

Fund Profile

Antares Elite Opportunities Fund



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

Fund commentary

The Antares Elite Opportunities Fund delivered a return of -4.7% (net of fees) for the month of January 2022.¹

Australian shares had a disappointing start to 2022 with sharp falls in January. Leading the decline was the Information Technology sector which struggled in the wake of Wall Street reassessing growth prospects. Healthcare and consumer staples were also under selling pressure given that future higher interest rates would reduce their appeal to investors. The few rays of sunshine came from the Resources sector. The energy sector surged given the rapid rise in the oil price towards US\$90 per barrel fueled by concerns over Russia – Ukraine political tensions. The big miners were also strongly supported as iron ore prices surged from US\$107 to US\$137 per tonne with reported shortages of Brazilian supply.

Contributing to Fund performance were overweight positions in BHP, Santos (STO) and IGO. BHP and other iron ore producers including RIO performed well as the iron ore price rose on the reported supply shortages. Also significant was BHP's reunification and end of its London listing on the morning of 31 January which saw very high turnover as its weighting in various indices increased eg from a weighting of around 6% of the ASX 200 to approximately 10%. This means many index and benchmark-aware funds have been and will be buying more of the stock (and consequently have reduced or are reducing their exposure to others). The oil price rose by more than 17% during January. This was reflected in the price of oil stocks including STO and Woodside. The demand for and price of lithium continues to rise as has the IGO share price.

Detracting from performance were decisions not to own Rio Tinto (RIO) and Woodside Petroleum (WPL) and an overweight holding in Afterpay (APT). The market rotation away from higher valuation sectors, such as tech, to the more "value" part of the market has continued. With respect to APT the price of its shares has been linked to the price of Block shares (SQ US) in the United States following approval of the merger of the two businesses. (APT's last day of trading on the ASX was 19 January). SQ US has been one of the worst performers in the recent tech sell-off in the US. These businesses tend to be early in their life cycles and so require a heavier level of re-investment to create longer-term value. As discount rates move up with inflationary expectations these stocks can suffer from temporary valuation adjustments.

Australia's economy is once again struggling given the virus surge. As consumers and employees are reluctant to venture out, a 'shadow lockdown' has occurred across the eastern states. There have been large falls in consumer confidence and mobility in January which is likely to negatively impact spending. Also, Australia's annual inflation has accelerated to 3.5% in the December quarter 2021 as rising commodity prices and housing costs dent consumer' purchasing power. There is considerable pressure on the Reserve Bank to reconsider their "patient" stance on raising interest rates post this inflation surge.

Fund facts

Inception date:	18 November 2002
Fund size at 31 January 2022:	\$216.0m
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 January 2022 (alphabetical order)

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

Investment returns as at 31 January 2022¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return² %	-4.7	-4.5	13.7	8.7	7.6	7.4	9.2	10.1
Gross return %	-4.6	-4.5	14.4	9.4	8.3	8.2	9.9	10.9
Benchmark return %	-6.4	-4.3	9.4	9.8	8.5	7.5	9.5	9.0
Net excess return %	1.7	-0.2	4.3	-1.1	-0.9	-0.1	-0.3	1.1
Gross excess return %	1.8	-0.2	5.0	-0.4	-0.2	0.7	0.4	1.9

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 Jan 22
Australian shares	95%	100%	100%	99%
Cash and cash equivalents	0%	0%	5%	1%

Distribution history ⁶

Quarter end	Cents per unit
31 December 2021	0.75
30 September 2021	1.38
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

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\$5.7 billion (at 31 December 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

Important information: Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), is the Responsible Entity of, and the issuer of units in, the Antares Elite Opportunities Fund ARSN 102 675 641 ('the Fund'). An investor should consider the current Product Disclosure Statement and Product Guide for the Fund ('PDS') in deciding whether to acquire, or continue to hold, units in the Fund and consider whether units in the Fund is an appropriate investment for the investor and the risks of any investment. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This communication contains general information and may constitute general advice. This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. 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. Any projection or other forward looking statement ('Projection') in this report is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by ACP constitute ACP's judgement at the time of writing and may change without notice. ACP is a part of the IOOF group of companies (comprising IOOF Holdings Ltd ABN 49 100 103 722 and its related bodies corporate) ('IOOF Group'). The capital value, payment of income and performance of the Fund are not guaranteed. An investment in the Fund is subject to investment risk, including possible delays in repayment of capital and loss of income and principal invested. Neither ACP nor any other member of the IOOF Group guarantees the repayment of your capital, payment of income or the performance of your investment.