

Fund Profile

Antares Elite Opportunities Fund



August 2021

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 the Benchmark (after fees) over rolling five-year periods.

Fund commentary

The Antares Elite Opportunities Fund delivered a return of 3.4% (net of fees) for the month of August 2021.¹

Australian shares delivered a strong return in August. Reporting season was generally positive. The Information Technology sector surged as Square launched a \$39b takeover bid for Afterpay. There were also strong gains for the healthcare and financial sectors given the Reserve Bank's guidance that low interest rates would be maintained. However, resource sector shares were down as iron ore prices slumped by 25% as the Chinese steel industry signaled lower demand.

Performance was boosted by overweight holding Afterpay (APT) and the decisions not to own Fortescue Metals (FMG) and Rio Tinto (RIO). US tech giant Square's \$39b bid for Afterpay valued APT at \$126.21 per share - a premium of 25% to APT's previous undisturbed market valuation. Shares in iron ore producer FMG were impacted by the drop in the iron ore price despite a record profit and dividend announcement. Similarly shares in RIO were weaker.

Detracting from performance were overweight holdings in BHP and Santos (STO) together with the decision not to own NAB. BHP shares were weaker on the fall in the iron ore price. Also negative in the short term was BHP's announcement that it would collapse its dual listed structure, at a potential once off cost of around USD400m. BHP plans to merge its Petroleum division with Woodside (WPL) which would see BHP own 48% and deliver synergies in the order of USD400m. Energy stocks were generally weaker on lower oil prices during August. Also during the month Santos announced it had reached agreement to merge with Oil Search (OSL) which will see STO shareholders take ownership of 61.5% of the merged group and OSL shareholders the balance. The merged group would become Australia's largest oil and gas producer, something that should be beneficial given longer-term challenges of raising capital for fossil fuels. NAB reported a slight increase in 3Q21 profit on improving margins.

Australia's economic revival is being challenged by the extended lockdowns in New South Wales and Victoria. High frequency data for employment and mobility shows a sharp decline in activity. Business and consumer surveys have also fallen. Partly mitigating these signs of economic slowdown has been increased budget support from the Federal and State Governments. The Reserve Bank's monetary policy settings also remain supportive with guidance that the current low cash interest rates should remain until 2024. Uptake of vaccinations is accelerating with the focus turning to opening up economies once key targets are reached.

Fund facts

Inception date:	18 November 2002
Fund size at 31 August 2021:	\$236.5m
Benchmark:	S&P/ASX 200 Total Return Index
Investment timeframe:	At least 5 years
Relative risk:	High - Very High
Relative return¹:	High - Very High

Top 10 share holdings

as at 31 August 2021 (alphabetical order)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- Commonwealth Bank
- CSL
- Goodman Group
- Telstra Corporation
- Transurban Group
- Westpac Banking Corporation
- Woolworths Group

Investment returns as at 31 August 2021¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return² %	3.4	5.8	36.8	8.2	10.1	8.5	9.8	10.7
Gross return %	3.7	5.7	38.3	9.1	10.9	9.3	10.6	11.6
Benchmark return %	2.5	6.0	28.1	9.9	10.9	8.6	10.3	9.6
Net excess return %	0.9	-0.2	8.7	-1.7	-0.8	-0.1	-0.5	1.1
Gross excess return %	1.2	-0.3	10.2	-0.8	0.0	0.7	0.3	2.0

¹ Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document.

² Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

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 higher level of risk in exchange for the opportunity to earn greater returns.

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$5,000
Distribution:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee:⁴	0.70% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).
Performance fee:⁵	20% of the Fund's net performance in excess of the performance hurdle. ⁵

⁴ 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 hurdle is the benchmark return +5%p.a.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Aug 21
Australian shares	95%	100%	100%	99%
Cash and cash equivalents	0%	0%	5%	1%

Distribution history ⁶

Quarter end	Cents per unit
30 June 2021	5.78
31 March 2021	0.69
31 December 2020	0.48
30 September 2020	0.54
30 June 2020	0.08
31 March 2020	0.64
31 December 2019	1.27
30 September 2019	1.03
30 June 2019	5.39
31 March 2019	1.28
31 December 2018	1.18
30 September 2018	2.11
30 June 2018	8.50
31 March 2018	1.23
31 December 2017	2.27
30 September 2017	1.71
30 June 2017	6.41
31 March 2017	1.88
31 December 2016	2.42
30 September 2016	1.42

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.

Franking levels

Year end	
30 June 2021	35.15%
30 June 2020	116.00%
30 June 2019	60.60%
30 June 2018	27.48%
30 June 2017	33.99%

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\$5.5 billion (at 30 June 2021) under advice across a range of strategies including large capitalisation, concentrated, property, 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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