

High Growth Shares Fund

antares

Monthly Performance Report September 2023

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 returns¹

| Period | 1 month | 3 months | 1 year | 3 years pa | 5 years pa | 7 years pa | 10 years pa | Since inception pa |
|---------------------------|---------|----------|--------|------------|------------|------------|-------------|--------------------|
| Net return ² % | -3.5 | -3.8 | 10.0 | 13.8 | 6.5 | 8.6 | 8.4 | 10.2 |
| Benchmark return % | -2.8 | -0.8 | 13.5 | 11.0 | 6.7 | 8.0 | 7.4 | 7.9 |
| Net excess return % | -0.7 | -3.0 | -3.5 | 2.8 | -0.2 | 0.6 | 1.0 | 2.3 |

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

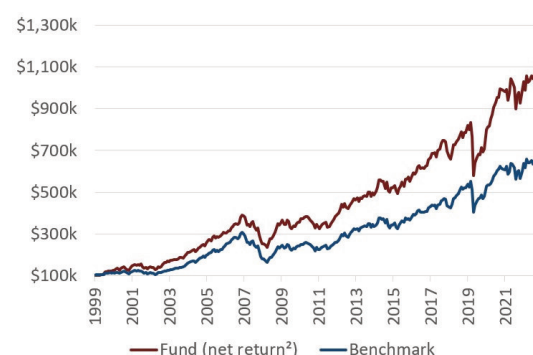
The Australian market was not exempt from the decline in global shares. The Real Estate and Information Technology sectors led the market declines given concerns about the impact of higher interest rates for longer. Healthcare and Consumer Discretionary sectors were sold down on worry about the consumer's ability to tolerate higher inflation and interest rates. The Resources sector proved more resilient given the surprising rise in iron ore prices to US\$120 per ton despite a weak Chinese property sector. The only positive sector was Energy on the back of higher oil prices.

The Antares High Growth Shares Fund delivered a return of -3.5% (net of fees) for the month of September 2023, compared to its benchmark's -2.8% return.

Contributing to performance were overweight positions in Paladin (PDN) and Santos (STO) together with a short position in Orora (ORA). The uranium price rose to a decade high in September and with further increases expected as investors anticipated greater future demand for nuclear energy. PDN's share price rose by more than 25% in September. The higher oil price helped boost the Santos share price. Early in September, ORA announced the acquisition of global high end wine and spirits glass bottles producer Saverglass for A\$2.1bn. Simultaneously it announced it would partially fund this via proposed A\$1.3bn institutional and retail equity raisings.

Detracting value were overweight positions in Botanix (BOT), Block Inc (SQ2) and Goodman Group (GMG). During the month BOT announced that the FDA had delayed approval of its Sofpironium Bromide product because the instructions for patients need amendment. While the FDA did not raise any safety, efficacy or manufacturing issues, BOT expects approval is now likely to be delayed until the second half of CY24. SQ2 suffered a small outage in its Square Seller retail point of sale equipment globally which hurt sentiment, while the march up in longer duration interest rates hurt its valuation as discount rates spiked, disproportionately impacting longer duration equities such as SQ2. GMG shares were weaker in September on no particular news. Property related stocks were sold down as

\$100,000 invested since inception



Sector allocation

| GICS ³ | % |
|------------------------------|------|
| Metals & Mining | 22.8 |
| Financials Ex Reits | 20.7 |
| Health Care | 15.3 |
| Real Estate | 9.5 |
| Communication Services | 7.4 |
| Industrials | 6.8 |
| Energy | 5.4 |
| Consumer Staples | 5.2 |
| Consumer Discretionary | 3.3 |
| Utilities | 1.7 |
| Materials Ex Metals & Mining | 1.1 |
| Information Technology | 0.8 |

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bond yields moved higher.

Australia's economy continues to display significant signs of slowing down with inflation concerns. Retail spending is subdued as consumers struggle with the squeeze from higher prices, rising mortgage interest rates and rents. Consumer annual inflation rose from 4.9% in July to 5.2% in August largely on the back of higher fuel prices according to the ABS monthly indicator. Employment has been a positive surprise with strong job gains in August despite lower vacancies. The Reserve Bank again held the cash interest rate steady at 4.1% but maintained guidance that further interest rate rises may be required to get inflation back to their target range of 2% to 3%.

Top 10 share holdings

(alphabetical order)

- ANZ Group
- Aristocrat Leisure
- BHP Group
- Coles Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Santos
- South32
- Telstra Group

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

| | |
|--|---|
| Inception date | 7 December 1999 |
| APIR Code | PPL0106AU |
| Fund size as at 30 September 2023 | \$304.3m |
| Benchmark | S&P/ASX 200 Total Return Index |
| Redemption Unit Price as at 30 September 2023 | \$0.9790 |
| Distribution | Quarterly |
| Management fee⁴ | 1.05% pa |
| Performance fee⁵ | 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 September 2023 |
|----------------------------------|---------|----------------------|---------|-------------------------|
| Australian shares - Net | 90% | 100% | 100% | 99.2% |
| Australian shares - Long | 90% | - | 125% | 121.0% |
| Australian shares - Short | 0% | - | -25% | -21.8% |
| Cash and cash equivalents | 0% | 0% | 10% | 0.8% |

Distribution history⁶

| | Jun 23 | Mar 23 | Dec 22 | Sep 22 | Jun 22 | Mar 22 | Dec 21 | Sep 21 | Jun 21 | Mar 21 | Dec 20 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Distribution (cents per unit) | 5.74 | 1.13 | 1.54 | 1.33 | 11.08 | 2.30 | 1.76 | 1.80 | 9.10 | 0.68 | 0.26 |

Portfolio managers

NICK PASHIAS

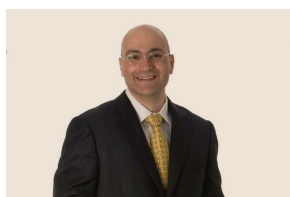
Head of Equities

Years with the group: 25

Years of Industry Experience: 25

Key Responsibilities:

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



ANDREW HAMILTON

Head of Implementation

Years with the group: 23

Years of Industry Experience: 26

Key Responsibilities:

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



Platform availability

- Asgard
- eXpand Extra
- MLC Wrap / Navigator
- PowerWrap
- BT Panorama
- Hub 24
- Netwealth Wrap
- uXchange
- Clearview
- Macquarie Wrap
- North
- Voyage
- CFS First Wrap
- MLC Masterkey Fundamentals
- Praemium

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.

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

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. 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).

⁵ 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%.

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. 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>

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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

Important information: MLC Investments Limited ABN 30 002 641 661, AFSL 230705 ("MLCI") is the Responsible Entity of, and the issuer of units in, the Antares High Growth Shares Fund ARSN 090 554 082 ("the Fund"). MLCI has appointed Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483, trading as Antares Equities (Antares) as the Investment Manager of this product. MLCI and Antares are part of the Insignia Financial group of companies (comprising Insignia Financial Holdings Ltd ABN 49 100 103 722 and its related bodies corporate) ("Insignia Group").

The information contained in this communication may constitute general advice and does not take into account your objectives, financial situation or needs. Because of that, before making any decision about whether to acquire or continue to hold an investment in the Fund, you should consider its appropriateness, having regard to your objectives, financial situation and needs, plus consider the relevant Product Disclosure Statement. We recommend you obtain financial advice tailored to your own personal circumstances.

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 MLCI or Antares nor any other member of the Insignia Financial Group guarantees the repayment of your capital, payment of income or the performance of your investment. 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.

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