

# High Growth Shares Fund

antares

## Monthly Performance Report February 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 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> %	-3.0	-0.3	5.1	10.3	8.2	11.0	8.8	10.5
Benchmark return %	-2.4	0.3	7.2	7.9	7.9	10.1	8.0	8.1
Net excess return %	-0.6	-0.6	-2.1	2.4	0.3	0.9	0.8	2.4

<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

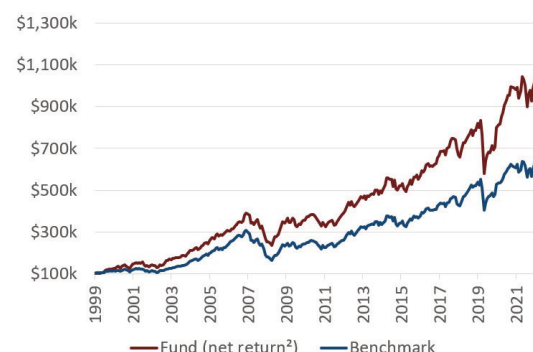
Australian shares slipped into negative territory in February. The sharpest falls were in the resource sector with some disappointments over the profit reports of BHP and Rio. Financial shares also fell with the banks being squeezed by lower net interest margins and concerns over falling house prices. Real estate sector shares were also negatively impacted by rising bond yields. There were some positives with Insurers performing well on positive news from Medibank Private together with a general sector lift as higher bond yields drive high investment income given asset class restrictions for insurers. Utilities also delivered solid gains on a higher than expected (albeit lower) revised bid for Origin from Brookfield. Information technology recovered some ground after the sector was savaged in 2022.

The Antares High Growth Shares Fund delivered a return of -3.0% (net of fees) for the month of February 2023.

Contributing to performance were overweight positions in Medibank Private (MPL), Aristocrat Leisure (ALL) and not holding a position in NAB. We have maintained our view that the market over-reacted to the potential impact on MPL's customer retention after its cyber security incident. This was partially vindicated in its half year result as policy numbers stabilised and began to grow again in February, whilst claims inflation was lower than expected. These factors helped support the stock. ALL held its AGM during the month and reiterated its guidance for 2023 on a reasonably positive outlook. The stock regained much of the ground lost in January. Banks have generally underperformed on concerns about net interest margins peaking amid fierce competition for home mortgages and the prospect of higher bad debts as interest rates increase.

Detracting value were overweight positions in Northern Star (NST), Paladin (PDN) and IGO. NST's results for the six months to 31 December 2022 were generally in line with expectations. But, the decline in the share price was driven by the strength of the US dollar, as US interest rate expectations again began to rise and the subsequent fall in the gold price. A reduction in risk appetite likely contributed

### \$100,000 invested since inception



### Sector allocation

GICS <sup>3</sup>	%
Financials Ex Reits	25.1
Metals & Mining	19.4
Health Care	16.2
Communication Services	9.2
Consumer Discretionary	8.8
Real Estate	6.4
Industrials	6.3
Energy	2.7
Materials Ex Metals & Mining	2.7
Consumer Staples	2.2
Information Technology	1.4
Utilities	-0.4

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to weakness in the PDN share price. IGO shares reflected the general weakness in resource stocks and the divergence of views on lithium prices.

Australia's economy appears to be softening judging by more subdued retail spending and falling house prices. Consumers have become more cautious with high inflation and rising mortgage interest rates. Even the labour market is cooling after the strong jobs growth in 2022 with the unemployment rate edging up from 3.5% to 3.7% in January.

## Top 10 share holdings

(alphabetical order)

- ANZ Group
- Aristocrat Leisure
- BHP Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- 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 28 February 2023</b>	\$329.2m
<b>Benchmark</b>	S&P/ASX 200 Total Return Index
<b>Redemption Unit Price as at 28 February 2023</b>	\$1.0632
<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 28 February 2023
<b>Australian shares - Net</b>	90%	100%	100%	99.1%
<b>Australian shares - Long</b>	90%	-	125%	121.3%
<b>Australian shares - Short</b>	0%	-	-25%	-22.2%
<b>Cash and cash equivalents</b>	0%	0%	10%	0.9%

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

	Dec 22	Sep 22	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20
<b>Distribution (cents per unit)</b>	1.54	1.33	11.08	2.30	1.76	1.80	9.10	0.68	0.26	0.42	0.00

## Portfolio managers

### NICK PASHIAS

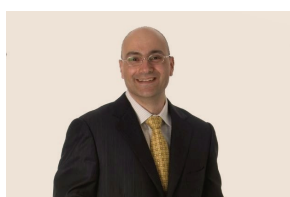
Head of Equities

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>

# High Growth Shares Fund Monthly Performance Report February 2023



## 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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