

# High Growth Shares Fund



## Monthly Performance Report September 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 returns<sup>1</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return <sup>2</sup> %	-5.2	2.8	-6.8	5.6	8.1	9.2	9.6	10.2
Benchmark return %	-6.2	0.4	-7.7	2.7	6.8	8.0	8.4	7.7
Net excess return %	1.0	2.4	0.9	2.9	1.3	1.2	1.2	2.5

<sup>1</sup> 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

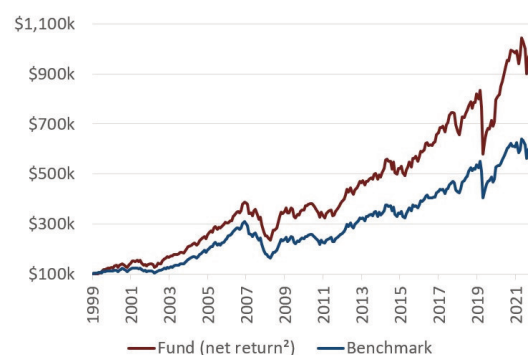
Australian shares proved sensitive to the global market turmoil as well as the Reserve Bank (RBA) raising interest rates. The ASX's sharp decline was spread across the board, with all industry sectors recording falls. The weakest performances came from the utilities and real estate sectors given their acute sensitivity to rising interest rates and bond yields. Other sectors hit hard included information technology where valuations are also rate sensitive, industrials and consumer discretionary. More resilient but still in the red was the Resources sector which benefitted from the lower Australian Dollar counteracting the slide in key commodity prices such as iron ore and metals.

The Antares High Growth Shares Fund delivered a return of -5.2% (net of fees) for the month of September 2022.

Contributing to outperformance were overweight positions in IGO Limited (IGO) and ANZ together with the decision not to own Macquarie Group (MQG). IGO Ltd (IGO) has continued to perform well as demand for lithium remains strong. IGO has continued to perform well as demand for lithium remains strong and is reflected in spodumene prices. Further, IGO's nickel assets also contributed as prices for the base metals strengthened materially. ANZ's share price has lagged the other majors in calendar 2022 but did considerably better in September. The company described its 3Q result as pleasing with improved margins across all businesses and tight cost management. MQG's heavy capital markets exposure combined with the adverse impact on investment banking/advisory activity as mergers & acquisition and new listings activity slows has seen the stock out of favour in September.

Detracting value were overweight holdings in Goodman Group (GMG) and Telix Pharmaceuticals (TLX) and the decision not to own Whitehaven Coal (WHC). GMG like the rest of the AREIT sector was impacted by higher bond yields and broader uncertainty in global markets. Concerns that demand could be softening in the US and beyond were fuelled after FedEx issued a profit warning and said it would be shutting offices as a result of weaker volumes globally. TLX surprised the

### \$100,000 invested since inception



### Sector allocation

GICS <sup>3</sup>	%
Financials Ex Reits	27.2
Metals & Mining	20.5
Health Care	15.5
Communication Services	9.6
Industrials	7.3
Consumer Staples	5.4
Materials Ex Metals & Mining	4.2
Energy	3.8
Real Estate	3.4
Consumer Discretionary	2.9
Information Technology	1.1
Utilities	-0.7

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market when it announced it had been unable to complete the requests of European regulators to approve the commercial launch of its Illuccix product. The company took a novel approach to the approval process which led to unanticipated demands late in the process. As such it withdrew its request for approval to begin the process from scratch. Illuccix has widespread acceptance in Europe from a medical perspective which is why this announcement was such a surprise. Coal producer WHC has benefitted from the demand for energy exacerbated by the Russia – Ukraine conflict. Confirmation of the impact on profitability came from fellow coal producer New Hope's better than expected earnings release which despite lower coal sale volumes revealed a 12-fold profit increase due to the very high coal prices. This further boosted the WHC share price.

Australia's economy continues to appear resilient judging by the solid results for business surveys, the labour market and retail spending. August recorded solid job gains, healthy business surveys and robust retail spending. However, the dramatic acceleration in inflation is concerning with the CPI showing 6.8% annual inflation in August. Strong annual price rises were recorded for new housing construction (20.7%), fruit and vegetables (18.6%) and automotive fuels (15.0%). The Reserve Bank raised the cash interest rate by a further 0.5% to 2.35% in September and also signaled the expectation to increase interest rates further over the months ahead.

## Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- BHP Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- IGO
- 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.

## Portfolio facts

<b>Inception date</b>	7 December 1999
<b>APIR Code</b>	PPL0106AU
<b>Fund size as at 30 September 2022</b>	\$304.3m
<b>Benchmark</b>	S&P/ASX 200 Total Return Index
<b>Redemption Unit Price as at 30 September 2022</b>	\$0.9747
<b>Distribution</b>	Quarterly
<b>Management fee<sup>4</sup></b>	1.05% pa
<b>Performance fee<sup>5</sup></b>	20% of the Fund's net performance in excess of the performance hurdle (benchmark return +5% pa)

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 September 2022
<b>Australian shares - Net</b>	90%	100%	100%	97.7%
<b>Australian shares - Long</b>	90%	-	125%	119.6%
<b>Australian shares - Short</b>	0%	-	-25%	-21.9%
<b>Cash and cash equivalents</b>	0%	0%	10%	2.3%

## Distribution history<sup>6</sup>

	Sep 22	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20	Mar 20
<b>Distribution (cents per unit)</b>	1.33	11.08	2.30	1.76	1.80	9.10	0.68	0.26	0.42	0.00	1.00

## Portfolio managers

### NICK PASHIAS

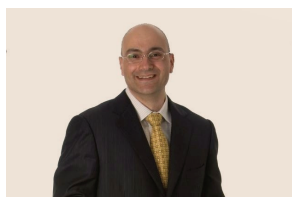
Head of Equities

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.

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

<sup>3</sup> GICS - Global Industry Classification Standard % are absolute ie sector proportion of portfolio. Source: Antares Equities.

<sup>4</sup> 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).

<sup>5</sup> 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%.

<sup>6</sup> 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**

**Important information:** Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), is the Responsible Entity of, and the issuer of units in, the Antares High Growth Shares Fund ARSN 090 554 082 ('the Fund'). An investor should consider the current Product Disclosure Statement and Product Guide for the Fund ('PDS') in deciding whether to acquire, or continue to hold, units in the Fund and consider whether units in the Fund is an appropriate investment for the investor and the risks of any investment. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This communication contains general information and may constitute general advice. This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document. Any projection or other forward looking statement ('Projection') in this report is provided for information purposes only. No representation is made as to the accuracy of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by ACP constitute ACP's judgement at the time of writing and may change without notice. ACP is a part of the Insignia Financial Group of companies (comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate) ('Insignia Financial Group'). The capital value, payment of income and performance of the Fund are not guaranteed. An investment in the Fund is subject to investment risk, including possible delays in repayment of capital and loss of income and principal invested. Neither ACP nor any other member of the Insignia Financial Group guarantees the repayment of your capital, payment of income or the performance of your investment.