

# Ex-20 Australian Equities Fund



## Monthly Performance Report January 2023

### 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<sup>1</sup>

Period	1 month	3 months	1 year	2 years pa	3 years pa	Since inception pa
Net return <sup>2</sup> %	6.9	5.7	7.3	8.0	7.8	8.5
Benchmark return %	5.6	7.7	5.6	7.6	3.5	4.7
Net excess return %	1.3	-2.0	1.7	0.4	4.3	3.8

<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

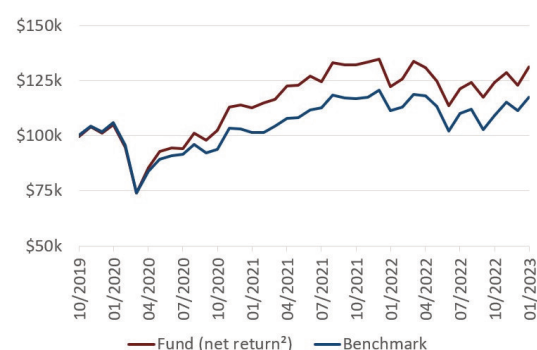
The Fund returned 6.9% (net of fees) for the month outperforming our benchmark's return of 5.6% by 1.3%.

Equities started the year strongly. Despite inflation data exceeding market expectations in Q4, indications of a moderation in inflation continued and the market interpreted commentary from the US Federal Reserve as incrementally less hawkish. Whilst the labour market remains strong this has caused investors to increasingly price in the likelihood of a pause in rate hikes and a potential soft landing. This, coupled with news of China re-opening appears to have put markets into "risk-on" mode and driven the positive performance of equities for the start of 2023, with cyclical growth performing strongly and defensives lagging.

The portfolio benefitted from share price appreciation in a number of long duration growth names on the back of the interest rate outlook. Block (SQ2) was one such example which had limited stock specific news but appreciated in line with the broader US technology sector. Seek (SEK) shares were higher on the back of evidence that job listings are stabilising and that the number of candidates per ad is lifting, assisting the company's dynamic pricing strategy. IDP education (IEL) shares also rallied on the back of the China re-opening and Australian data that showed a very strong rebound in student visas for the December half.

Of stocks owned by the fund, key detractors from performance included Medibank (MPL), with press reports in January suggesting that three law firms had merged their class action lawsuits against Medibank following the data breach last year. Tabcorp (TAH) and Aurizon (AZJ) were also both weaker on limited stock specific news.

### \$100,000 invested since inception



### Sector allocation

GICS <sup>3</sup>	%
Metals & Mining	20.7
Industrials	14.4
Consumer Discretionary	12.8
Communication Services	11.8
Financials Ex Reits	9.8
Consumer Staples	8.8
Health Care	7.2
Information Technology	6.1
Energy	5.3
Real Estate	3.2
Materials Ex Metals & Mining	0.0
Utilities	0.0

## Top 10 share holdings

(alphabetical order)

- Aurizon
- Cochlear
- IDP Education
- Medibank Private
- Northern Star Resources
- Qantas Airways
- QBE Insurance
- Seek
- South32
- 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 January 2023
<b>Australian shares</b>	90%	100%	100%	98.0%
<b>Cash and cash equivalents</b>	0%	0%	10%	2.0%

## Portfolio facts

<b>Inception date</b>	1 October 2019
<b>APIR Code</b>	PPL5308AU
<b>Fund size as at 31 January 2023</b>	\$55.4m
<b>Benchmark</b>	S&P/ASX 200 Total Return Index excluding the companies listed on the S&P/ASX 20 Total Return Index.
<b>No. of shares</b>	15 to 30
<b>Distribution</b>	Half-yearly distribution or reinvestment
<b>Management fee<sup>4</sup></b>	0.85% pa
<b>Performance fee<sup>5</sup></b>	15% of the Fund's net quarterly return in excess of the benchmark quarterly return

## Distribution history<sup>6</sup> and Franking levels

	Dec 22	Jun 22	Dec 21	Jun 21	Dec 20	Jun 20
<b>Distribution (cents per unit)</b>	0.85	11.21	0.57	3.43	0.60	0.91
<b>Franking levels</b>	-	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

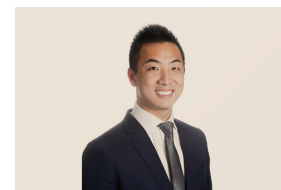
Investment Manager

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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### January 2023



#### Platform availability

- BT Panorama
- Macquarie Wrap
- Netwealth
- Hub24
- MLC/Navigator
- Praemium

<sup>2</sup> 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.

<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 (including net effect of GST).

<sup>5</sup> 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).

<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. 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\$5.0 billion (at 31 December 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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