

Portfolio Profile

Antares Ex-20 Australian Equities Fund



May 2021

Fund description and investment return objective

The Fund is an actively managed, concentrated portfolio of equities outside the largest 20 Australian listed companies by market capitalisation (as defined by the S&P/ASX 20 Total Return Index) that Antares identifies as having the potential to offer significant long-term capital growth. The Fund may also invest in equities expected to be listed on the Australian share market.

The investment objective is to outperform the Benchmark (after fees) over rolling five year periods.

Manager's commentary

The Fund delivered a net return of 0.2% for the month of May, while our benchmark delivered 0.3%¹. It was pleasing to produce a positive return for our investors in May, as the market was somewhat directionless in May. On the one hand, investors were concerned about inflation from the large stimulus delivered in many developed countries. But on the other hand, economic activity and "re-opening" continued to accelerate, supporting the outlook.

Our best contributor for the month was Aristocrat Leisure (ALL). The company reported a strong first half FY 21 profit in May, driven by impressive market share gains in both its land based and digital businesses. ALL game performance has been very good, which has driven these share gains. Game performance has been driven by a commitment to a high level of investment into content, which we expect to continue to support further market share gains and so the stock price.

Northern Star (NST) also enjoyed a solid month as the gold price rallied on the back of inflation concerns. Perhaps also helping gold's return to favor was the decision of Tesla to no longer accept bitcoin as payment for its vehicles. Cryptocurrencies like bitcoin have enjoyed a surge in popularity, at the expense of other safe havens such as gold, but environmental concerns with their procurement have seen a reversal.

Finally Treasury Wine Estates (TWE) enjoyed a good month on the back of its Investor Day. Not only did the company upgrade its short-term guidance, it re-committed to its long term margin target of 25% operating profit to sales. It also provided the clearest indication yet on how it would manage the demand problems created by China's decision to place 200% tariffs on Australian wine.

Afterpay (APT) detracted most from performance for the month. There was no specific news on APT but the market focused on the initial success of Paypal and Affirm into the buy now pay later market, threatening APT's leading position. In addition, the market's concerns around high inflation saw longer duration growth stocks, such as APT, struggle generally.

Polynovo (PNV) also detracted from the May performance. Like APT, PNV is a longer duration growth stock and so it too struggled as the market focused on the potential of higher interest rates. There was no company specific information released in May.

Finally Wisetech (WTC), also struggled in May. Just as was the case with APT and PNV, there was no company specific information released in the month, and WTC is another longer duration growth stock.

Portfolio facts

Inception date:	1 October 2019
Fund size at 31 May 2021:	\$34.6m
Benchmark:	S&P/ASX 200 Total Return Index excluding the companies listed on the S&P/ASX 20 Total Return Index.
Investment timeframe:	At least 5 years
No. of shares:	15 to 30

Top 10 share holdings

as at 31 May 2021 (alphabetical order)

- Aristocrat Leisure
- Cochlear
- James Hardie Industries
- Medibank Private
- Nine Entertainment Co Holdings
- Northern Star Resources
- Qantas Airways
- Qube Holdings
- Seek
- Star Entertainment Group

Investment returns as at 31 May 2021¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	Since inception pa
Net return ² %	0.2	7.0	32.2	-	-	-	13.2
Gross return ³ %	0.4	7.5	35.7	-	-	-	16.2
Benchmark return %	0.3	6.6	20.9	-	-	-	4.2
Net excess return %	-0.1	0.4	11.3	-	-	-	9.0
Gross excess return %	0.1	0.9	14.8	-	-	-	12.0

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. The performance inception date is 2 October 2019.

Investor profile

The Ex-20 Australian Equities Fund is designed for investors seeking an actively managed, highly concentrated portfolio of Australian securities that excludes the top 20 stocks by market capitalisation. The Fund aims to provide investors with long term capital growth.

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$5,000
Income treatment:	Half-yearly distribution or re-investment
Entry fee:	Nil
Exit fee:	Nil
Management fee:	0.85% (incl. net effect of GST) per annum
Performance fee:	The performance fee is calculated as 15% of the difference between the Fund's quarterly return (after deducting the management fee and assuming the reinvestment of distributions) and the Benchmark's quarterly return ⁵ .

⁵ The Benchmark of the Fund is S&P/ASX 200 Total Return Index excluding the S&P/ASX 20 Total Return Index..

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 May 21
Australian shares	90%	100%	100%	93%
Cash and cash equivalents	0%	0%	10%	7%

Distribution history⁴

Quarter end	Cents per unit
31 December 2020	0.60
30 June 2020	0.91
31 December 2019	0.00

⁴ 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 2020	97.61%

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\$5.3 billion (at 31 March 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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