

Portfolio Profile

Antares High Growth Shares Fund



September 2020

Fund description and investment return objective

The Fund aims to outperform the S&P/ASX 200 Total Return Index (after fees) over rolling five year periods. The Fund seeks to enhance returns through a range of investment strategies including long/short positions and active trading, along with the ability to use exchange traded derivatives.

Fund commentary

The Antares High Growth Shares Fund delivered a return of -3.0% (net of fees) for the month of September 2020.¹

Australian shares performed poorly in September. The Energy sector recorded the largest falls on falling oil prices and expectations for asset write-downs as anti-carbon sentiment increases. Following a strong run over recent months, the Information Technology sector declined in line with a more cautious global appetite. Financial sector shares were also weak with concerns over rising doubtful debts as the 'Jobkeeper' and 'loan repayment deferral' programs taper off. The only significant bright spot in September was a small gain for the healthcare sector.

Contributing to Fund performance were overweight holdings in James Hardie (JHX), Boral (BLD) and Aristocrat Leisure (ALL). The strength in US housing demand continues. Locally the home building sector has been resilient with share prices also supported by the anticipated stimulus measures in the Federal Government budget. These factors have been seen as beneficial to both JHX and BLD. Investor interest in sectors, including gaming, that will open up post coronavirus-related closures boosted ALL shares during September.

Detracting value were overweight positions in Oil Search (OSL), Santos (STO) and Virgin Money UK (VUK). The oil price weakened over the month, reflecting the continuation of weak demand due to coronavirus restrictions as well as more commentary on the structural shift to electric vehicles. Both OSH and STO shares were weaker. Also out of favour were VUK shares which exited the S&P/ASX 100 during September. It was also a month in which the UK experienced a second wave of the coronavirus and accompanying disruption and uncertainty.

Australia's economic signals are mixed. On the plus side, the recent revival in employment continues, with August recording job gains of 111,000 and the unemployment rate edging down from 7.5% to 6.8%. Consumer sentiment also rebounded in September. Countering this is confirmation that the Australian economy is in a deep recession, with the economy contracting by 7% in the June quarter, the largest decline since quarterly data started in 1959. There was further bad news with retail spending falling 4.2% in August given Melbourne's virus lockdown. Some state borders are opening up but the majority remain closed, with 1 November (after the Queensland election) flagged as the possible opening for QLD/NSW. Victoria remains isolated.

In the US, it's not just the presidential election result, but its validity and timing that is creating uncertainty. President Trump's confirmation that he has coronavirus has added to confusion around how it will play out. While volatility appears to have diminished, uncertainty remains.

Portfolio facts

Inception date:	7 December 1999
Fund size at 30 September 2020:	\$373.5m
Benchmark:	S&P/ASX 200 Total Return Index
Investment timeframe:	At least 5 years
Relative risk:	High
Relative return¹:	High
Redemption Unit Price at 30 September 2020:	\$ 0.9407

Top 10 share holdings

as at 30 September 2020 (alphabetical order)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- Commonwealth Bank
- CSL
- James Hardie Industries
- South32
- Telstra Corporation
- Westpac Banking Corporation
- Woolworths Group

Investment returns as at 30 September 2020¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return² %	-3.0	1.4	-11.9	3.2	6.7	6.1	7.0	9.7
Gross return%	-2.9	1.7	-11.0	4.3	7.8	7.3	8.2	11.2
Benchmark return %	-3.7	-0.4	-10.2	4.8	7.3	5.9	6.9	7.5
Net excess return %	0.7	1.8	-1.7	-1.6	-0.6	0.2	0.1	2.2
Gross excess return %	0.8	2.1	-0.8	-0.5	0.5	1.4	1.3	3.7

¹ Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document.

² Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

Investor profile

The Fund is actively managed and its returns may be volatile when compared with the benchmark return. As such, it may suit investors who are willing to accept higher risk in exchange for the potential opportunity to earn greater returns.

The Fund holds its investments on revenue account. Therefore, gains which are made by the Fund on its investments and distributed to unitholders are treated as revenue, rather than capital, with no entitlement to the capital gains tax (CGT) discount.

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$5,000
Income treatment:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee⁴:	1.05% pa of the net asset value of the Fund
Performance fee:	20% of the Fund's investment return (net of management fee) above the sum of the Benchmark ⁵ and 5%.

⁴ ACP may, from time to time, negotiate fees which are different to those described in the PDS with certain sophisticated and professional investors or wholesale clients (as defined in the Corporations Act).

⁵ The Benchmark of the Fund is S&P/ASX 200 Total Return Index.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 Sep 20
Aust shares - Net	90%	100%	100%	99.2%
Aust shares - Long	90%	-	125%	122.6%
Aust shares - Short	0%	-	-25%	-23.4%
Cash and cash equivalents	0%	0%	10%	0.8%

Distribution history⁶

Quarter end	Cents per unit
30 September 2020	0.42
30 June 2020	0.00
31 March 2020	1.00
31 December 2019	0.95
30 September 2019	0.99
30 June 2019	2.87
31 March 2019	0.33
31 December 2018	1.68
30 September 2018	1.99

⁶ Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

Investment terms and guidelines

Short selling involves borrowing a share from a prime broker to sell to the market, with an agreement to purchase that share back at a later date. When the Fund short sells a share, we anticipate taking advantage of declines in the price of that share by selling the share at one price, and then aiming to buy back that share at a subsequent lower price. Short selling is limited to 25% of the value of the Fund's net assets.

Enhanced long positions refer to the shares in which the Fund holds the largest overweight positions when compared to its benchmark weighting. Long positions are limited to 125% of the value of the Fund's net assets. All long and short positions will be managed to provide investors with a gross exposure to the sharemarket of up to 150%, but the overall net exposure will be between 90 - 100%.

Active trading refers to trading in shares where the Fund has held a range of different positions over a relatively short period of time, with a view to fully exploiting all available opportunities to add value as market circumstances change. It may also involve simply managing an overweight or other position held - adding to or reducing the position to benefit from smaller movements in the share price.

About Antares

Antares is a dedicated asset management business managing more than \$29.3bn on behalf of Australian investors, with \$4.1bn in Australian equities and more than \$25.2bn in fixed income (as at 30 June 2020).

At Antares we are wholly focused on delivering performance for investors through an investment approach underpinned by dedication, experience and discipline. We recognise and are ready for market uncertainty, and believe great performance is achieved through a focus on both risk and return. Antares consists of two divisions – Antares Equities (formerly Portfolio Partners and Aviva Investors) and Antares Fixed Income (formerly National Specialist Investment Management).

For further information please contact our Client Services Team - Toll Free: 1800 671 849

Important information: Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), is the Responsible Entity of, and the issuer of units in, the Antares High Growth Shares Fund ARSN 090 554 082 ('the Fund'). An investor should consider the current Product Disclosure Statement and Product Guide for the Fund ('PDS') in deciding whether to acquire, or continue to hold, units in the Fund and consider whether units in the Fund is an appropriate investment for the investor and the risks of any investment. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This communication contains general information and may constitute general advice. This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document. Any projection or other forward looking statement ('Projection') in this report is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by ACP constitute ACP's judgement at the time of writing and may change without notice. ACP is a subsidiary of the National Australia Bank Limited group of companies ('NAB Group') An investment in the Fund is not a deposit with or liability of National Australia Bank Limited ('NAB') or any other member of the NAB group of companies ('NAB Group') and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither ACP nor any other member of the NAB Group guarantees the repayment of your capital, payment of income or the performance of your investment. NAB does not provide a guarantee or assurance in respect of the obligations of ACP.