Ex-20 Australian Equities Fund

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Monthly Performance Report
November 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 returns[1]

Period	1 month	3 months	1 year	2 years pa	3 years pa	Since inception pa
Net return[2] %	3.5	3.6	-3.7	6.7	7.3	8.3
Benchmark return %	5.5	2.9	-2.0	5.6	3.3	4.3
Net excess return %	-2.0	0.7	-1.7	1.1	4.0	4.0

[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

November saw markets continue their rally from September lows. Yield curves generally moved down in major markers, and the US dollar weakened after a very strong run – all of this helped risk appetite. Further, China provided relief for its under pressure property sector to recover and hinted that a roll back of its zero covid policies maybe on the agenda. Despite all this, we remain cautious given the tight conditions prevailing in fixed interest markets, which we see as a better indicator of economic conditions currently. The strategy generated a net return of 3.5% for the month, which, while positive, trailed that of our benchmark at 5.5%.

Our best contributor for the month was Northern Star as gold prices rallied on the back of the weakness in the US dollar. Gold has traditionally been seen as a hedge for inflation but has not traded in this way, rather it is inversely related to strength in the US dollar.

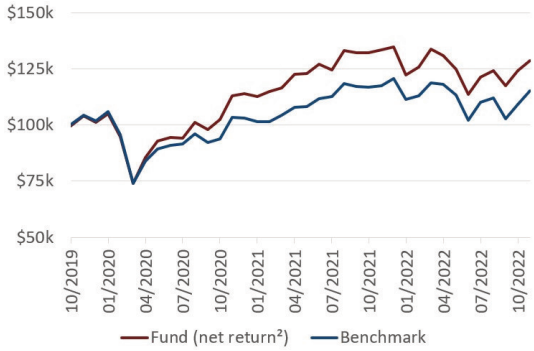
Mineral Resources (MIN) was a strong performer in November as iron ore prices rallied on the back of the news that China was seeking to provide relief for its property sector.

We also received a benefit in our relative performance from not owning a selection of stocks such as Pilbara Minerals, Xero, Sonic Healthcare and Lendlease Group.

Our biggest detractor was Elders (ELD). ELD fell after it reported its full year results. While the results were at the upper end of company guidance, the major issue was the retirement of long-term CEO Mark Allison, who has done a very good job in improving both the scale and predictability of the company's returns profile. Further, there was some confusion around the outlook, as the company guided to weakness in certain cropping areas after the record spring rains.

Not owning Origin Energy (ORG) also detracted from performance as it received an all cash takeover bid from Brookfield. The bid came at a more than 50% premium to the previous close.

$100,000 invested since inception



Sector allocation

GICS[3]	%
Metals & Mining	18.1
Industrials	14.5
Consumer Discretionary	13.3
Health Care	11.6
Communication Services	11.2
Consumer Staples	9.8
Financials Ex Reits	8.9
Information Technology	7.1
Energy	5.4
Materials Ex Metals & Mining	0.0
Real Estate	0.0
Utilities	0.0

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Finally, APM Human Services (APM) also detracted from performance. There was no new news regarding the company although the market may be increasingly nervous about potential reforms to government policy in the areas of assistance for the long term unemployed and those with disabilities seeking work, areas where APM is acknowledged as the clear market leader.

Top 10 share holdings

(alphabetical order)

- Aurizon
- Cochlear
- IDP Education
- Metcash
- Nine Entertainment
- Northern Star Resources
- Qantas Airways
- QBE Insurance
- 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 30 November 2022
Australian shares	90%	100%	100%	97.4%
Cash and cash equivalents	0%	0%	10%	2.6%

Portfolio facts

Inception date	1 October 2019
APIR Code	PPL5308AU
Fund size as at 30 November 2022	$51m
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 fee[4]	0.85% pa
Performance fee[5]	15% of the Fund's net quarterly return in excess of the benchmark quarterly return

Distribution history[6] 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: 5

Years of Industry Experience:12

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
- Hub24
- Macquarie Wrap
- MLC/Navigator
- Netwealth
- 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$4.9 billion (at 30 September 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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