Ex-20 Australian Equities Fund

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Monthly Performance Report
June 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[1]

Period	1 month	3 months	1 year	2 years pa	3 years pa	Since inception pa
Net return[2] %	1.3	3.0	17.5	2.5	12.3	8.0
Benchmark return %	0.8	2.8	15.9	3.0	9.3	4.4
Net excess return %	0.5	0.2	1.6	-0.5	3.0	3.6

[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

June was a roller coaster month with volatility in the Australian market moving up in a material fashion. The standard market benchmark index, the S&P / ASX 200 oscillated between a peak of 7,350 and a low of 7,090 points. Our benchmark, which excludes the Top 20 companies, generated a return of 0.8%. Amidst such volatility it was pleasing, that the Fund delivered a net return of 1.3% which bettered our benchmark.

The tug of war between inflation curtailing policies of central banks and resilient global economies continues, although there were clear signs that the Chinese economy has not rebounded as many had hoped in the wake of the lifting of all COVID 19 restrictions.

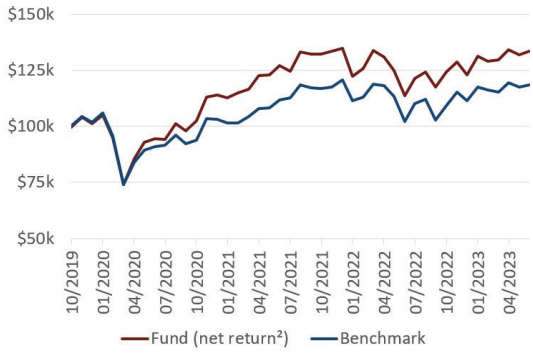
Our best contributor for the month was Aurizon (AZJ) which benefitted from a realisation in the market that its Central Queensland Coal Network asset is a beneficiary of the higher inflationary environment. This led to several broker upgrades which took the stock higher as investors sought inflation havens.

Ventia Services (VNT) also contributed well. In June, VNT continued to win new business and extend its existing contracts. We have liked VNT for its contract risk management processes and its exposure to contracts in relatively economically insensitive areas, such as defence.

Finally, Paladin (PDN) performed well as its share price rebounded after being sold-down in late May driven by fears of partial government intervention in its key Namibian asset, Langer Heindrich. It also benefitted from more positive sentiment towards nuclear energy as a genuine option in the global quest to drive down emissions from energy production.

Detracting from performance was Seek (SEK). There was no news released by the company, and the shares drifted lower on concerns about the outlook for job volumes in Australia and New Zealand, given market fears of a looming and significant recession in Australia.

$100,000 invested since inception



Sector allocation

GICS[3]	%
Industrials	24.3
Financials Ex Reits	14.7
Consumer Discretionary	11.4
Metals & Mining	10.7
Communication Services	10.0
Health Care	7.7
Information Technology	7.4
Consumer Staples	6.6
Utilities	3.0
Real Estate	2.7
Energy	1.6
Materials Ex Metals & Mining	0.0

Qantas (QAN) also detracted from performance. The main drag was the news that outgoing CEO, Alan Joyce, had sold a significant number of his vested shares post the upbeat investor day held in May. This, coupled with the negative view of the Australian economy's near term prospects saw investors look to sell QAN shares. We will be writing extensively about our belief in QAN's longer term prospects in coming weeks.

Finally, TPG Telecom (TPG) also detracted from performance after the Australian Competition Tribunal rejected its proposed deal with Telstra. In the deal, TPG would have gained access to Telstra's leading mobile network in regional Australia, thus boosting the range and service coverage of TPG brands such as Vodaphone.

Top 10 share holdings

(alphabetical order)

- Aurizon
- Cochlear
- IGO
- Lottery Corporation
- Medibank Private
- Metcash
- Qantas Airways
- QBE Insurance
- Seek
- Tabcorp

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 June 2023
Australian shares	90%	100%	100%	99.3%
Cash and cash equivalents	0%	0%	10%	0.7%

Portfolio facts

Inception date	1 October 2019
APIR Code	PPL5308AU
Fund size as at 30 June 2023	$53.1m
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 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 23	Dec 22	Jun 22	Dec 21	Jun 21	Dec 20	Jun 20
Distribution (cents per unit)	4.00	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.

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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 31 March 2023) 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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