

Portfolio Profile

Antares Ex-20 Australian Equities Fund

August 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 strategy delivered a net return of 6.8% for the month of August, while our benchmark delivered 5.1%¹. It was pleasing to produce a positive return, both in absolute and relative terms, for our investors in August given it is the month which sees so much information provided by companies to the market as they report their results.

Our best contributor for the month was Afterpay Ltd (APT). APT received an all share takeover offer from US financial technology company, Square, valuing the business at approximately \$39b. This represented a 25% premium to the previous undisturbed market valuation.

Wisetech (WTC) also enjoyed a very strong month for the portfolio after posting annual results that exceeded expectations. Further, it provided a robust outlook statement that led to significant upgrades in the market. WTC has had its doubters with various offshore short-sellers targeting the business on the basis of its acquisition strategy but this result put paid to those doubts and forced these short sellers to cover their positions.

Finally Star Entertainment Group (SGR) also posted strong gains in the month. Its results demonstrated the resilience of its balance sheet despite the COVID enforced closure of its major asset, the Star Casino in Sydney. Further, as the NSW government unveiled plans to re-open the NSW economy based on targeted vaccination levels, the market began to look through the near term issues to potentially better times ahead.

Ansell (ANN) shares fell in August after releasing results that were towards the lower end of its guidance range. It also provided a broad range of guidance for FY22 which the market interpreted as lacking confidence in its prospects into FY22. We saw this differently, with the result impacted by COVID imposed closures of ANN manufacturing plants in Vietnam and Malaysia. The fact the company could even give guidance was also significant given a new MD has taken over recently. We think the market over-reacted.

Dominos Pizza (DMP) released a strong result in August and upgraded its longer term guidance on new store openings in the key market of Japan. We do not own DMP and so the strong shareprice reaction negatively impacted our relative performance.

Worley (WOR) detracted from the portfolio driven by the fall in expected capital expenditure for oil and gas projects and the release of its FY21 results which were mixed in terms of quality and magnitude. Many oil and gas companies have committed to maintaining lower than historical levels of capital expenditure as demand for hydrocarbons begins to plateau. This hurts a significant aspect of WOR's traditional business. WOR's FY21 result did little to rectify this concern as the growth in its energy transformation business (designed to offset hydrocarbon weakness) seemed to stall and we were concerned with the overall quality of the result given the number of restructuring costs again recorded.

Portfolio facts

Inception date:	1 October 2019
Fund size at 31 August 2021:	\$41.5m
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 August 2021 (alphabetical order)

- Aristocrat Leisure
- James Hardie Industries
- Medibank Private
- Metcash
- Nine Entertainment Co Holdings
- OZ Minerals
- Qantas Airways
- Qube Holdings
- Seek
- Treasury Wine Estates

Investment returns as at 31 August 2021¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	Since inception pa
Net return ² %	6.8	8.4	31.7	-	-	-	16.1
Gross return ³ %	6.9	8.7	35.0	-	-	-	19.0
Benchmark return %	5.1	9.3	23.3	-	-	-	8.6
Net excess return %	1.7	-0.9	8.4	-	-	-	7.5
Gross excess return %	1.8	-0.6	11.7	-	-	-	10.4

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 Aug 21
Australian shares	90%	100%	100%	95%
Cash and cash equivalents	0%	0%	10%	5%

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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