

Monthly Performance Report June 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 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 %	1.1	1.0	14.1	13.1	5.9	8.4	8.4	9.9
Benchmark return %	1.8	1.0	14.8	11.1	7.2	8.9	8.6	8.9
Net excess return %	-0.7	0.0	-0.7	2.0	-1.3	-0.5	-0.2	1.0

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

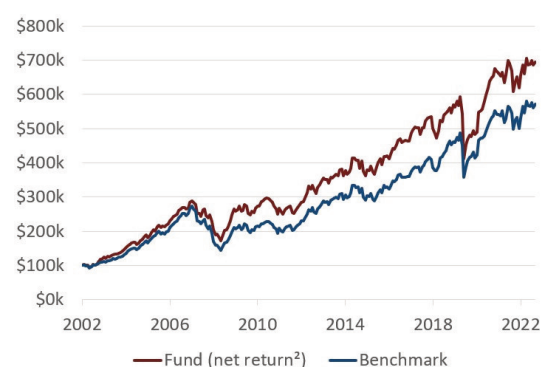
Australian shares made mild gains in June given signs that inflation pressures were abating and hopes that China will pursue more stimulatory policy settings. The Resources sector surged on China growth hopes with strong gains in iron ore prices. The Information Technology sector also made strong gains on the back of investors' enthusiasm for anything remotely connected with AI. Financials rebounded, reversing May's weakness with signs of resilience in the Australian economy mitigating credit risks. Healthcare was weak as investors became more cautious about the sector's prospects.

The Antares Elite Opportunities Fund delivered a return of 1.1% (net of fees) for the month of June 2023.

Contributing to performance were overweight positions in Downer EDI (DOW), Immutep (IMM) and IGO Limited (IGO). Late in the month, DOW announced it had been awarded the contract to build and maintain Queensland's new rollingstock project. This is expected to result in revenue of approximately \$4.6bn for DOW. IMM announced it had been granted a US patent for IMP 761 which it describes as having the potential to address the root cause of many autoimmune diseases. The company also announced that following the successful placement of shares with institutional investors at the end of May which raised \$67.9m, it had also completed a retail offer for a further \$6.5m. Sentiment toward the clean energy sector has been boosted by M&A activity as well as rising prices for lithium carbonate. Also, during June, IGO announced the appointment of Ivan Vella as the new permanent CEO. He has a distinguished career in the mining and resource sector with experience spanning multiple commodities, diverse geographies and markets. Mr Vella has spent the last 20 years with Rio Tinto (RIO) most recently as chief executive aluminium and a member of the RIO executive committee.

Detracting value were overweight positions in CSL and Northern Star (NST) together with not owning Fortescue Metals (FMG). CSL provided a trading update indicating currency headwinds would impact its FY23 result. More significantly it noted margin recovery in its Behring plasma collection division would take longer than the market expected, as both donor fees and labour cost inflation remain higher

\$100,000 invested since inception



Sector allocation

GICS ³	%
Financials Ex Reits	25.6
Metals & Mining	21.2
Health Care	12.6
Communication Services	8.0
Industrials	6.5
Real Estate	6.0
Consumer Discretionary	5.4
Energy	4.6
Materials Ex Metals & Mining	3.6
Consumer Staples	3.6
Utilities	1.6
Information Technology	1.2

than anticipated. This meant that CSL's FY24 guidance was below consensus and the stock was sold down. NST announced a \$1.5bn expansion of its KCGM Mill during the month which it stated would be funded from cash and forecast cashflow and would double its processing capacity. However, NST shares finished lower for the month as did the gold price. Optimism that further stimulus would drive Chinese growth saw the iron ore price spike and so too FMG's share price.

Australia's economy has displayed more positive signs with strong jobs growth, a rebound in retail spending and inflation moderating. May saw Australia's employment expand by a robust +75,900 jobs and the unemployment rate edge down from 3.7% to 3.6%. Consumers were also more willing to raise their retail spending in May but this also reflected promotional activity and sales events according to the Australian Bureau of Statistics. Consumer price pressures moderated in May with annual inflation coming in at 5.6% compared to 6.8% for April. However, the looming strong rises in electricity costs and residential rents in the new financial year suggest a painful squeeze on consumer budgets. The Reserve Bank again surprised with another 0.25% interest rate hike in June taking the cash interest rate to 4.1% in the hope of returning inflation back to its 2% to 3% target range.

Top 10 share holdings

(alphabetical order)

- ANZ Group
- Aristocrat Leisure
- BHP Group
- Coles Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Santos
- Telstra Group
- 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 30 June 2023
Australian shares	95%	100%	100%	99.3%
Cash and cash equivalents	0%	0%	5%	0.7%

Portfolio facts

Inception date	18 November 2002
APIR Code	PPL0115AU
Fund size as at 30 June 2023	\$196.9m
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

	Jun 23	Mar 23	Dec 22	Sep 22	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20
Distribution (cents per unit)	6.01	0.74	0.96	1.55	6.60	1.05	0.75	1.38	5.78	0.69	0.48
Franking levels		-	-	-	60.4%	-	-	-	35.2%	-	-

Portfolio managers

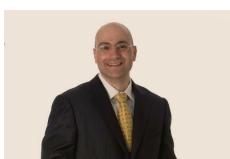
NICK PASHIAS

Head of Equities

Years with the group: 25

Years of Industry Experience: 25

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: 26

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 31 March 2023) 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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