

Ex-20 Australian Equities Fund



Monthly Performance Report April 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	2 years pa	3 years pa	Since inception pa
Net return ² %	-2.3	6.9	6.7	23.6	-	11.0
Benchmark return %	-0.4	6.1	9.6	18.7	-	6.3
Net excess return %	-1.9	0.8	-2.9	4.9	-	4.7

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 -2.3% (net of fees) for the month of April 2022 while our benchmark returned -0.4%. The Australian market struggled as inflation became more apparent in the local economy and China's "Zero Covid" strategy became increasingly severe with a concomitant impact on expected Chinese economic growth. The threat of a major disruption to the Chinese economy has taken sentiment towards Australia down, which has impacted both domestically oriented shares, as well as those of commodity producers. Further, costs are beginning to rise for Australia's mineral producers.

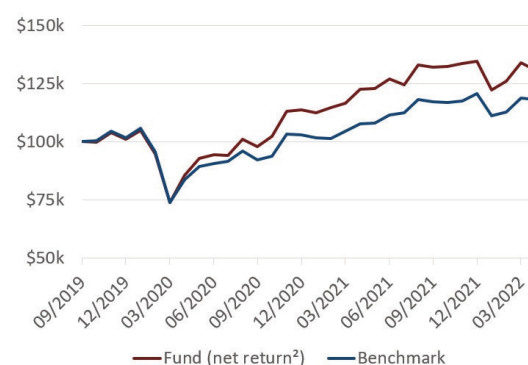
Our best contributor for April was Qantas (QAN). Shares in the airline rose over the month as the oil price stabilised and a string of bullish anecdotes about demand for travel, both domestic and international, began to emerge.

Shares in services company Ventia (VNT) rose as the company announced a string of contract wins. Further, major holder Cimic announced its two company appointed directors would stand down, helping investor perceptions of the independence of VNT and its board.

Finally, Metcash (MTS) performed strongly over the month. While there was no new news, MTS shares benefitted from their defensive characteristics in a volatile month as well as reports of growing food price inflation.

Megaport (MP1) was our worst contributor for the month. The company released a March quarterly update that disappointed investors. With the general market aversion to higher growth stocks like MP1, coupled with recent selling by its founder/chairman, the stock sold down markedly. While disappointing, we still see MP1 as having significant upside as it moves to its new third part distributor model.

\$100,000 invested since inception



Sector allocation

GICS ³	%
Metals & Mining	16.7
Consumer Staples	13.3
Financials Ex Reits	12.6
Industrials	11.1
Communication Services	11.1
Health Care	10.4
Consumer Discretionary	8.7
Energy	7.2
Information Technology	5.5
Real Estate	3.5
Materials Ex Metals & Mining	0.0
Utilities	0.0

Lynas Rare Earths (LYC) also fell in April as the prices for its key rare earth commodities weakened in April – due in part to the lockdowns imposed in China. Further, the market is concerned about the possible capex blowout for its Kalgoorlie expansion plans.

IDP Education (IEL) also fell in April. While there was no new news released about the company, the market has been selling high rated companies like IEL as higher interest rates make their longer-term growth prospects relatively less appealing. Higher discount rates hurt higher growth stock valuations disproportionately. Despite this, we see the stock as very good value as a unique franchise with a very strong market position and multi-year growth prospects.

Top 10 share holdings

(alphabetical order)

- Cochlear
- Medibank Private
- Metcash
- Nine Entertainment
- Qantas Airways
- QBE Insurance
- Santos
- Seek
- Tabcorp
- Treasury Wine Estates

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 30 April 2022
Australian shares	90%	100%	100%	94.7%
Cash and cash equivalents	0%	0%	10%	5.3%

Portfolio facts

Inception date	1 October 2019
Fund size as at 30 April 2022	\$44.4m
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

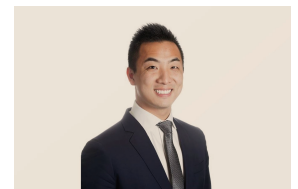
Investment Manager

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 March 2022) 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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