

High Growth Shares Fund

antares

Monthly Performance Report May 2022

Fund description and investment return objective

The Fund is an actively managed portfolio of Australian equities listed (or expected to be listed) on the Australian share market that invests in both long and short positions. It uses a range of investment strategies including active trading along with the ability to use exchange traded derivatives.

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

Investment returns¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return ² %	-2.8	2.7	7.4	9.9	10.3	8.9	11.6	10.8
Benchmark return %	-2.6	3.2	4.8	7.8	8.8	7.5	10.4	8.2
Net excess return %	-0.2	-0.5	2.6	2.1	1.5	1.4	1.2	2.6

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

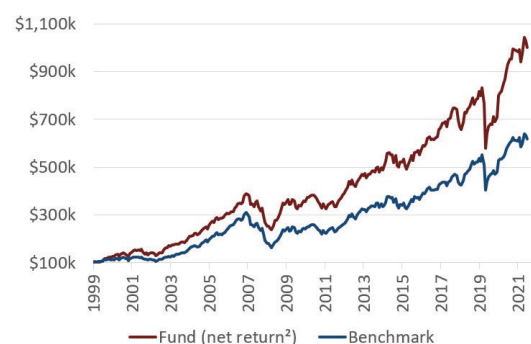
Australian shares underperformed other developed markets in May. However, this comes after a more resilient performance compared to global share markets this year. For May, there were notable sharp falls in the real estate and information technology sectors in response to higher bond yields. Consumer staples and consumer discretionary shares were also weak given concerns that rising inflation and interest rates are squeezing household budgets. The resources sector was more encouraging with a modest gain given the persistent strength in commodity prices. The election of the new Labor Government on May 21st seems to have had minimal immediate impact on Australian share markets.

The Antares High Growth Shares Fund delivered a return of -2.8% (net of fees) for the month of May 2022.

Contributing to the Fund's performance were overweight positions in South 32 (S32) and Westpac (WBC) and a short position in CSR. S32 provided an upbeat business and strategy update in May that flagged volume growth in excess of 20% on the prior year. The positive long-term outlook for its diversified commodities portfolio that has a low carbon focus and the company's attractive dividend yield helped underpin the stock price in May. WBC reported its half year results during May, which despite being below last year pleased the market. The company announced an increase in dividend and reiterated its commitment to cutting costs, both of which were well received by the market. CSR shares were marked down despite announcing a 20% increase in full year earnings and higher-than-expected dividends. While FY23 earnings are expected to be underpinned by the large backlog of homes yet to be built, some brokers have revised their FY24 earnings forecasts to reflect the headwinds facing the housing market and there are growing concerns about the financial health of the construction industry.

Detracting value were overweight positions in Goodman Group (GMG), Nine Entertainment (NEC) and Sims (SGM). GMG was sold down in May despite another strong quarterly update and increased earnings guidance. The faster than expected rise in interest rates has seen the real estate sector in general de-rated and GMG

\$100,000 invested since inception



Sector allocation

GICS ³	%
Financials Ex Reits	28.4
Metals & Mining	24.6
Health Care	10.2
Communication Services	8.7
Consumer Staples	6.4
Industrials	6.2
Energy	5.5
Materials Ex Metals & Mining	3.7
Real Estate	2.9
Consumer Discretionary	2.4
Information Technology	1.4
Utilities	-0.5

was not exempt. NEC 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. The SGM's share price pulled back following a very strong run with a research note from a leading broker a possible catalyst.

Australia's economy appears to be progressively improving judging by solid results in business surveys, employment and retail spending. Australia's unemployment rate fell to 3.9% in April, the lowest since 1974. However, the acceleration in inflation is concerning and has seen the Reserve Bank (RBA) raising the cash interest rate by 25bps to 35bps in May with expectations of more increases to come.

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 a very high level of risk in exchange for the opportunity to earn higher potential returns. The Fund offers investors the potential for long-term capital growth and income through a range of investment strategies such as short selling, enhanced long positions and active and opportunistic trading such as pairs trading.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 May 2022
Australian shares - Net	90%	100%	100%	98.8%
Australian shares - Long	90%	-	125%	120.4%
Australian shares - Short	0%	-	-25%	-21.6%
Cash and cash equivalents	0%	0%	10%	1.2%

Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- BHP Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Santos
- South32
- Telstra Corporation
- Transurban Group
- Westpac Banking Corporation

Portfolio facts

Inception date	7 December 1999
Fund size as at 31 May 2022	\$363.2m
Benchmark	S&P/ASX 200 Total Return Index
Redemption Unit Price as at 31 May 2022	\$1.1911
Distribution	Quarterly
Management fee⁴	1.05% pa
Performance fee⁵	20% of the Fund's net performance in excess of the performance hurdle (benchmark return +5% pa)

Distribution history⁶

	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20	Mar 20	Dec 19
Distribution (cents per unit)	2.30	1.76	1.80	9.10	0.68	0.26	0.42	0.00	1.00	0.95

Portfolio managers

NICK PASHIAS

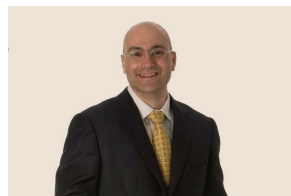
Head of Equities

Years with the group: 24

Years of Industry Experience: 24

Key Responsibilities:

Nick is the Portfolio Manager of the High Growth Shares Fund.



ANDREW HAMILTON

Head of Implementation

Years with the group: 21

Years of Industry Experience: 25

Key Responsibilities:

Andrew is the Deputy Portfolio Manager of the High Growth Shares Fund.



Platform availability

- Asgard
- CFS FirstWrap
- Macquarie
- Netwealth
- Praemium
- BT Panorama/BT Wrap
- Hub24
- MLC/Navigator
- Powerwrap

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 share market 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.

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

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. 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).

⁵ Performance fee is calculated as 20% of the Fund's investment return (net of management fee) above the sum of the Benchmark (the Benchmark of the Fund is S&P/ASX 200 Total Return Index) and 5%.

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. 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. 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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