

Elite Opportunities Fund



Monthly Performance Report October 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 %	6.0	2.7	-1.0	5.2	6.2	8.1	8.7	9.9
Benchmark return %	6.0	0.7	-2.0	4.8	7.2	8.3	8.7	8.8
Net excess return %	0.0	2.0	1.0	0.4	-1.0	-0.2	0.0	1.1

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 a strong recovery in October. The sharpest gains were in financial sector shares given solid credit demand and assurances from the Reserve Bank (RBA) that business and household balance sheets were in strong shape. The real estate and consumer discretionary sectors also made robust gains reflecting the comforting commentary from the RBA. There was also a favorable performance from the energy sector on continuing concerns about global supply. The resources sector was more subdued with a slight gain given worries about global economic activity prospects.

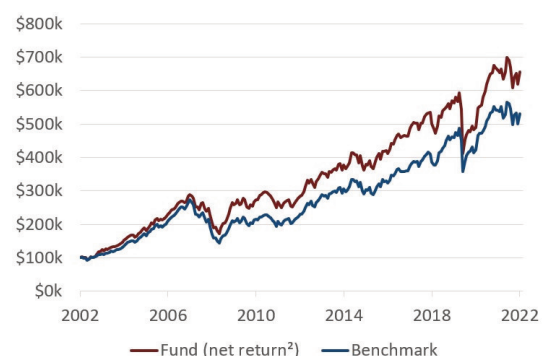
The Antares Elite Opportunities Fund delivered a return of 6.0% (net of fees) for the month of October 2022.

Contributing to performance was an overweight position in Westpac (WBC) together with decisions not to own Fortescue Metals (FMG) or Rio Tinto (RIO). Attractive deposit pricing coupled with solid credit demand and some evidence that institutional investors were reducing their underweight to the sector saw double digit rises from the big 4 banks in October. FMG and RIO shares were weaker as the iron ore price fell sharply to US\$82/Mt in October. This was due to higher supply levels from Brazil which coincided with seasonally lower steel demand in China.

Detracting value were an overweight position in Medibank Private (MPL) and decisions not to own NAB or Woodside Energy (WDS). MPL shares finished the month down 19.0% after the company announced it was subject to a cyberattack. While the company expects a relatively small impact on its current half year earnings, costs relating to remediation and possible litigation are not included. Investors were also concerned about the potential for loss of customers and brand damage. WDS shares rose by more than 13% as EU trade embargos and continuing concerns about global supply pushed Brent Oil prices up by US\$7 to US\$95/bbl.

Australia's economy continues to appear resilient. September's data showed healthy business surveys and robust retail spending. However, the dramatic inflation acceleration is still concerning with annual CPI inflation at 7.3% in September. Strong annual price rises were recorded for fruit and vegetables, new

\$100,000 invested since inception



Sector allocation

GICS ³	%
Financials Ex Reits	28.7
Metals & Mining	17.9
Health Care	11.2
Consumer Discretionary	10.5
Communication Services	8.6
Industrials	7.2
Real Estate	5.3
Energy	4.4
Materials Ex Metals & Mining	3.5
Consumer Staples	1.7
Information Technology	1.0
Utilities	0.0

housing construction and automotive fuels. The Reserve Bank raised the cash interest rate by a further 0.25% to 2.6% in October and also signaled the expectation to increase interest rates further over the months ahead. This played out on 1 November when the RBA raised rates by a further 0.25%.

Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Santos
- Telstra Group
- Wesfarmers
- Westpac Banking Corporation

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 October 2022
Australian shares	95%	100%	100%	98.7%
Cash and cash equivalents	0%	0%	5%	1.3%

Portfolio facts

Inception date	18 November 2002
APIR Code	PPL0115AU
Fund size as at 31 October 2022	\$204.7m
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

	Sep 22	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20	Mar 20
Distribution (cents per unit)	1.55	6.60	1.05	0.75	1.38	5.78	0.69	0.48	0.54	0.08	0.64
Franking levels		60.4%	-	-	-	35.2%	-	-	-	116.0%	-

Portfolio managers

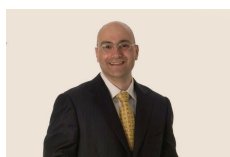
NICK PASHIAS

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

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\$4.9 billion (at 30 September 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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