

Ex-20 Australian Equities Fund



Monthly Performance Report March 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 returns¹

Period	1 month	3 months	1 year	2 years pa	3 years pa	Since inception pa
Net return ² %	0.4	5.5	-3.1	5.5	20.6	7.7
Benchmark return %	-0.6	3.6	-2.8	5.0	15.9	3.9
Net excess return %	1.0	1.9	-0.3	0.5	4.7	3.8

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 portfolio outperformed in March, delivering a net return of 0.4% which compared to the benchmark return of -0.6%. March was dominated by the uncertainty caused by the US banking crisis and an ongoing focus on central bank action in response to inflation. REITS and financial services underperformed while materials and communication services outperformed.

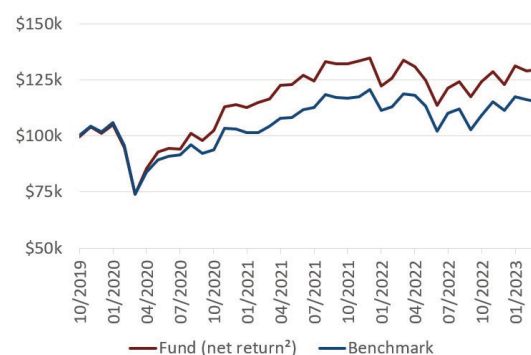
Of stocks held in the fund, our best contributor in March was Ventia (VNT) which saw strong share price performance after delivering a CY22 result in late February that beat consensus expectations and prospectus guidance. The result highlighted the non-discretionary nature and predictability of revenue and a business that has managed costs well in an inflationary environment. The company also provided guidance for CY23 NPATA growth of 7-10%, underpinned by strong pipeline visibility and record work-in-hand. Major shareholders Apollo and CIMIC also sold down 93 million shares in March, representing 22% of the company's issued capital which has improved liquidity in the stock.

Northern Star (NST) shares rallied during the month as the US banking crisis saw gold prices increase by 8%. The company provided an update on its Pogo Operation in Alaska where gold production was halted in order to repair damage to the ball mill motor that was discovered during routine repairs. While the disruption is expected to impact production by 20-40k oz in FY23, the company's production guidance remains unchanged.

Cochlear (COH) continued to perform well in March, following a strong result in February which saw earnings guidance for FY23 maintained. The post COVID recovery in elective surgeries continues and earnings are also likely to benefit from the launch of the Nucleus 8 product. We also believe COH shares may have benefitted from investors positioning in higher quality, defensive stocks given the market uncertainty in March.

Charter Hall Group (CHC) detracted from performance, as its shares were sold off on the back of the US banking crisis and emerging unease around commercial real estate assets. This exacerbated existing concerns with CHC's AUM growth,

\$100,000 invested since inception



Sector allocation

GICS ³	%
Industrials	19.6
Metals & Mining	17.5
Financials Ex Reits	14.2
Consumer Discretionary	13.6
Communication Services	11.8
Consumer Staples	9.1
Health Care	7.7
Information Technology	5.1
Energy	1.4
Real Estate	0.0
Materials Ex Metals & Mining	0.0
Utilities	0.0

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potential cap rate expansion, and a subdued transaction market. The fund exited the position in CHC during the month as part of our efforts to reduce beta in the portfolio.

APM Human Services (APM) continued to experience disappointing share price performance despite announcing new contracts in North America that will provide additional annual revenue of \$150m. The company has been awarded the Ottawa Region contract in Phase 2 of the Ontario Employment Services Transformation, and two new JobCorps contracts in the US.

Treasury Wine Estates (TWE) shares declined as the announcement of the AUKUS submarine deal renewed concerns about tensions between Australia and China. This has led investors to discount the prospects of punitive tariffs on Australian wine being lifted early by China. TWE also held a US investor day during the month where it re-articulated its premiumisation strategy that it believes will assist earnings and margins growth despite headwinds in the US wine market.

Top 10 share holdings

(alphabetical order)

- Aurizon
- Cochlear
- IDP Education
- Lottery Corporation
- Medibank Private
- 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 March 2023
Australian shares	90%	100%	100%	96.3%
Cash and cash equivalents	0%	0%	10%	3.7%

Portfolio facts

Inception date	1 October 2019
APIR Code	PPL5308AU
Fund size as at 31 March 2023	\$60m
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

	Dec 22	Jun 22	Dec 21	Jun 21	Dec 20	Jun 20
Distribution (cents per unit)	0.85	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

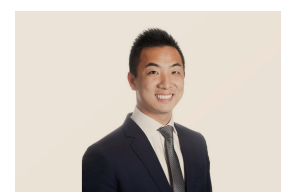
Investment Manager

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.



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\$5.0 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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