

# Elite Opportunities Fund



## Monthly Performance Report September 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> %	-5.0	1.8	-7.1	2.8	6.0	8.0	8.4	9.6
Benchmark return %	-6.2	0.4	-7.7	2.7	6.8	8.0	8.4	8.5
Net excess return %	1.2	1.4	0.6	0.1	-0.8	0.0	0.0	1.1

<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

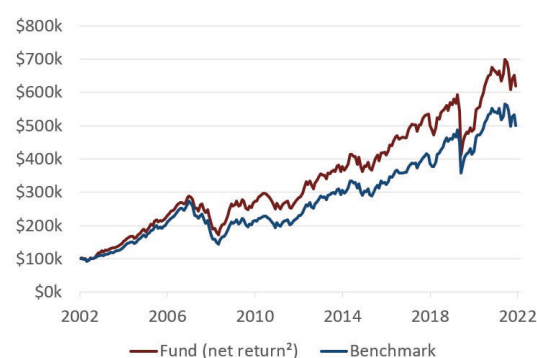
Australian shares proved sensitive to the global market turmoil as well as the Reserve Bank (RBA) raising interest rates. The ASX's sharp decline was spread across the board, with all industry sectors recording falls. The weakest performances came from the utilities and real estate sectors given their acute sensitivity to rising interest rates and bond yields. Other sectors hit hard included information technology where valuations are also rate sensitive, industrials and consumer discretionary. More resilient but still in the red was the Resources sector which benefitted from the lower Australian Dollar counteracting the slide in key commodity prices such as iron ore and metals.

The Antares Elite Opportunities Fund delivered a return of -5.0% (net of fees) for the month of September 2022.

Contributing to outperformance were overweight positions in IGO Limited (IGO) and ANZ together with the decision not to own Macquarie Group (MQG). IGO has continued to performed well as demand for lithium remains strong and is reflected in spodumene prices. Further, IGO's nickel assets also contributed as prices for the base metals strengthened materially. ANZ's share price has lagged the other majors in calendar 2022 but did considerably better in September. The company described its 3Q result as pleasing with improved margins across all businesses and tight cost management. MQG's heavy capital markets exposure combined with the adverse impact on investment banking/advisory activity as mergers & acquisition and new listings activity slows has seen the stock out of favour in September.

Detracting value were overweight positions in Goodman Group (GMG) and Santos (STO) together with the decision not to own Pilbara Minerals (PLS). GMG like the rest of the AREIT sector was impacted by higher bond yields and broader uncertainty in global markets. Concerns that demand could be softening in the US and beyond were fuelled after FedEx issued a profit warning and said it would be shutting offices as a result of weaker volumes globally. The oil price was weaker in September falling by more than 7%. This flowed through to the Santos share price. Lithium producer PLS has been one of the most stellar performers on the ASX as strong global demand for lithium has seen prices rocket. During September

### \$100,000 invested since inception



### Sector allocation

GICS <sup>3</sup>	%
Financials Ex Reits	27.2
Metals & Mining	19.3
Health Care	11.9
Communication Services	8.5
Industrials	7.1
Consumer Staples	5.7
Consumer Discretionary	5.5
Real Estate	5.1
Materials Ex Metals & Mining	4.4
Energy	4.3
Information Technology	0.9
Utilities	0.0

the company announced it had achieved increased prices for its spodumene concentrate at its battery metal exchange auction.

Australia's economy continues to appear resilient judging by the solid results for business surveys, the labour market and retail spending. August recorded solid job gains, healthy business surveys and robust retail spending. However, the dramatic acceleration in inflation is concerning with the CPI showing 6.8% annual inflation in August. Strong annual price rises were recorded for new housing construction (20.7%), fruit and vegetables (18.6%) and automotive fuels (15.0%). The Reserve Bank raised the cash interest rate by a further 0.5% to 2.35% in September and also signaled the expectation to increase interest rates further over the months ahead.

## Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- BHP Group
- Commonwealth Bank of Australia
- CSL
- IGO
- 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 30 September 2022
<b>Australian shares</b>	95%	100%	100%	98.8%
<b>Cash and cash equivalents</b>	0%	0%	5%	1.2%

## Portfolio facts

<b>Inception date</b>	18 November 2002
<b>APIR Code</b>	PPL0115AU
<b>Fund size as at 30 September 2022</b>	\$193.4m
<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

	Sep 22	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20	Mar 20
<b>Distribution (cents per unit)</b>	1.55	6.60	1.05	0.75	1.38	5.78	0.69	0.48	0.54	0.08	0.64
<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: 15

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: 22

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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