

Portfolio Profile

Antares Ex-20 Australian Equities Fund



June 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 solid month in June, generating a return of 3.5% (net of fees)¹, which compared to the 3.2% generated by our index. It capped a pleasing 12 months whereby the portfolio generated a return of 34.6% relative to that of our benchmark at 23.0%.

Our best performer in June was Afterpay (APT). The company announced it had entered into a series of agreements with major US online retailers such as Amazon and Nike. While this announcement is significant, the stock was already enjoying a strong month, rebounding as fears abated that inflation would force an early and sharper rise in longer term bond rates globally, which affects the valuation of longer duration growth stocks like APT.

Megaport (MP1) also enjoyed a strong month. Like APT, MP1 benefitted from the decline in longer term inflationary expectations globally. MP1 also provided information to the market about its Megaport Virtual Edge product and announced a number of key distribution relationships with the likes of Cisco. This has materially reset upwards expectations for MP1's earnings profile. The product is exciting as it allows traditional wide area networks to now connect seamlessly to the cloud, thereby assisting local operations of branch type businesses to make better decisions and provide better customer experiences.

Finally, Metcash (MTS) reported very strong earnings for the period ended 30 April. Importantly, MTS showed it has continued to win market share against the major chains despite some anecdotal evidence that trading patterns were beginning to normalise post COVID. Further, MTS showed the benefits of its diversification into hardware which delivered a very strong result relative to the market's expectations.

Northern Star (NST) suffered a poor month as inflationary expectations cooled, dulling the appeal of gold as an inflationary hedge. Hence shares of gold producers fell.

Oz Minerals (OZL) also detracted in the month. After a very strong run, copper, the key commodity produced by OZL, weakened during June. Longer term, Copper's appeal remains as major economies transition from carbon fuels to electrification. There will be periodic corrections in what we expect to be a longer term trend.

Star Entertainment (SGR) also weakened in June, the driver being the emergence of a new COVID cluster in Sydney that has led to a lockdown of that city. Hence the disruption to operations has seen the share price of SGR weaken.

Portfolio facts

Inception date:	1 October 2019
Fund size at 30 June 2021:	\$36.8m
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 30 June 2021 (alphabetical order)

- Ansell
- Aristocrat Leisure
- Cochlear
- James Hardie Industries
- Medibank Private
- Metcash
- Northern Star Resources
- Qantas Airways
- Qube Holdings
- Seek

Investment returns as at 30 June 2021¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	Since inception pa
Net return ² %	3.5	9.0	34.6	-	-	-	14.7
Gross return ³ %	3.7	9.8	38.1	-	-	-	17.8
Benchmark return %	3.2	6.9	23.0	-	-	-	5.9
Net excess return %	0.3	2.1	11.6	-	-	-	8.8
Gross excess return %	0.5	2.9	15.1	-	-	-	11.9

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. 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 30 Jun 21
Australian shares	90%	100%	100%	94%
Cash and cash equivalents	0%	0%	10%	6%

Distribution history⁴

Quarter end	Cents per unit
30 June 2021	3.43
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 2021	29.46%
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\$5.5 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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