

High Growth Shares Fund

antares

Monthly Performance Report August 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 %	1.7	-2.4	-1.9	8.6	9.4	9.8	10.5	10.5
Benchmark return %	1.2	-2.4	-3.4	5.5	8.1	8.5	9.3	8.0
Net excess return %	0.5	0.0	1.5	3.1	1.3	1.3	1.2	2.5

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 outperformed most global markets with the S&P/ASX 200 delivering a small gain. Energy shares and Resources led the market given continued strong demand for gas and coal in the wake of Russian supply concerns and the ongoing push for decarbonisation. There were modest gains also for communication shares and industrials. However, the AREITs were weaker given the sensitivity to rising interest rates and bond yields.

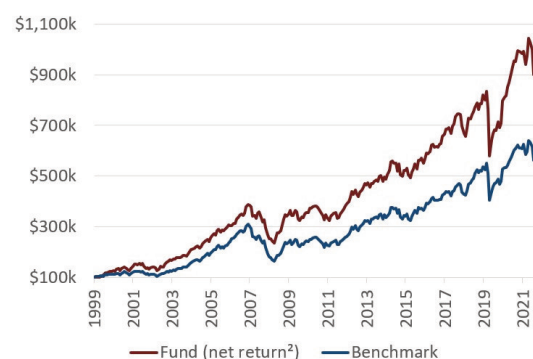
August is also reporting season for most Australian companies and this year it was better than feared. Pressures from labor shortages, wage inflation and fuel costs were in line with expectations, however some companies showed resilient revenue growth. Outlook statements were generally not as gloomy with some companies demonstrating effective pricing power.

The Antares High Growth Shares Fund delivered a return of 1.7% (net of fees) for the month of August 2022.

Contributing to outperformance were overweight positions in IGO Limited (IGO), Santos (STO) and Qantas (QAN). IGO Ltd (IGO) performed well in August. While its result was largely in line with its pre-released production report in July, lithium prices surged in July, and IGO was a beneficiary. STO announced a higher dividend and increased on-market share buyback from \$250m to \$350m. STO is leveraged to domestic gas and global LNG markets and thus is a beneficiary of the very strong gas price. QAN delivered a better than expected FY22 profit result, including strong operating profit guidance into FY23. Pleasingly, its balance sheet repair has moved ahead of schedule and the company also announced a surprise \$400m share buy-back, which pleased the market.

Detracting value were overweight holdings in TPG Telecom (TPG), Telix Pharmaceuticals (TLX) and Seek (SEK). Shares in TPG were weak after a poor result. While operational metrics improved, the magnitude of the improvement was less than hoped and the stock fell on a lower outlook statement. Despite a strong result, TLX shares pulled back having performed extremely well since announcing the commercial launch of its prostate cancer treatment Illuccix. SEK

\$100,000 invested since inception



Sector allocation

GICS ³	%
Financials Ex Reits	26.3
Metals & Mining	20.5
Health Care	14.8
Communication Services	9.5
Industrials	6.7
Consumer Staples	5.2
Energy	4.9
Materials Ex Metals & Mining	4.2
Real Estate	3.8
Consumer Discretionary	3.7
Information Technology	1.3
Utilities	-0.9

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delivered an above guidance result with an outlook that was better than market expectations at the revenue and operational profit lines. The stock declined, however, given the market's focus on some mixed messages during the results briefing from the company CEO Ian Narev. We feel this is largely misplaced, but acknowledge we need to see the company deliver a more upbeat tone on its operations to reassure investors.

Australia's economy appears resilient judging by solid results for business surveys, the labour market and retail spending. Australia's unemployment rate in July fell to 3.4% which is the lowest since 1974 and retail spending surged. However, the dramatic inflation acceleration is concerning. The Reserve Bank updated their annual CPI inflation forecasts to 7.75% by the end of 2022. Given this inflation threat, the Reserve Bank raised the cash interest rate by 0.5% to 1.85% in August.

Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Santos
- Telstra Corporation
- Westpac Banking Corporation
- Woolworths Group

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 August 2022
Australian shares - Net	90%	100%	100%	98.4%
Australian shares - Long	90%	-	125%	119.5%
Australian shares - Short	0%	-	-25%	-21.1%
Cash and cash equivalents	0%	0%	10%	1.6%

Portfolio facts

Inception date	7 December 1999
APIR Code	PPL0106AU
Fund size as at 31 August 2022	\$326m
Benchmark	S&P/ASX 200 Total Return Index
Redemption Unit Price as at 31 August 2022	\$1.0425
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

	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20	Mar 20	Dec 19
Distribution (cents per unit)	11.08	2.30	1.76	1.80	9.10	0.68	0.26	0.42	0.00	1.00	0.95

Portfolio managers

NICK PASHIAS

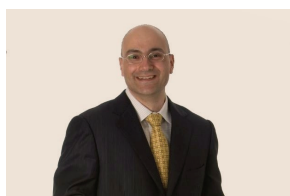
Head of Equities

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: 22

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 billion (at 30 June 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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