



A pragmatic approach to navigating change

September 2023

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Pragmatic value

- Market cap concentration is high – the market is overpaying for past winners
- Valuation dispersion is very high
- Look for opportunities created by cyclical and structural change

Joe vs Jerome... Fiscal activism is fighting the Fed



Monetary policy

Sharpest tightening since 80's

Policy error risk is high

Higher and more volatile
nominal GDP growth



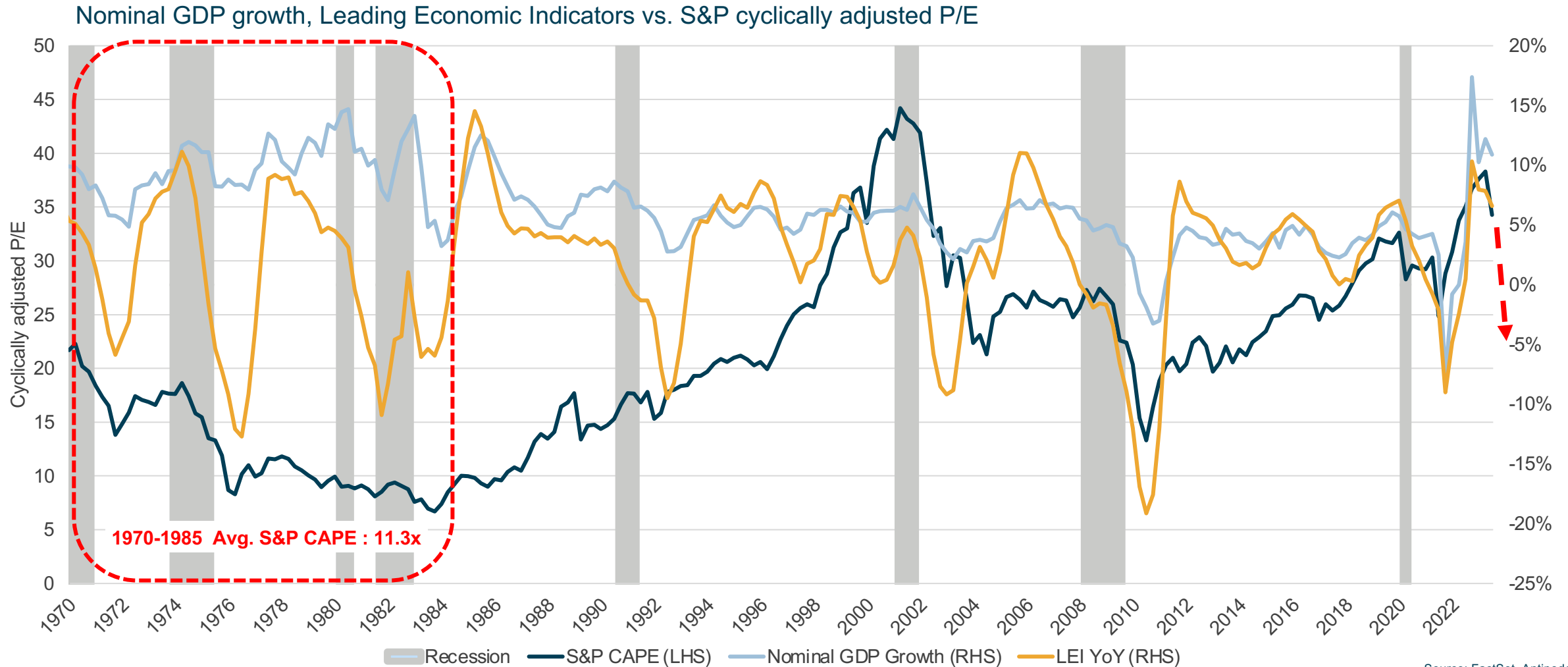
Inflationary forces

Fiscal activism (tax cuts, COVID
payments, IRA, CHIPs act)

Soft
landing
?

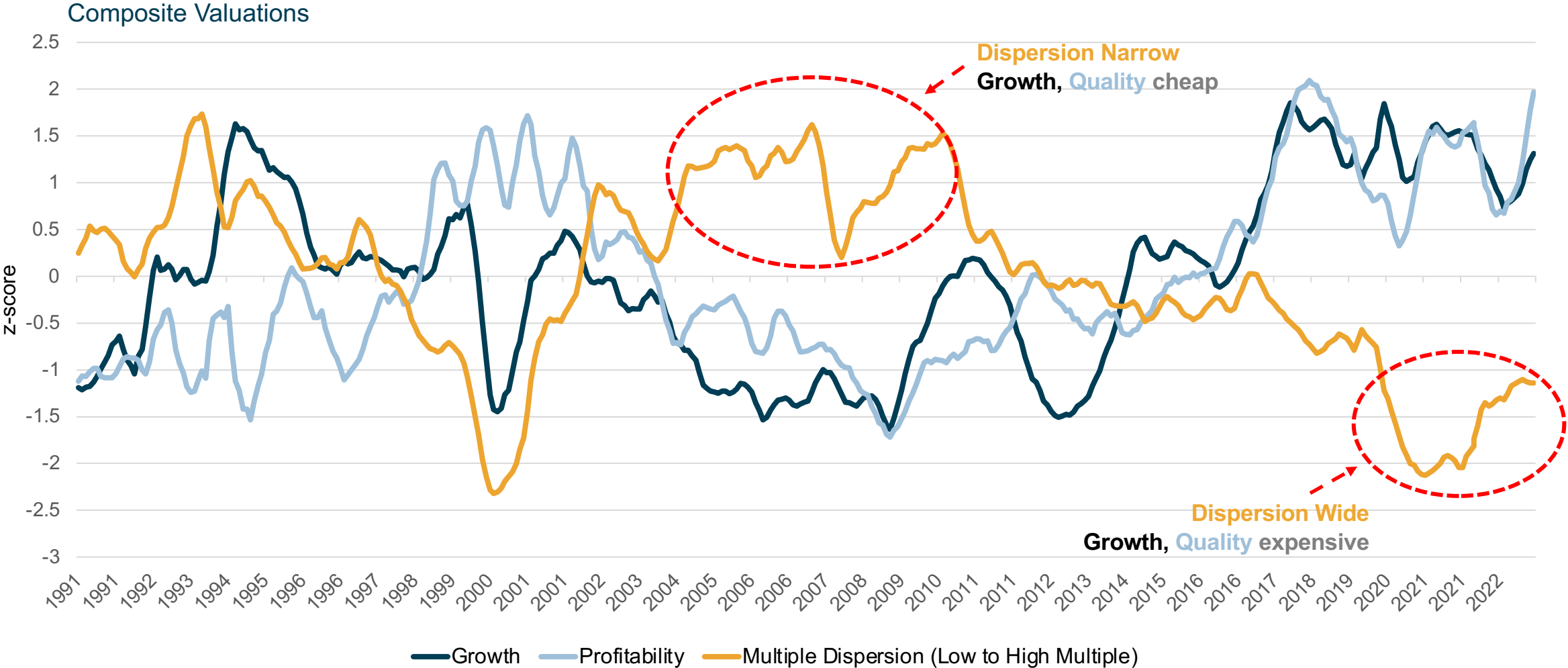
Extreme policy volatility will weigh on equity multiples

Leading indicators point to a hard landing ... be circumspect about the multiple you pay



Source: FactSet, Antipodes

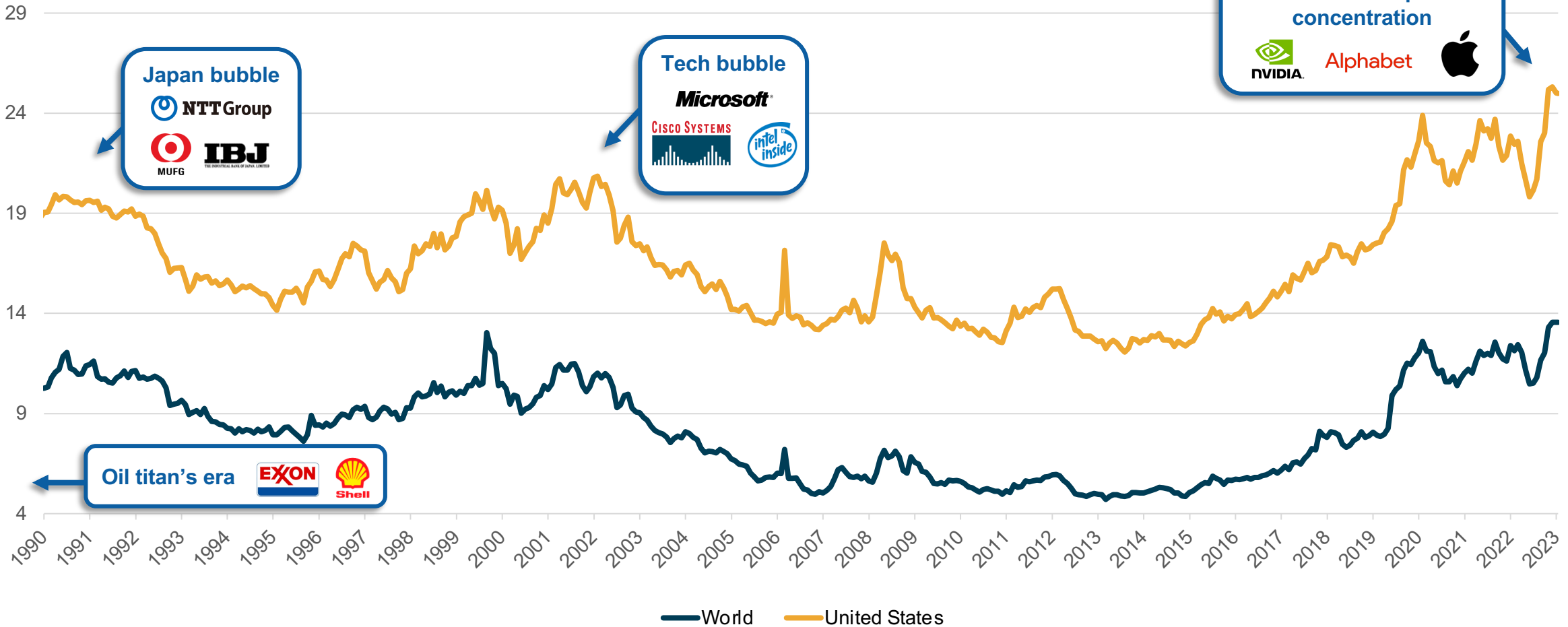
Multiple dispersion is wide ... The value factor is cheap



Source: Antipodes, FactSet
 Composite multiples equal weight of EV/Sales, PE CY1, Cyclically Adjusted PE, Cyclically Adjusted EV/EBITDA, EV/Operating Capital Employed

Meanwhile US market concentration is at an all-time high...

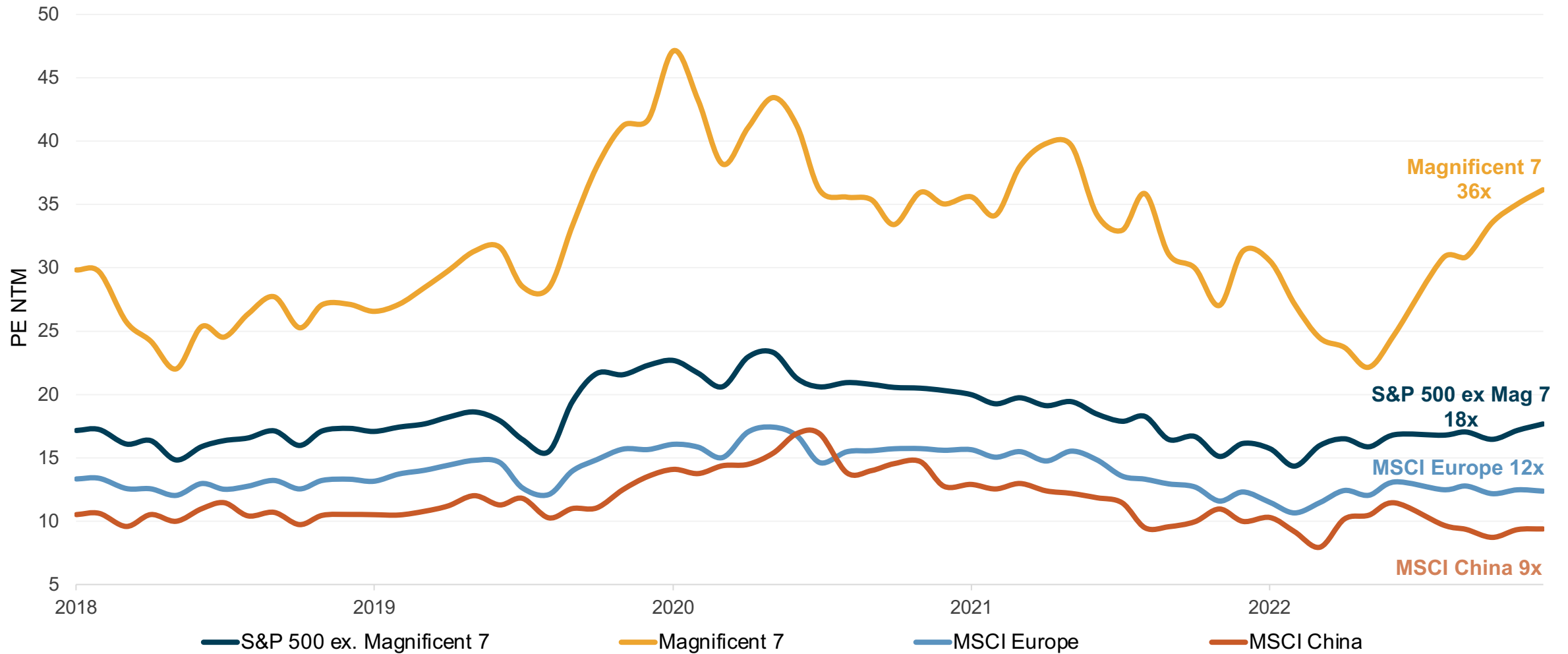
Market cap concentration
Largest 10 companies % of regional market cap



Source: FactSet, Antipodes

Don't anchor to yesterday's winners

Beware of growth traps as the range of outcomes widens (forward PE multiple)



Source: Antipodes, FactSet

Investors should expect a reshuffling of winners...

1980s

IBM



1990s

Nippon T&T



2000s

Microsoft



2010s

Big Oil



2020s?

Current -
Apple

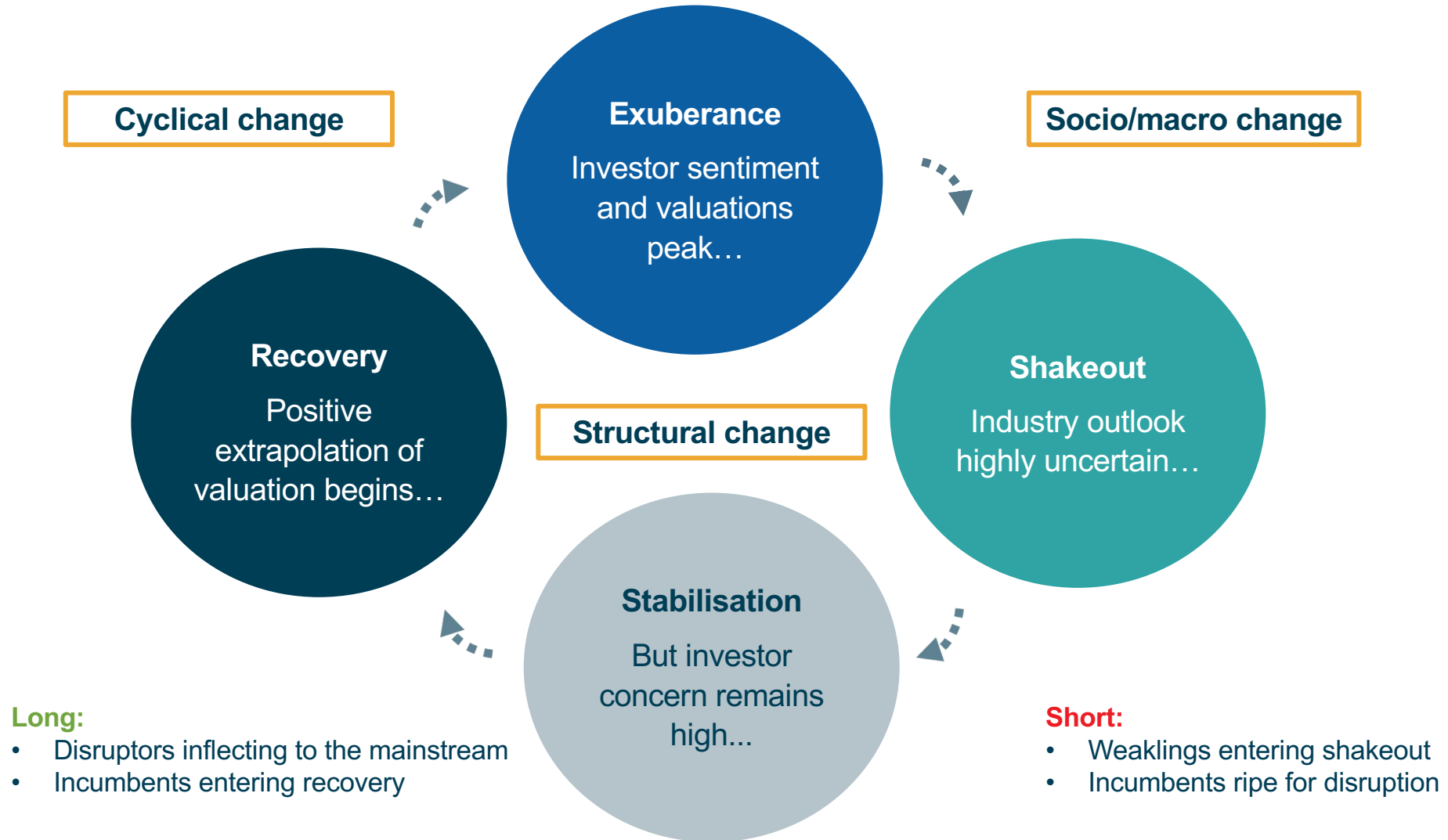


"Over the long term, the companies behave more like biology than they do anything else.
In biology, all of the individuals die, so do all of the species.



It's just a question of time"

– Charlie Munger

A pragmatic approach to navigating change



Portfolio exposure

Cyclicals	Developed Markets 17.4%		Emerging Markets 19.8%		
	Consumer Meta TESCO	Financials Capital One UniCredit mandiri	Consumer 中国平安 PING AN Midea Alibaba.com		
Investment trends	Connectivity / Compute 8.9%		Energy Transition 18.8%		
	Hardware tsmc SEAGATE	Infrastructure Frontier COMMUNICATIONS Terna Driving Energy	Oil & Gas TotalEnergies	Industrials SIEMENS SIEMENS energy	Materials Teck
Defensive	Software incumbents 9.2%		Healthcare with pipeline / Staples 19.2%		Defence / Aerospace 1.5%
	Microsoft SAP ORACLE	sanofi MERCK DIAGEO Heineken		THALES	
Tail Risk Protection	Tail risk		Single stock shorts		Gold 3.7%
	Credit (13.9%) Equity (4.4%) 		(19.1%) 		NEWCREST MINING LIMITED BARRICK

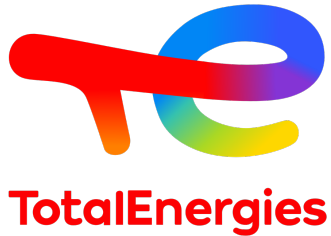
As at June 2023
Source: Antipodes
Exposures are representative of Antipodes Global Long strategy.

Paying the right multiple for tomorrows winners

Emerging
Markets cyclical
opportunities



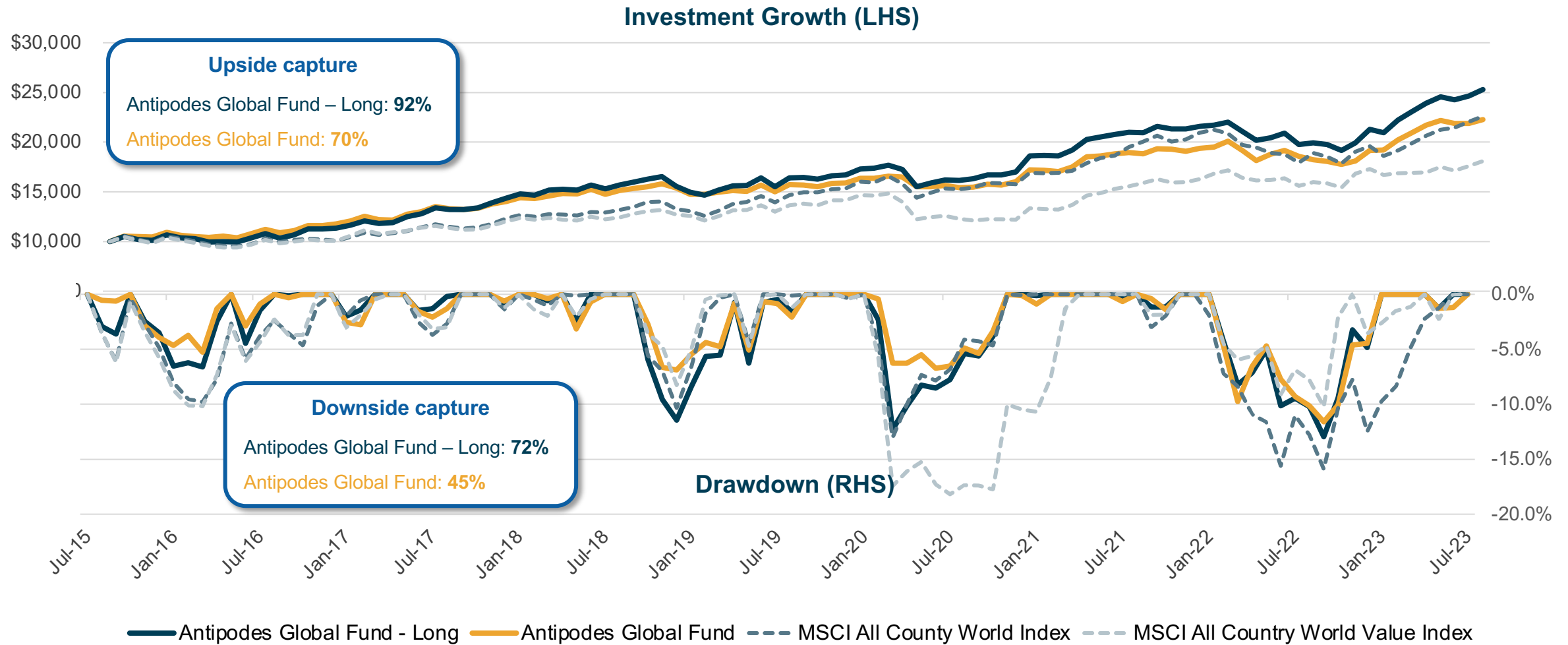
Transition
investment
needs



Functional AI
adoption



Pragmatic value can deliver a smoother return profile over the cycle



Source: Antipodes
 Inception 1 July 2015, based on gross of fee returns






Pragmatic value

Avoid paying yesterday's prices
to solve for tomorrow's uncertainty




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