

# Portfolio Profile

## Antares High Growth Shares Fund



January 2022

### Fund description and investment return objective

The Fund aims to outperform the S&P/ASX 200 Total Return Index (after fees) over rolling five year periods. The Fund seeks to enhance returns through a range of investment strategies including long/short positions and active trading, along with the ability to use exchange traded derivatives.

### Fund commentary

The Antares High Growth Shares Fund delivered a return of -5.0% (net of fees) for the month of January 2022.<sup>1</sup>

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.

Positives for Fund performance were overweight positions in BHP and Santos (STO) and a short position in Sonic (SHL). 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. Pathology operators like Sonic have been among the biggest beneficiaries of the pandemic. In January it significantly underperformed the market as the increasing use of Rapid Antigen Tests and evidence that the omicron variant is less dangerous caused investors to realise that PCR testing has likely peaked.

Detracting value were overweight holdings in Afterpay (APT) and Wisetech (WTC) and the decision not to own Rio Tinto (RIO). 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. Similarly WTC was sold down on concerns that higher rates would put pressure on company valuations in the sector.

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.

### Portfolio facts

<b>Inception date:</b>	7 December 1999
<b>Fund size at 31 January 2022:</b>	\$357.1m
<b>Benchmark:</b>	S&P/ASX 200 Total Return Index
<b>Investment timeframe:</b>	At least 5 years
<b>Relative risk:</b>	High
<b>Relative return<sup>1</sup>:</b>	High
<b>Redemption Unit Price at 31 January 2022</b>	\$1.1417

### 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 2022<sup>1</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
<b>Net return<sup>2</sup> %</b>	<b>-5.0</b>	<b>-4.8</b>	<b>15.1</b>	<b>11.0</b>	<b>9.9</b>	<b>8.8</b>	<b>10.6</b>	<b>10.7</b>
Gross return%	-4.7	-4.9	16.1	12.1	11.0	9.9	11.8	12.1
Benchmark return %	-6.4	-4.3	9.4	9.8	8.5	7.5	9.5	8.1
<b>Net excess return %</b>	<b>1.4</b>	<b>-0.5</b>	<b>5.7</b>	<b>1.2</b>	<b>1.4</b>	<b>1.3</b>	<b>1.1</b>	<b>2.6</b>
Gross excess return %	1.7	-0.6	6.7	2.3	2.5	2.4	2.3	4.0

<sup>1</sup> 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.

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

## Investor profile

The Fund is actively managed and its returns may be volatile when compared with the benchmark return. As such, it may suit investors who are willing to accept higher risk in exchange for the potential opportunity to earn greater returns.

The Fund holds its investments on revenue account. Therefore, gains which are made by the Fund on its investments and distributed to unitholders are treated as revenue, rather than capital, with no entitlement to the capital gains tax (CGT) discount.

## Investment details

<b>Minimum investment:</b>	\$20,000
<b>Minimum additional investment:</b>	\$5,000
<b>Income treatment:</b>	Quarterly
<b>Entry fee:</b>	Nil
<b>Exit fee:</b>	Nil
<b>Management fee<sup>4</sup>:</b>	1.05% pa of the net asset value of the Fund
<b>Performance fee:</b>	20% of the Fund's investment return (net of management fee) above the sum of the Benchmark <sup>5</sup> and 5%.

<sup>4</sup> ACP may, from time to time, negotiate fees which are different to those described in the PDS with certain sophisticated and professional investors or wholesale clients (as defined in the Corporations Act).

<sup>5</sup> The Benchmark of the Fund is S&P/ASX 200 Total Return Index.

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Jan 22
<b>Aust shares - Net</b>	90%	100%	100%	99.0%
<b>Aust shares - Long</b>	90%	-	125%	120.6%
<b>Aust shares - Short</b>	0%	-	-25%	-21.6%
<b>Cash and cash equivalents</b>	0%	0%	10%	1.0%

## Distribution history<sup>6</sup>

Quarter end	Cents per unit
31 December 2021	1.76
30 September 2021	1.80
30 June 2021	9.10
31 March 2021	0.68
31 December 2020	0.26
30 September 2020	0.42
30 June 2020	0.00
31 March 2020	1.00
31 December 2019	0.95
30 September 2019	0.99
30 June 2019	2.87

<sup>6</sup> Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

## Investment terms and guidelines

**Short selling** involves borrowing a share from a prime broker to sell to the market, with an agreement to purchase that share back at a later date. When the Fund short sells a share, we anticipate taking advantage of declines in the price of that share by selling the share at one price, and then aiming to buy back that share at a subsequent lower price. Short selling is limited to 25% of the value of the Fund's net assets.

**Enhanced long positions** refer to the shares in which the Fund holds the largest overweight positions when compared to its benchmark weighting. Long positions are limited to 125% of the value of the Fund's net assets. All long and short positions will be managed to provide investors with a gross exposure to the sharemarket of up to 150%, but the overall net exposure will be between 90 - 100%.

**Active trading** refers to trading in shares where the Fund has held a range of different positions over a relatively short period of time, with a view to fully exploiting all available opportunities to add value as market circumstances change. It may also involve simply managing an overweight or other position held - adding to or reducing the position to benefit from smaller movements in the share price.

## 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 High Growth Shares Fund ARSN 090 554 082 ('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.