

Ex-20 Australian Equities Fund



Monthly Performance Report May 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 % | -4.5 | -0.8 | 1.7 | 15.9 | -- | 8.7 |
| Benchmark return % | -4.0 | 0.4 | 4.8 | 12.6 | -- | 4.5 |
| Net excess return % | -0.5 | -1.2 | -3.1 | 3.3 | -- | 4.2 |

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

It was another challenging month for the market with our benchmark down by 4.0%. The Fund delivered a net return of -4.5% for the month.

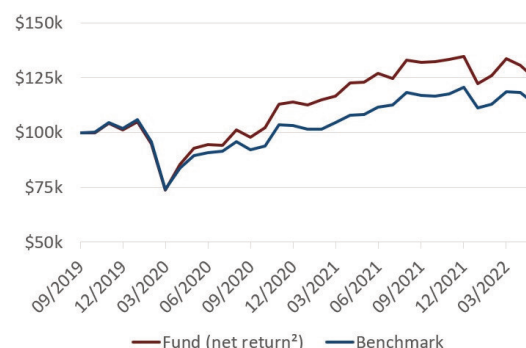
Our best performer for the month was Santos (STO) which benefitted from rising oil and gas prices during May. Lynas Rare Earths (LYC) also had a relatively strong month. Early in May, the company confirmed it was well progressed with its Kalgoorlie Rare Earths Processing Facility in Western Australia, and continues to expect the project to be on time and budget.

Treasury Wine Estates (TWE) also enjoyed a stronger month in relative terms as offshore peers reported incrementally positive results.

Detracting from performance was Nine Entertainment (NEC) which sold off during the month as the market grew more concerned around the outlook for the domestic economy, despite NEC suggesting at an investor conference that it expects to grow television revenues through the cycle through its high growth BVOD offering.

Seek (SEK) was weaker as the global tech sell off continued in May on the prospect of rising rates and Metcash (MTS) gave up its April gains as the market grew more concerned about the impact of a cooling housing market on the company's hardware business.

\$100,000 invested since inception



Sector allocation

| GICS ³ | % |
|------------------------------|------|
| Metals & Mining | 16.3 |
| Consumer Staples | 12.7 |
| Industrials | 12.6 |
| Financials Ex Reits | 12.4 |
| Communication Services | 10.1 |
| Health Care | 10.1 |
| Consumer Discretionary | 9.8 |
| Energy | 8.7 |
| Information Technology | 7.2 |
| Materials Ex Metals & Mining | 0.0 |
| Real Estate | 0.0 |
| Utilities | 0.0 |

Top 10 share holdings

(alphabetical order)

- Cochlear
- Lottery Corporation
- Lynas Rare Earths
- Metcash
- Nine Entertainment
- Qantas Airways
- QBE Insurance
- Santos
- Seek
- 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 31 May 2022 |
|----------------------------------|---------|----------------------|---------|-------------------|
| Australian shares | 90% | 100% | 100% | 94.0% |
| Cash and cash equivalents | 0% | 0% | 10% | 6.0% |

Portfolio facts

| | |
|------------------------------------|---|
| Inception date | 1 October 2019 |
| Fund size as at 31 May 2022 | \$43.2m |
| 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

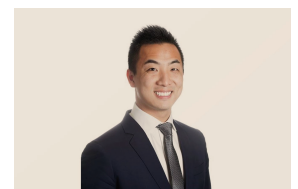
Investment Manager

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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