

# Elite Opportunities Fund



## Monthly Performance Report January 2023

### 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> %	6.9	7.3	11.3	5.9	7.0	9.6	8.4	10.1
Benchmark return %	6.2	9.6	12.2	6.0	8.5	10.3	8.8	9.2
Net excess return %	0.7	-2.3	-0.9	-0.1	-1.5	-0.7	-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

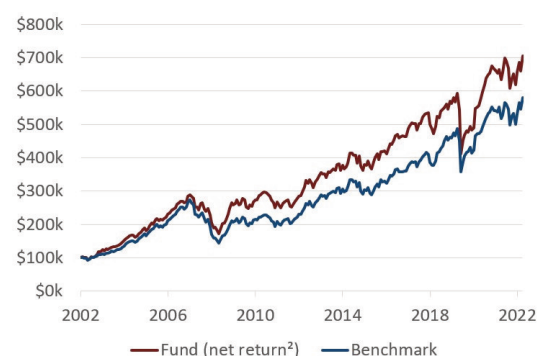
Australian shares made strong gains in January. Most notable were the consumer discretionary and real estate sectors on hopes that the cycle of rising interest rates was nearing an end. The resource sector continued its recent strong performance given rising iron ore and metal prices on China recovery hopes. Consumer staples, information technology and financial sector shares also performed well. The only negative sector was Utilities but this comes after robust gains in recent months.

The Antares Elite Opportunities Fund delivered a return of 6.9% (net of fees) for the month of January 2023.

Contributing to outperformance were overweight positions in Northern Star (NST), Goodman Group (GMG) and South32 (S32). The (USD) gold price rose by nearly 6% in January, building on its recent strength on the expectation of a slowdown on the pace and size of rate hikes. NST shares were beneficiaries. The property sector was one of the best performers in January as the interest rate outlook moderated. GMG shares were keenly sought, also benefitting from their positioning as a growth stock hence a beneficiary of the compression in the long bond yield. S32 shares were stronger on a good quarterly report as well as being buoyed by increases in the prices of its key commodities including aluminium, copper and zinc.

Detracting value were overweight positions in Santos (STO) and Incitec Pivot (IPL) and not owning Macquarie Group (MQG). STO shares were weaker on a dip in the oil price and news that its Narrabri project may be delayed by an appeal from the Gomeroi people in relation to native title consent for drilling. There was no corporate news from IPL in January. However softer ammonia prices following a warmer than expected winter in Europe saw less gas demand and lower prices which had a flow-on effect to nitrogen pricing (including for ammonia) that may have contributed to IPL's share price weakness. There was no particular news from MQG during the month. Given its leverage to markets, MQG is often viewed as a market proxy hence its shares bounced back strongly as did global indices in January.

### \$100,000 invested since inception



### Sector allocation

GICS <sup>3</sup>	%
Financials Ex Reits	25.9
Metals & Mining	22.5
Health Care	11.1
Consumer Discretionary	10.2
Communication Services	8.3
Industrials	6.7
Real Estate	6.0
Energy	3.8
Materials Ex Metals & Mining	3.3
Information Technology	1.2
Consumer Staples	1.0
Utilities	0.0

Australia's economy appears to be softening judging by weaker retail spending, falling house prices and more sedate results for the labour market. Both employment and job ads fell in December while retail spending declined sharply as consumers became more cautious with the higher cost of living. Australia's annual consumer inflation surged to 7.8% in December. Expected sharp increases in retail electricity and gas prices as well as higher rents and wages suggest that inflation will remain in the spotlight in 2023.

## 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 January 2023
<b>Australian shares</b>	95%	100%	100%	97.2%
<b>Cash and cash equivalents</b>	0%	0%	5%	2.8%

## Portfolio facts

<b>Inception date</b>	18 November 2002
<b>APIR Code</b>	PPL0115AU
<b>Fund size as at 31 January 2023</b>	\$213.8m
<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\$5.0 billion (at 31 December 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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