

# High Growth Shares Fund

antares

## Monthly Performance Report November 2022

### Fund description and investment return objective

The Fund is an actively managed portfolio of Australian equities listed (or expected to be listed) on the Australian share market that invests in both long and short positions. It uses a range of investment strategies including active trading along with the ability to use exchange traded derivatives.

The Fund's objective is to outperform (after management fees) the 'Benchmark' (S&P/ASX 200 Total Return Index) over rolling five year periods.

### Investment returns<sup>1</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return <sup>2</sup> %	4.2	5.3	4.7	7.9	9.1	10.2	10.2	10.7
Benchmark return %	6.6	6.0	5.0	5.9	8.2	9.4	9.4	8.2
Net excess return %	-2.4	-0.7	-0.3	2.0	0.9	0.8	0.8	2.5

<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

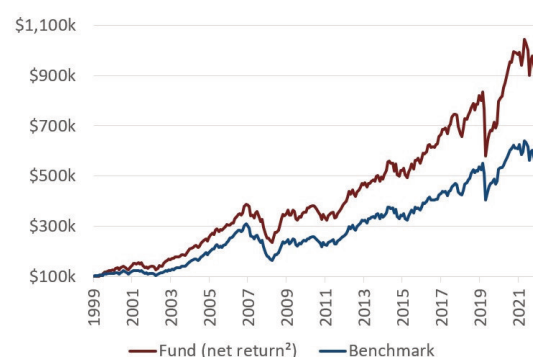
Australian shares delivered strong gains in November. The sharpest gain was in the Utilities sector given signs that inflation and interest rate pressures were moderating. The Resources sector also surged given the strong rally in iron ore and base metal prices on hopes that China's economic growth should revive with a less restrictive Covid strategy. There were also solid gains for healthcare, industrials and real estate given lower bond yields.

The Antares High Growth Shares Fund delivered a return of 4.2% (net of fees) for the month of November 2022.

Contributing to performance was an overweight position in Northern Star (NST), the decision not to own NAB and a short position in Pilbara Minerals (PLS). The gold price enjoyed its strongest rise since May 2021, increasing by over 8.0% during November. The prospect of the Fed moderating the pace of interest rate hikes was supportive and gold producers, including NST rallied. NAB released its FY22 result in November with higher cash profits and dividend. However, the company flagged that competition in housing lending was likely to intensify and that funding costs were expected to rise. Its shares finished down for the month. PLS announced another positive result for its battery material exchange platform (BMX) and indicated it plans to commence paying dividends in FY23. But news that EV registrations in China fell by more than 20% in October month-on-month, saw PLS and other lithium stocks sold down in November.

Detracting value were short positions in Fortescue Metals (FMG) and Origin Energy (ORG) together with an overweight holding in Santos (STO). Measures introduced by the Chinese government to rescue its ailing property sector as well as a softening of its COVID-Zero policy and an uptick in credit growth have been viewed as positives for growth. Given property makes up around 25-35% of steel demand, it was not surprising to see iron ore prices rise by over 30% in November. As an iron ore producer, FMG's share price rose strongly. ORG shares rose by 41.1% after its board indicated it would accept a proposal from Brookfield Asset Management and MidOcean Energy to acquire the company for \$9.00 per share

### \$100,000 invested since inception



### Sector allocation

GICS <sup>3</sup>	%
Financials Ex Reits	24.5
Metals & Mining	23.9
Health Care	15.0
Communication Services	8.5
Consumer Discretionary	7.9
Industrials	7.1
Real Estate	4.8
Energy	3.3
Materials Ex Metals & Mining	2.9
Information Technology	1.6
Consumer Staples	1.0
Utilities	-0.5

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if the offer becomes binding. The oil price slumped during November as OPEC indicated it expected lower demand on global growth uncertainty, hence STO shares were weaker.

Australia's economy seems resilient judging by the solid results for business surveys and retail spending. There are also some early signs that inflation pressures are starting to peak with CPI annual inflation edging down from 7.3% in September to 6.9% in October. However, looming increases in retail electricity and gas prices as well as higher rents and wages suggest that the inflation threat is still troubling. The Reserve Bank raised the cash interest rate by a further 0.25% to 2.85% in November and signaled the expectation to increase interest rates further over the period ahead.

## Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- BHP Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Northern Star Resources
- Santos
- Telstra Group
- Wesfarmers
- Westpac Banking Corporation

## Investor profile

The Fund is actively managed and its returns may be volatile when compared with the benchmark return. As such, it may suit investors who are willing to accept a very high level of risk in exchange for the opportunity to earn higher potential returns. The Fund offers investors the potential for long-term capital growth and income through a range of investment strategies such as short selling, enhanced long positions and active and opportunistic trading such as pairs trading.

## Portfolio facts

<b>Inception date</b>	7 December 1999
<b>APIR Code</b>	PPL0106AU
<b>Fund size as at 30 November 2022</b>	\$334.5m
<b>Benchmark</b>	S&P/ASX 200 Total Return Index
<b>Redemption Unit Price as at 30 November 2022</b>	\$1.0825
<b>Distribution</b>	Quarterly
<b>Management fee<sup>4</sup></b>	1.05% pa
<b>Performance fee<sup>5</sup></b>	20% of the Fund's net performance in excess of the performance hurdle (benchmark return +5% pa)

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 November 2022
<b>Australian shares - Net</b>	90%	100%	100%	99.5%
<b>Australian shares - Long</b>	90%	-	125%	121.8%
<b>Australian shares - Short</b>	0%	-	-25%	-22.3%
<b>Cash and cash equivalents</b>	0%	0%	10%	0.5%

## Distribution history<sup>6</sup>

	Sep 22	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20	Mar 20
<b>Distribution (cents per unit)</b>	1.33	11.08	2.30	1.76	1.80	9.10	0.68	0.26	0.42	0.00	1.00

## Portfolio managers

### NICK PASHIAS

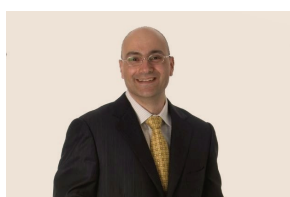
Head of Equities

Years with the group: 24

Years of Industry Experience: 24

Key Responsibilities:

Nick is the Portfolio Manager of the High Growth Shares Fund.



### ANDREW HAMILTON

Head of Implementation

Years with the group: 22

Years of Industry Experience: 25

Key Responsibilities:

Andrew is the Deputy Portfolio Manager of the High Growth Shares Fund.



## Platform availability

- Asgard
- CFS FirstWrap
- Macquarie
- Netwealth
- Praemium
- BT Panorama/BT Wrap
- Hub24
- MLC/Navigator
- Powerwrap

## Investment Terms and Guidelines

**Short selling** involves borrowing a share from a prime broker to sell to the market, with an agreement to purchase that share back at a later date. When the Fund short sells a share, we anticipate taking advantage of declines in the price of that share by selling the share at one price, and then aiming to buy back that share at a subsequent lower price. Short selling is limited to 25% of the value of the Fund's net assets.

**Enhanced long positions** refer to the shares in which the Fund holds the largest overweight positions when compared to its benchmark weighting. Long positions are limited to 125% of the value of the Fund's net assets. All long and short positions will be managed to provide investors with a gross exposure to the share market of up to 150%, but the overall net exposure will be between 90 - 100%.

**Active trading** refers to trading in shares where the Fund has held a range of different positions over a relatively short period of time, with a view to fully exploiting all available opportunities to add value as market circumstances change. It may also involve simply managing an overweight or other position held - adding to or reducing the position to benefit from smaller movements in the share price.

<sup>2</sup> Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

<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. ACP may, from time to time, negotiate fees which are different to those described in the PDS with certain sophisticated and professional investors or wholesale clients (as defined in the Corporations Act).

<sup>5</sup> Performance fee is calculated as 20% of the Fund's investment return (net of management fee) above the sum of the Benchmark (the Benchmark of the Fund is S&P/ASX 200 Total Return Index) and 5%.

<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. The Fund holds its investments on revenue account. Therefore, gains which are made by the Fund on its investments and distributed to unitholders are treated as revenue, rather than capital, with no entitlement to the capital gains tax (CGT) discount. 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**

**Important information:** Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), is the Responsible Entity of, and the issuer of units in, the Antares High Growth Shares Fund ARSN 090 554 082 ('the Fund'). An investor should consider the current Product Disclosure Statement and Product Guide for the Fund ('PDS') in deciding whether to acquire, or continue to hold, units in the Fund and consider whether units in the Fund is an appropriate investment for the investor and the risks of any investment. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This communication contains general information and may constitute general advice. This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document. Any projection or other forward looking statement ('Projection') in this report is provided for information purposes only. No representation is made as to the accuracy of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by ACP constitute ACP's judgement at the time of writing and may change without notice. ACP is a part of the Insignia Financial Group of companies (comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate) ('Insignia Financial Group'). The capital value, payment of income and performance of the Fund are not guaranteed. An investment in the Fund is subject to investment risk, including possible delays in repayment of capital and loss of income and principal invested. Neither ACP nor any other member of the Insignia Financial Group guarantees the repayment of your capital, payment of income or the performance of your investment.