

Ex-20 Australian Equities Fund



Monthly Performance Report March 2022

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 Fund's objective is to outperform (after management fees) the 'Benchmark' (S&P/ASX 200 Total Return Index excluding the companies listed in the S&P/ASX 20 Total Return Index) over rolling five year periods.

Investment returns¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception pa
Net return ² %	6.3	-0.7	14.8	-	-	12.4
Benchmark return %	5.1	-1.7	13.6	-	-	6.7
Net excess return %	1.2	1.0	1.2	-	-	5.7

¹ Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market.

Investment commentary

The Antares Ex-20 Australian Equities Fund delivered a return of 6.3% (net of fees) for the month of March 2022 while our benchmark returned 5.1%. The Australian market posted strong gains driven primarily by its large exposure to raw materials – mining companies posted the strongest gains. With the Russia Ukraine war threatening supply of many primary materials, Australia is a major beneficiary in filling the gap.

Our best contributor for the month was IGO, the WA based nickel and lithium producer. With sanctions applied to many of Russia's industries, certain important metals are now in very scarce supply. Foremost amongst these is nickel, which saw hugely volatile price movements on the London Metals Exchange. Russia supplies around 20% of the world's premium grade nickel, critical in the use of rechargeable batteries. Hence IGO rallied with the nickel price.

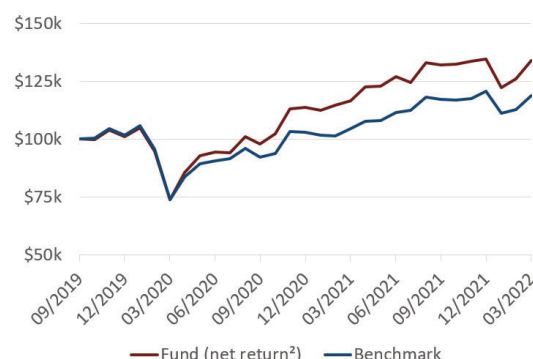
Sims (SGM) also enjoyed a strong month on the back of its better than expected February results. The market is becoming increasingly comfortable with the notion that scrap steel prices will remain elevated for longer as sanctions on Russia impact supplies of iron ore and coking coal.

IDP Education (IEL) also rallied strongly in the month, following the long-anticipated sell down by a number of Australian universities of their stake in the stock. Further, globally there was further reduction in COVID oriented restrictions helping sentiment towards companies offering cross border services such as IEL.

Telix (TLX) shares were weaker in the month as a rival firm released a similar product ahead of TLX in the key US market. Further, the recent capital raising has seen a certain rotation of the share holding registry at a time when increasing global interest rates have reduced demand for longer duration growth options like TLX.

James Hardie (JHX) also detracted from performance. As interest rates increased, especially in the US, the market has begun to anticipate that recent strength in housing starts will reverse. Further, with commodity price strength, the Australian

\$100,000 invested since inception



Sector allocation

GICS ³	%
Metals & Mining	19.7
Consumer Staples	14.1
Communication Services	11.7
Financials Ex Reits	11.5
Health Care	9.7
Consumer Discretionary	8.5
Industrials	8.2
Energy	7.1
Information Technology	6.0
Real Estate	3.5

dollar has rallied, which affects the value of JHX's US profits when translated back to AUD. As JHX has also now left our index, we have chosen to exit the position

Finally shares in Medibank (MPL) were also weaker in the month. The shares drifted down despite a lack of newsflow, and if anything, MPL would benefit from rising interest rates given its large investment book held as part of its statutory and regulatory obligations.

Top 10 share holdings

(alphabetical order)

- Cochlear
- IDP Education
- IGO
- Lynas Rare Earths
- Metcash
- Nine Entertainment
- Qantas Airways
- QBE Insurance
- Santos
- Seek

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. The Fund may suit investors who are willing to accept a very high level of risk in exchange for the opportunity to earn higher potential returns.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 March 2022
Australian shares	90%	100%	100%	96.1%
Cash and cash equivalents	0%	0%	10%	3.9%

Portfolio facts

Inception date	1 October 2019
Fund size as at 31 March 2022	\$44.7m
Benchmark	S&P/ASX 200 Total Return Index excluding the companies listed on the S&P/ASX 20 Total Return Index.
No. of shares	15 to 30
Distribution	Half-yearly distribution or reinvestment
Management fee⁴	0.85% pa
Performance fee⁵	15% of the Fund's net quarterly return in excess of the benchmark quarterly return

Distribution history⁶ and Franking levels

	Dec 21	Jun 21	Dec 20	Jun 20
Distribution (cents per unit)	0.57	3.43	0.60	0.91
Franking levels	-	29.5%	-	97.6%

Portfolio managers

JOHN GUADAGNUOLO

Head of Fundamentals

Years with the group: 14

Years of Industry Experience: 21

Key Responsibilities:

John is the Portfolio Manager of the Ex-20 Australian Equities Model Portfolio and Managed Fund.



WINSTON CHONG

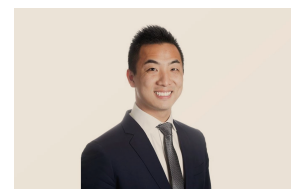
Investment Analyst

Years with the group: 4

Years of Industry Experience: 11

Key Responsibilities:

Winston is the Deputy Portfolio Manager of the Ex-20 Australian Equities Model Portfolio and Managed Fund.



Platform availability

- BT Panorama
- Macquarie Wrap
- Netwealth
- Hub24
- MLC/Navigator
- Praemium

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.

³ GICS - Global Industry Classification Standard % are absolute ie sector proportion of portfolio. Source: Antares Equities.

⁴ Management fee is % per annum of the Fund's net asset value (including net effect of GST).

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

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. A full distribution history and franking levels can be found on our website at <https://www.antarescapital.com.au/home/prices-and-performance/distributions>

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, 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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