

## Monthly Performance Report July 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 returns<sup>1</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return <sup>2</sup> %	5.1	-7.5	-2.1	4.4	6.5	6.7	9.3	9.9
Benchmark return %	5.7	-6.0	-2.2	4.3	8.0	7.1	9.4	8.9
Net excess return %	-0.6	-1.5	0.1	0.1	-1.5	-0.4	-0.1	1.0

<sup>1</sup> 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 recorded strong gains in July with the S&P/ASX 200 delivering a 5.7% return. Leading the market was the robust surge in the Information Technology and Real Estate sectors given a recovery in risk appetite and fall in long term bond yields. Financial shares also benefitted from bond yields. Consumer discretionary posted a strong performance in July with signs of solid retail spending against the tide of higher interest rates and soft consumer confidence. By contrast, there was a weak performance from the Resource sector, weighed down by concerns over global growth prospects.

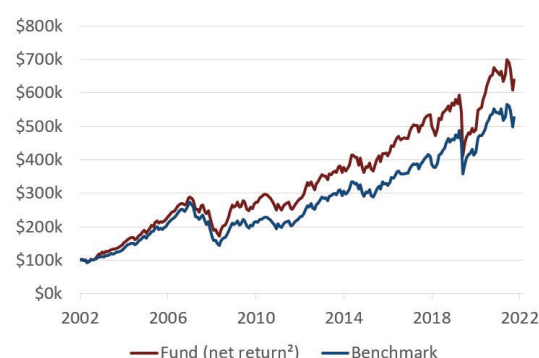
The Antares Elite Opportunities Fund delivered a return of 5.1% (net of fees) for the month of July 2022.

Contributing to performance were overweight positions in Goodman Group (GMG) and Northern Star (NST) together with the decision not to own Rio Tinto (RIO). As a fund manager within the real estate sector, GMG performed very strongly responding positively to the lower bond yields. NST shares rebounded after the company released June quarter reports that met its FY22 production and cost guidance. The company reiterated it was in a strong financial position and outlined its five-year profitable growth pathway. Resource stocks were generally lower on the potential for a US recession and in response to concerns about the Chinese property market. RIO's first half result also underwhelmed investors with the declared dividend below expectations.

Detracting value was the decision not to own NAB together with overweight positions in Santos (STO) and South 32 (S32). Like other banks, NAB responded positively to the lower long-term bond yields. STO shares retreated as did the oil price. During the month the company reported record 1H production and revenue but slightly lowered its sales guidance. S32 shares continued to slide as did the prices of most metals including copper, nickel and zinc on the back of fears of slowing growth and a possible recession.

Despite the global activity slowdown, Australia's economy appears resilient judging by solid results in business surveys, employment and retail spending. Strong gains in employment were recorded in June with the unemployment rate falling to 3.5% which is the lowest since 1974. However, the inflation acceleration is

### \$100,000 invested since inception



### Sector allocation

GICS <sup>3</sup>	%
Financials Ex Reits	27.0
Metals & Mining	18.3
Health Care	11.3
Communication Services	8.8
Industrials	7.1
Real Estate	6.2
Consumer Staples	6.0
Consumer Discretionary	5.2
Materials Ex Metals & Mining	4.8
Energy	4.2
Information Technology	1.1
Utilities	0.0

concerning with consumer prices rising 6.1% in the year to June. The Australian Treasurer, Jim Chalmers, updated the Federal Government's inflation forecasts to 7.75% by the end of 2022. Given these persistent inflation pressures, the Reserve Bank raised the cash interest rate by 0.5% in early July with a further 0.5% hike expected in August.

## Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- BHP Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Santos
- 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 July 2022
<b>Australian shares</b>	95%	100%	100%	98.7%
<b>Cash and cash equivalents</b>	0%	0%	5%	1.3%

## Portfolio facts

<b>Inception date</b>	18 November 2002
<b>Fund size as at 31 July 2022</b>	\$202.3m
<b>Benchmark</b>	S&P/ASX 200 Total Return Index
<b>Distribution</b>	Quarterly
<b>Management fee<sup>4</sup></b>	0.70% pa
<b>Performance fee<sup>5</sup></b>	20% of the Fund's net performance in excess of the performance hurdle (benchmark return +5% pa)

## Distribution history<sup>6</sup> and Franking levels

	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20	Mar 20	Dec 19
<b>Distribution (cents per unit)</b>	6.60	1.05	0.75	1.38	5.78	0.69	0.48	0.54	0.08	0.64	1.27
<b>Franking levels</b>	60.4%	-	-	-	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: 22

**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: 25

**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

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

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

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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 billion (at 30 June 2022) 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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