

## Monthly Performance Report December 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> %	-4.0	6.5	-0.7	5.2	5.5	7.8	8.3	9.8
Benchmark return %	-3.2	9.4	-1.1	5.5	7.1	8.4	8.7	8.9
Net excess return %	-0.8	-2.9	0.4	-0.3	-1.6	-0.6	-0.4	0.9

<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

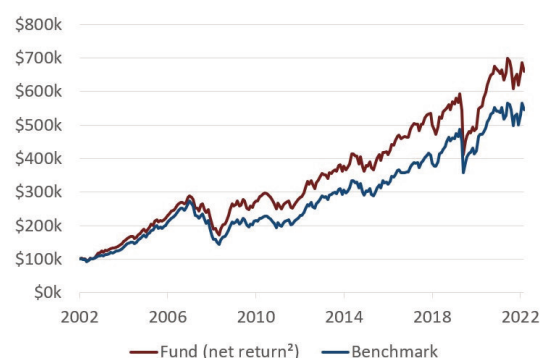
Australian shares declined sharply in December. All sectors posted negative returns with the sharpest falls in consumer discretionary and information technology given concerns over growth prospects. Industrials also disappointed given rising interest rates and bond yields. The resources sector was more resilient as iron ore prices rose on China's recovery hopes.

The Antares Elite Opportunities Fund delivered a return of -4.0% (net of fees) for the month of December 2022.

Contributing to performance were overweight positions in Northern Star (NST) and decisions not to own Macquarie Group (MQG) or Pilbara Minerals (PLS). NST shares performed well as the gold price continued to increase in December, building on the November gains. In the absence of any stock specific news, MQG sold off on the broader market retreat. Given its leverage to markets, MQG is often viewed as a market proxy and came under selling pressure as global indices retreated over the month. Lithium stocks, including PLS, were again weaker in December on concerns about the outlook for lithium prices on falling demand for electric vehicles.

Detracting value were overweight positions in APM Human Services (APM), Aristocrat Leisure (ALL) and IGO. APM shares dropped sharply in December on the back of mixed news flow. The company announced the acquisition of Everyday Independence, a mobile allied health business which is complimentary to APM's existing capability and is expected to be EPS accretive from the first year. But a slower than expected ramp up of the UK contract and higher interest costs saw some analyst downgrades and heavy volume traded in the stock. Nonetheless we believe APM is a high-quality operator in a fragmented industry with a history of transitioning successfully through program changes. ALL shares have remained under pressure following the relatively subdued FY23 guidance provided by the company. As well as the general sell down of lithium stocks on fears of falling demand for electric vehicles, IGO announced that a fire in the power station used by its Nova operation would result in production and processing delays.

### \$100,000 invested since inception



### Sector allocation

GICS <sup>3</sup>	%
Financials Ex Reits	26.6
Metals & Mining	22.2
Health Care	11.4
Consumer Discretionary	9.6
Communication Services	8.1
Industrials	6.6
Real Estate	5.6
Energy	4.0
Materials Ex Metals & Mining	3.4
Consumer Staples	1.5
Information Technology	1.0
Utilities	0.0

Australia's economy appears resilient judging by solid results for business surveys and the labour market. Australia's unemployment rate remained at multi decade lows of 3.4% after the strong job gains in November. However, the dramatic inflation acceleration is concerning with annual inflation running at 6.9% in November. Expected sharp increases in retail electricity and gas prices as well as higher rents and wages suggest that the inflation threat should continue in 2023. The Reserve Bank raised the cash interest rate by a further 0.25% to 3.1% in December and signaled the expectation of further interest rate increases.

## Top 10 share holdings

(alphabetical order)

- ANZ Group
- BHP Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Northern Star Resources
- 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 December 2022
<b>Australian shares</b>	95%	100%	100%	98.5%
<b>Cash and cash equivalents</b>	0%	0%	5%	1.5%

## Portfolio facts

<b>Inception date</b>	18 November 2002
<b>APIR Code</b>	PPL0115AU
<b>Fund size as at 31 December 2022</b>	\$198.7m
<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

	Dec 22	Sep 22	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20
<b>Distribution (cents per unit)</b>	0.96	1.55	6.60	1.05	0.75	1.38	5.78	0.69	0.48	0.54	0.08
<b>Franking levels</b>	-	-	60.4%	-	-	-	35.2%	-	-	-	116.0%

## Portfolio managers

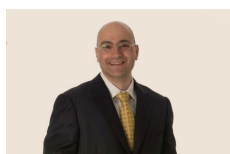
### NICK PASHIAS

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\$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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