

Ex-20 Australian Equities Fund



Monthly Performance Report July 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 %	3.1	2.7	13.4	5.1	13.5	8.7
Benchmark return %	3.4	2.8	11.4	4.3	10.2	5.2
Net excess return %	-0.3	-0.1	2.0	0.8	3.3	3.5

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 returned 3.1% net of fees in July, behind the benchmark which returned 3.4% during the month. Markets were strong as a series of data points has led markets to believe that a soft landing can be achieved. It appears that the market is more convinced that inflation can be curbed without a significant increase in unemployment, allowing Australia to avoid a recession - resulting in a "risk on" trade.

Our strongest contributor was Block (SQ2) which despite limited stock specific news rallied 21.4% as part of the risk-on trade and more positive sentiment on the resilience of the US consumer.

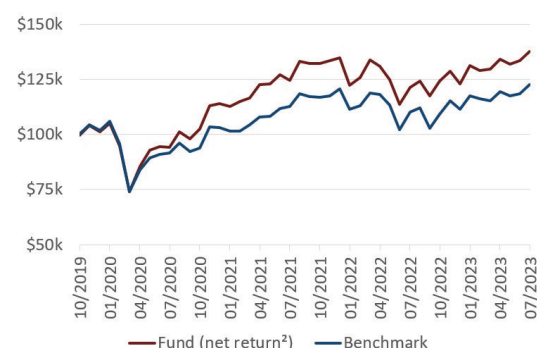
Seek (SEK) also benefited from a shift in thinking about the macroeconomic environment. The market has previously been concerned about SEK's volumes if the unemployment rate were to increase.

Judo (JDO) shares increased after providing an update which showed that it had grown its loan book by 46% to \$8.91 billion in FY23.

Aurizon (AZJ) shares finished the month weaker. Late in the month the company held an investor day where it provided FY23 EBITDA guidance towards the bottom end of its previous target range of \$1.42-1.47bn due to the impact of wet weather, production issues and labour shortages. In addition, the company provided FY24 EBITDA guidance of \$1.59-1.68bn. At the investor day, Aurizon announced bullish FY30 targets for its Bulk business and containerised freight strategy, which the market is not yet giving the company credit for as it is early days on execution.

Tabcorp (TAH) was softer in July as the market grew concerned about the potential for regulatory change. The Standing Committee on Social Policy and Legal Affairs handed down its findings and recommendations in the prior month. Amongst the recommendations are a total ban on all forms of gambling advertising and sponsorship, a ban on all inducements and the creation of a national online regulator. Whilst we are cognisant of this risk, we believe that Tabcorp is likely to be the exclusive winner of the Victorian wagering license which could provide a

\$100,000 invested since inception



Sector allocation

GICS ³	%
Industrials	22.9
Financials Ex Reits	15.3
Consumer Discretionary	11.2
Communication Services	10.5
Metals & Mining	10.2
Health Care	7.8
Consumer Staples	6.5
Information Technology	5.9
Real Estate	4.9
Utilities	3.3
Energy	1.6
Materials Ex Metals & Mining	0.0

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significant uplift to EBITDA in the near to medium term.

IGO Limited (IGO) provided a strong Q4 production and sales update. However, the company also gave FY24 production and capex guidance, of which the latter disappointed the market as it was significantly ahead of expectations.

Stock activity

Buys / Additions

Dexus (DXS) - We initiated a position in Dexus (DXS) during the month which is predominantly an office REIT with a funds management business. Whilst the market is bearish on the outlook for office properties, we believe the significant discount to NTA more than compensates for this.

Sells / Reductions

Megaport (MP1) - We made an unfortunately timed exit to our position in Megaport one day prior to its first positive trading update in the month. While we were pleased with the progress the company had made to date, we were wary of the valuation following significant share price appreciation coupled with the company's history of volatile sales updates.

Top 10 share holdings

(alphabetical order)

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

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 July 2023
Australian shares	90%	100%	100%	96.4%
Cash and cash equivalents	0%	0%	10%	3.6%

Portfolio facts

Inception date	1 October 2019
APIR Code	PPL5308AU
Fund size as at 31 July 2023	\$55.7m
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

	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	40.3%	-	11.7%	-	29.5%	-	97.6%

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Portfolio managers

JOHN GUADAGNUOLO

Head of Fundamentals

Years with the group: 15

Years of Industry Experience: 23

Key Responsibilities:

John is the Portfolio Manager of the Ex-20 Australian Equities Model Portfolio and Managed Fund.



WINSTON CHONG

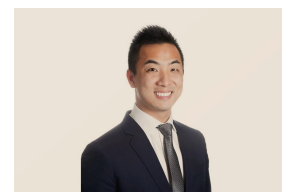
Investment Manager

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
- eXpand Extra
- Hub 24
- Macquarie Wrap
- MC Wrap / Navigator
- Netwealth Wrap
- Praemium
- PowerWrap

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 June 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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