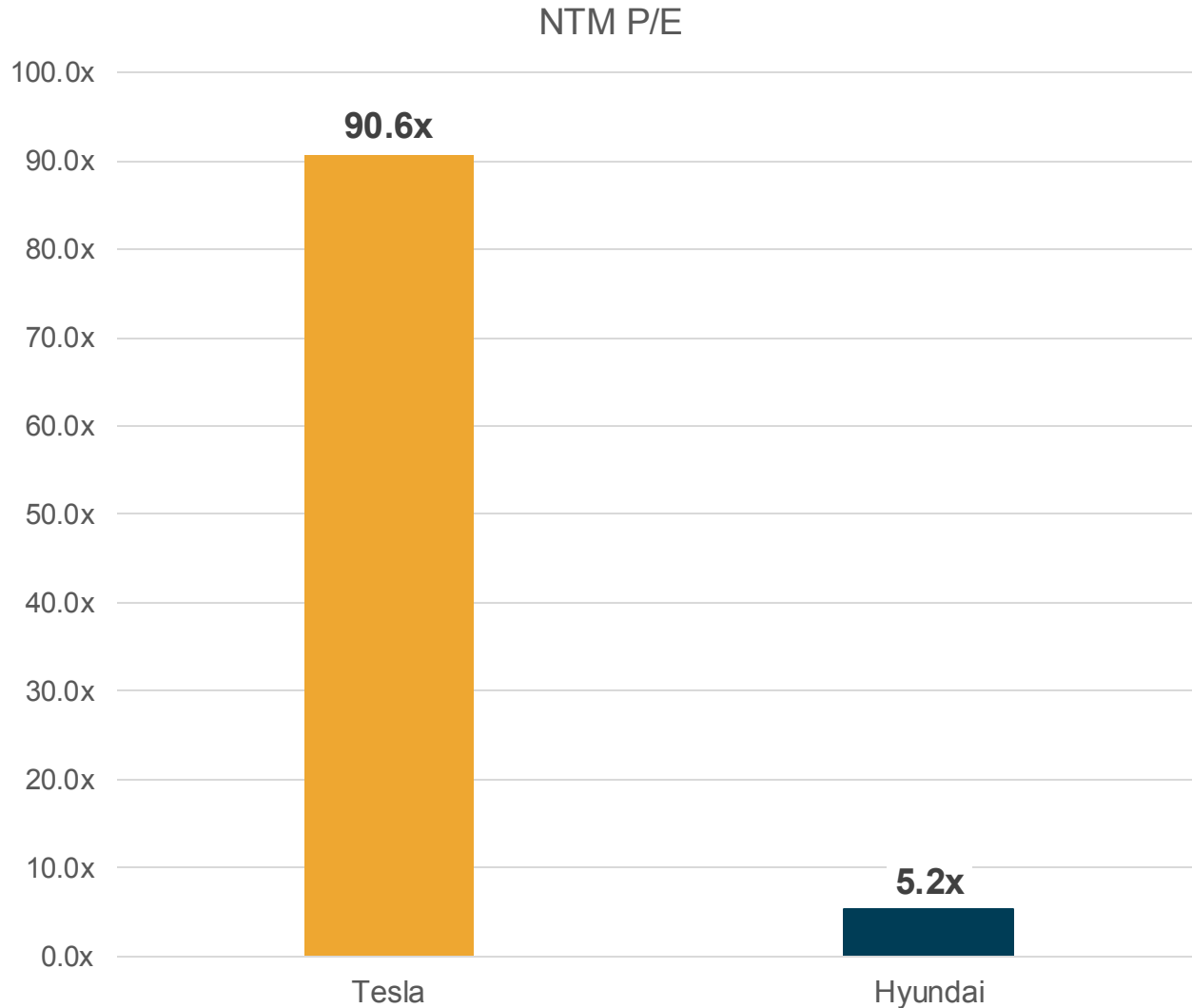
Global Supermarkets – pay the right price for growth



- Dominant supermarket chains
Growth linked to store roll out and food inflation
- Scale enables buying power reinvested into lower prices for consumers, reinforcing competitive advantage
- Successful shift to online harnessing existing store footprints
- Equivalent businesses far more expensive in the US

3Y Sales Growth forecast (p.a)	
	6.4%
	10.4%
	35.7%
	9.0%

Tesla vs. Hyundai – a lack of EV infrastructure is driving a shift to hybrids



TESLA

- BEV-only - 54% share in US BEV (5% US autos)
- US dominant - losing US market share and pricing, no offering in hybrids
- Less strong presence globally - facing competitive pressure in China
- Margin pressure from increased competition
- No capital returns

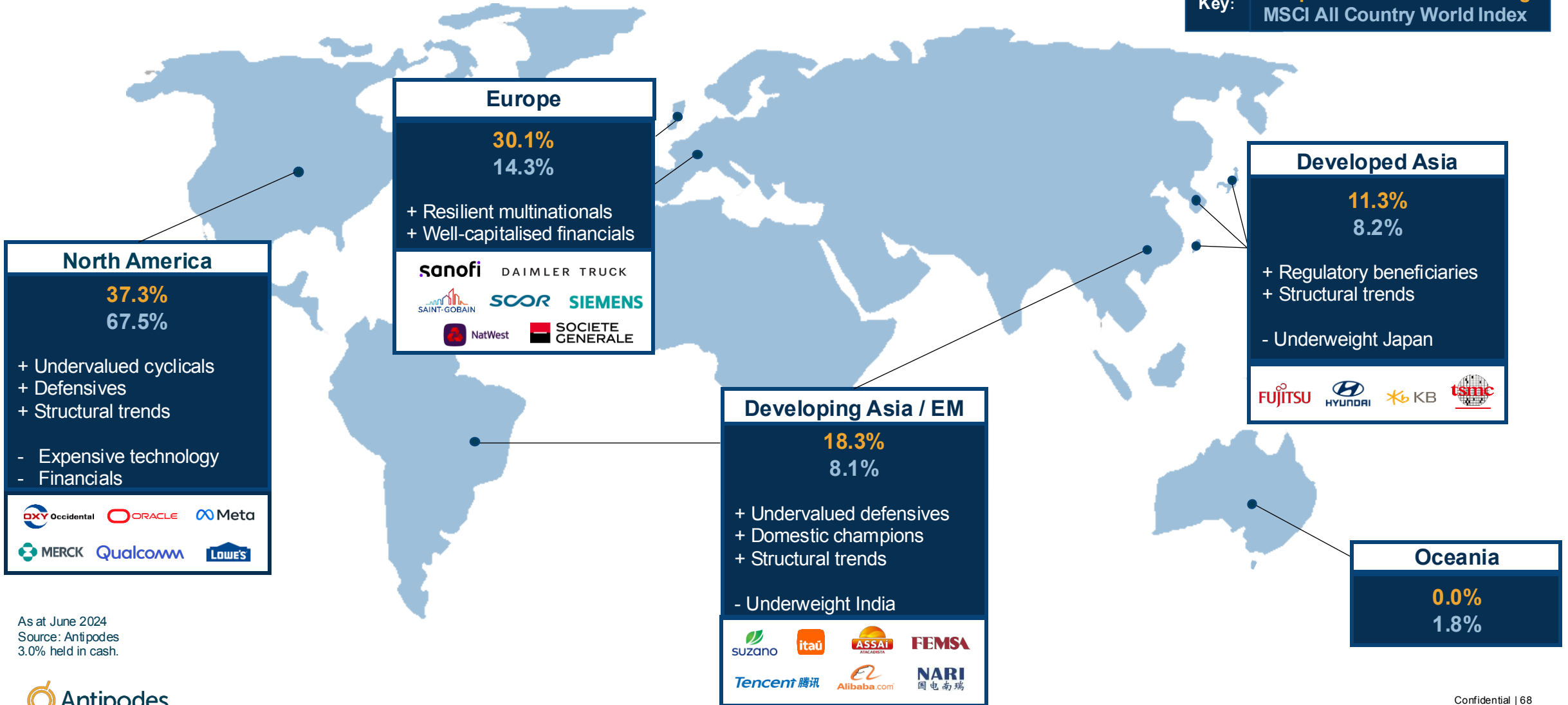
HYUNDAI

- All-weather powertrain portfolio (ICE/Hybrid/EV)
- Brand equity growing globally - gaining market share in growth markets such as India and the US
- 9% US BEV share, (8% US autos) and growing
- Significant capital return opportunity: 5% dividend yield, surplus balance sheet cash/assets
- Korea 'Value Up' tailwind

Where do we see value around the world today?

Antipodes Global Fund - Long regional positioning

Key: **Antipodes Global Fund - Long**
MSCI All Country World Index



As at June 2024
Source: Antipodes
3.0% held in cash.

Portfolio Positioning

Mature/ Cyclical 38.3%	Consumer 10.3%	Financials 14.8%	Energy Process 8.3%	Industrials/Autos 4.9%

- **Economic sensitivity played via market leaders** – consumer and financial companies across developed and emerging markets
- **Global cyclicals**– idiosyncratic demand uplifts and selective commodities with cyclical leverage







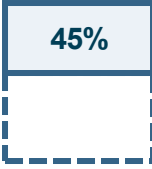

Structural Investment trends 33.5%	Cloud/AI Monetisation 18.8%		Energy Transition 14.7%	
	Software	Connectivity/Compute	Industrials	Materials

- **Exposure to structural growth tailwinds** – cloud/AI, energy transition

Defensive 20.5%	Staples 8.3%	Healthcare 12.3%	Gold / Other 4.8%

- **Relatively defensive tilt** – companies that are less dependent on the economic cycle for growth

Antipodes Global Funds


		Global Fund - Long	Global Fund
Absolute returns <small>Since inception (Jul-15), net of fees</small>		10.2% p.a.	8.3% p.a.
Superior risk adjusted returns <small>Sharpe Ratio</small>		0.91 	0.89 
		<small>MSCI ACWI ACWI Value</small>	<small>0.85 0.58</small>
Capital preservation focus <small>Downside Capture</small>		74% 	45% 
		Market Drawdown 100%	
Diversified global exposure		> 20 Countries	

As at June 2024




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