

Ex-20 Australian Equities Fund



Monthly Performance Report August 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	-0.6	-6.8	10.8	--	7.7
Benchmark return %	1.7	-1.3	-5.4	8.0	--	3.6
Net excess return %	0.6	0.7	-1.4	2.8	--	4.1

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 Fund delivered a net return of 2.3% for the month, while our benchmark returned 1.7%. It was pleasing to deliver consecutive months of positive returns that also outpaced our benchmark. It is an important internal aspiration to consistently outperform in the reporting seasons of August and February as this is when most companies provide audited information and investors can weigh real operating data from them. Stock selection is very important.

Our best contributor for the month was Oz Minerals (OZL). The company received an indicative take-over offer from BHP of \$25.00 per share which it rejected. It is currently trading above this price on expectations of a higher offer.

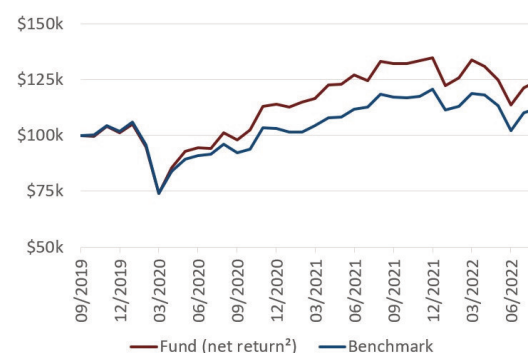
IGO Ltd (IGO) also performed well in August. While its result was largely in line with its pre-released production report in July, lithium prices surged in July, and IGO was a beneficiary.

Finally, Qantas (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. There has been a great deal of noise around QAN and while operational difficulties are frustrating and disappointing, we note that nearly all global airlines are facing the same issues, something we think worthy of consideration.

Despite reporting a better than expected 4th quarter profit from operations and a solid outlook statement, Megaport (MP1) detracted from performance. While we are satisfied with MP1's progress towards its substantial market opportunity, interest rates pushed higher again in August and MP1 suffered from some profit taking after a strong run into the result.

Seek (SEK) 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

\$100,000 invested since inception



Sector allocation

GICS ³	%
Metals & Mining	16.1
Consumer Staples	12.8
Consumer Discretionary	12.7
Industrials	12.2
Financials Ex Reits	11.8
Health Care	11.2
Communication Services	10.7
Information Technology	6.9
Energy	5.6
Materials Ex Metals & Mining	0.0
Real Estate	0.0
Utilities	0.0

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misplaced, but acknowledge we need to see the company deliver a more upbeat tone on its operations to reassure investors.

Despite a strong result, TLX shares pulled back having performed extremely well since announcing the commercial launch of its prostate cancer treatment Illuccix.

Top 10 share holdings

(alphabetical order)

- Aurizon
- Cochlear
- IDP Education
- Medibank Private
- Metcash
- Nine Entertainment
- Qantas Airways
- QBE Insurance
- Resmed
- 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 August 2022
Australian shares	90%	100%	100%	92.1%
Cash and cash equivalents	0%	0%	10%	7.9%

Portfolio facts

Inception date	1 October 2019
APIR Code	PPL5308AU
Fund size as at 31 August 2022	\$46.1m
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

	Jun 22	Dec 21	Jun 21	Dec 20	Jun 20
Distribution (cents per unit)	11.21	0.57	3.43	0.60	0.91
Franking levels	11.7%	-	29.5%	-	97.6%

Portfolio managers

JOHN GUADAGNUOLO

Head of Fundamentals

Years with the group: 15

Years of Industry Experience: 22

Key Responsibilities:

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



WINSTON CHONG

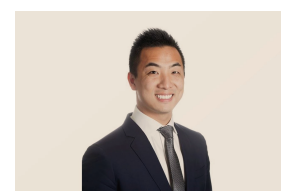
Investment Manager

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.



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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 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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