

Monthly Performance Report July 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 % | 2.9 | 2.1 | 11.7 | 14.4 | 6.2 | 8.0 | 8.1 | 10.0 |
| Benchmark return % | 2.9 | 2.0 | 11.7 | 12.0 | 7.5 | 8.4 | 8.3 | 9.0 |
| Net excess return % | 0.0 | 0.1 | 0.0 | 2.4 | -1.3 | -0.4 | -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 strong gains on lower inflation and hopes that China will pursue more stimulatory policy settings. The energy sector led the market gains as oil prices surged. Financial shares also rebounded with optimism that the Reserve Bank interest rate hiking cycle was coming to an end. Information Technology continued to perform well, fuelled by the mania for AI related shares. Resources shares gained on China stimulus hopes. But there was some weakness in the Consumer Staples and Health Care sectors given concerns that the Australian consumer is struggling.

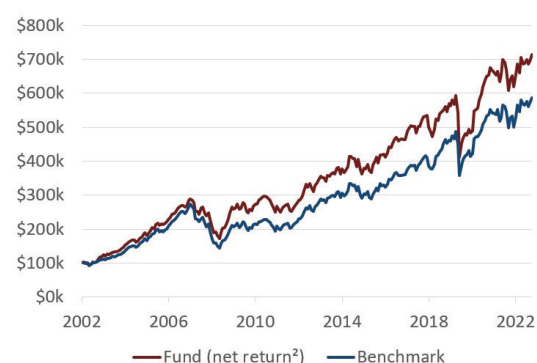
The Antares Elite Opportunities Fund delivered a return of 2.9% (net of fees) for the month of July 2023.

Contributing to performance were overweight positions in Block Inc (SQ2) and Seek (SEK) and not owning Woolworths (WOW). Despite limited stock specific news, SQ2 shares rallied 21.4% as part of the risk-on trade and more positive sentiment on the resilience of the US consumer. SEK benefited from a shift in thinking about the macroeconomic environment. The market has previously been concerned about SEK's volumes if the unemployment rate were to increase. While attending a parliamentary committee, WOW noted that shoppers had been moving to cheaper home brands on every day essentials as cost pressures rise. Our channel checks also indicate that discounting is increasing.

Detracting value were overweight positions in IGO Limited (IGO) and CSL and not holding a position in Woodside Energy (WDS). IGO provided a strong Q4 production and sales update. However, the company also gave FY24 production and capex guidance, of which the latter disappointed the market as it was significantly ahead of expectations. The 14.2% rise in the Brent Crude USD price during July was reflected in a buoyant performance by WDS shares. CSL's share price has continued to languish since issuing disappointing FY24 guidance in June following news that margin recovery in its Behring plasma collection division would take longer than the market expected.

Australia's economy is giving mixed signals with robust jobs growth and moderating inflation being countered by weak retail spending. There were strong employment gains in June as the unemployment rate edged down to 3.5% -

\$100,000 invested since inception



Sector allocation

| GICS ³ | % |
|------------------------------|------|
| Financials Ex Reits | 26.2 |
| Metals & Mining | 21.1 |
| Health Care | 12.1 |
| Communication Services | 8.2 |
| Real Estate | 6.1 |
| Industrials | 5.7 |
| Consumer Discretionary | 5.5 |
| Energy | 4.8 |
| Materials Ex Metals & Mining | 3.9 |
| Consumer Staples | 3.4 |
| Utilities | 1.8 |
| Information Technology | 1.3 |

essentially a 50-year low. Consumer price pressures also moderated in the June quarter with annual inflation coming in at 6.0%. However, the looming price rises for electricity and residential rents in the new financial year still suggest that inflation is a concern. For consumers, the squeeze on budgets from high inflation and rising interest rates has negatively impacted spending as evidenced by the sharp fall in June retail sales. While the Reserve Bank held the cash interest rate steady at 4.1% in July, it guided that further interest rate rises may be required to reduce inflation.

Top 10 share holdings

(alphabetical order)

- ANZ Group
- Aristocrat Leisure
- BHP Group
- Coles Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Santos
- South32
- Telstra 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 31 July 2023 |
|----------------------------------|---------|----------------------|---------|--------------------|
| 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 July 2023 | \$199.5m |
| 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 | 48.8% | - | - | - | 60.4% | - | - | - | 35.2% | - | - |

Portfolio managers

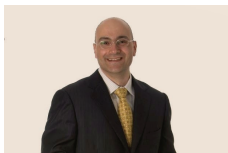
NICK PASHIAS

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: 23

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
- eXpand Extra
- MLC Wrap / Navigator
- Praemium
- BT Panorama
- Hub 24
- Netwealth Wrap
- PowerWrap
- CFS First Wrap
- Macquarie Wrap
- North
- uXchange
- Clearview
- MLC Masterkey Fundamentals
- OneVue
- Voyage

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 June 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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