

Elite Opportunities Fund



Monthly Performance Report March 2022

Fund description and investment return objective

The Fund is an actively managed concentrated portfolio of equities listed (or expected to be listed) on the Australian share market. The Fund's objective is to outperform (after management fees) the 'Benchmark' (S&P/ASX 200 Total Return Index) over rolling five-year periods.

Investment returns¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return ² %	6.6	5.1	17.0	10.3	8.4	7.7	9.9	10.6
Benchmark return %	6.9	2.2	15.0	10.6	9.2	7.8	10.2	9.4
Net excess return %	-0.3	2.9	2.0	-0.3	-0.8	-0.1	-0.3	1.2

¹ Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market.

Investment commentary

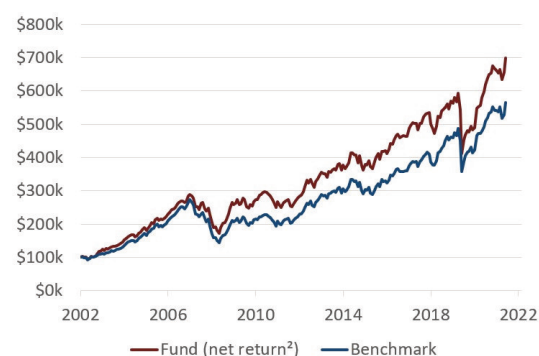
Australian shares made strong gains in March. The resources sector surged 9.9% with the benefit of the sharp gains in iron ore and base metal prices. The energy sector made similar gains as oil prices climbed above US\$100 per barrel given the Russia – Ukraine conflict. Financial shares also delivered a strong return with continued reassurances from the Reserve Bank that interest rates are likely to remain stable this year.

The Antares Elite Opportunities Fund delivered a return of 6.6% (net of fees) for the month of March 2022.

Contributing to the Fund's performance were overweight positions in IGO, Sims (SGM) and Incitec Pivot (IPL). IGO is a WA based nickel and lithium producer. With sanctions applied to many of Russia's industries, certain important metals are now in very scarce supply. Foremost amongst these is nickel, which saw hugely volatile price movements on the London Metals Exchange. Russia supplies around 20% of the world's premium grade nickel, critical in the use of rechargeable batteries. Hence IGO rallied with the nickel price. SGM also enjoyed a strong month on the back of its better than expected February results. The market is becoming increasingly comfortable with the notion that scrap steel prices will remain elevated for longer as sanctions on Russia impact supplies of iron ore and coking coal. IPL shares reflected the surging global fertiliser prices, some of which reached record highs. These prices were already elevated due to supply constraints and high gas prices but were driven even higher by the Russia -Ukraine conflict (Russia and Ukraine are major players in the global fertiliser markets, and Russia a major supplier of gas).

Detracting value was the decision not to own NAB and overweight holdings in Virgin Money UK (VUK) and Aristocrat Leisure (ALL). As a major and liquid part of the Australian market, bank shares have benefitted from increased international interest in Australia as a commodity rich economy with good governance practices. In contrast, a high proportion of offshore exposure, the stronger AUD and an absence of offshore buying interest saw VUK shares finish the month lower. Similarly, with high exposure to the USA and USD earnings ALL shares were under pressure.

\$100,000 invested since inception



Sector allocation

GICS ³	%
Financials Ex Reits	25.7
Metals & Mining	25.0
Communication Services	8.7
Health Care	8.1
Industrials	7.4
Consumer Staples	6.7
Real Estate	5.4
Energy	4.1
Materials Ex Metals & Mining	3.9
Consumer Discretionary	3.3
Information Technology	1.6
Utilities	0.0

Australia's economy appears to be improving judging by solid gains in business surveys, employment and retail spending. Yet surveys show consumers are more cautious which appears to be due to inflation worries, given rising energy and food prices. The Federal Budget was delivered in March and provides some temporary relief over coming months with an increased tax offset for low to middle income earners, a \$250 payment to welfare recipients and a reduction in the fuel excise tax.

Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- BHP Group
- Commonwealth Bank of Australia
- CSL
- Santos
- South32
- Telstra Corporation
- Transurban Group
- Westpac Banking Corporation
- Woolworths Group

Investor profile

The concentrated nature of the Fund means that there may be a greater level of risk. The Fund's returns may be quite volatile. As such, the Fund may suit investors who are willing to accept a very high level of risk in exchange for the opportunity to earn higher potential returns.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 March 2022
Australian shares	95%	100%	100%	98.8%
Cash and cash equivalents	0%	0%	5%	1.2%

Portfolio facts

Inception date	18 November 2002
Fund size as at 31 March 2022	\$233.8m
Benchmark	S&P/ASX 200 Total Return Index
Distribution	Quarterly
Management fee⁴	0.70% pa
Performance fee⁵	20% of the Fund's net performance in excess of the performance hurdle (benchmark return +5% pa)

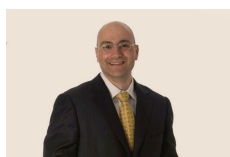
Distribution history⁶ and Franking levels

	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20	Mar 20	Dec 19
Distribution (cents per unit)	1.05	0.75	1.38	5.78	0.69	0.48	0.54	0.08	0.64	1.27
Franking levels	-	-	-	35.2%	-	-	-	116.0%	-	-

Portfolio managers

NICK PASHIAS

Head of Equities



Years with the group: 24

Years of Industry Experience: 24

Key Responsibilities: Nick is the Portfolio Manager of the Elite Opportunities Model Portfolio and Managed Fund.

JOHN GUADAGNUOLO

Head of Fundamentals



Years with the group: 14

Years of Industry Experience: 21

Key Responsibilities: John is the Deputy Portfolio Manager of the Elite Opportunities Model Portfolio and Managed Fund.

ANDREW HAMILTON

Head of Implementation



Years with the group: 21

Years of Industry Experience: 24

Key Responsibilities: Andrew is the Deputy Portfolio Manager of the Elite Opportunities Model Portfolio and Managed Fund.

Platform availability

- Asgard
- Hub24
- MLC/Navigator
- Praemium
- BT
- Macquarie
- Netwealth

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

³ GICS - Global Industry Classification Standard % are absolute ie sector proportion of portfolio. Source: Antares Equities.

⁴ Management fee is % per annum of the Fund's net asset value (including net effect of GST). Certain sophisticated and professional investors or wholesale clients (as defined in the Corporations Act 2001 (Cth)) may be able to negotiate this fee by contacting Client Services.

⁵ Performance fee is calculated as 20% of the Fund's net performance in excess of the performance hurdle. Performance hurdle is the benchmark return +5% pa.

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. A full distribution history and franking levels can be found on our website at <https://www.antarescapital.com.au/home/prices-and-performance/distributions>

About Antares Equities

Antares Equities (Antares) is a specialist Australian equities manager. Since 1994, Antares has managed portfolios for wholesale, advised and direct investors through a suite of products including segregated mandates, investment funds and managed account models. Antares has A\$5.7 billion (at 31 December 2021) under advice across a range of strategies including large capitalisation, concentrated, income and long-short. Antares believes in bottom-up stock picking. A consistent process and detailed, quality research executed by a highly experienced, stable and diverse team underpin this approach. The investment philosophy is based on the belief that markets can misprice stocks and these opportunities can be identified using the proven, proprietary Antares research process. Antares Equities is part of Antares Capital Partners Limited (ABN 85 066 081 114, AFSL 234483).

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

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