

# High Growth Shares Fund

antares

## Monthly Performance Report June 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> %	1.4	2.4	17.6	15.8	7.6	10.4	9.7	10.5
Benchmark return %	1.8	1.0	14.8	11.1	7.2	8.9	8.6	8.0
Net excess return %	-0.4	1.4	2.8	4.7	0.4	1.5	1.1	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

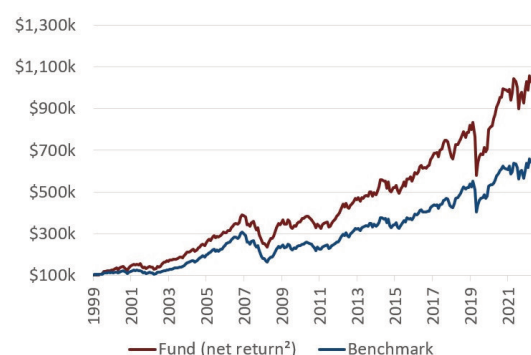
Australian shares made mild gains in June given signs that inflation pressures were abating and hopes that China will pursue more stimulatory policy settings. The Resources sector surged on China growth hopes with strong gains in iron ore prices. The Information Technology sector also made strong gains on the back of investors' enthusiasm for anything remotely connected with AI. Financials rebounded, reversing May's weakness with signs of resilience in the Australian economy mitigating credit risks. Healthcare was weak as investors became more cautious about the sector's prospects.

The Antares High Growth Shares Fund delivered a return of 1.4% (net of fees) for the month of June 2023, compared to its benchmark's 1.8% return.

Contributing to performance were overweight positions in Paladin Energy (PDN), AGL and Botanix (BOT). 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. AGL increased its earnings guidance for FY23 and provided guidance for FY24 that was well in excess of market estimates. BOT announced an agreement to commercialise its topical ECCLOCK treatment for severe underarm sweating in Korea and added that it was expecting FDA approval for the drug in September. The company also hosted an investor presentation during the month in the wake of increased investor interest.

Detracting value were overweight positions in CSL and TPG Telecom (TPG) and a short position in Fortescue Metals (FMG). CSL provided a trading update indicating currency headwinds would impact its FY23 result. More significantly it noted margin recovery in its Behring plasma collection division would take longer than the market expected, as both donor fees and labour cost inflation remain higher than anticipated. This meant that CSL's FY24 guidance was below consensus and the stock was sold down. TPG Telecom (TPG) detracted from performance after the Australian Competition Tribunal rejected its proposed deal

### \$100,000 invested since inception



### Sector allocation

GICS <sup>3</sup>	%
Financials Ex Reits	23.2
Metals & Mining	20.7
Health Care	16.3
Communication Services	8.3
Industrials	7.6
Real Estate	6.7
Consumer Staples	4.3
Energy	4.1
Consumer Discretionary	3.3
Information Technology	2.1
Materials Ex Metals & Mining	2.0
Utilities	1.5

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. Optimism that further stimulus would drive Chinese growth saw the iron ore price spike and so too FMG's share price.

Australia's economy has displayed more positive signs with strong jobs growth, a rebound in retail spending and inflation moderating. May saw Australia's employment expand by a robust +75,900 jobs and the unemployment rate edge down from 3.7% to 3.6%. Consumers were also more willing to raise their retail spending in May but this also reflected promotional activity and sales events according to the Australian Bureau of Statistics. Consumer price pressures moderated in May with annual inflation coming in at 5.6% compared to 6.8% for April. However, the looming strong rises in electricity costs and residential rents in the new financial year suggest a painful squeeze on consumer budgets. The Reserve Bank again surprised with another 0.25% interest rate hike in June taking the cash interest rate to 4.1% in the hope of returning inflation back to its 2% to 3% target range.

## Top 10 share holdings

(alphabetical order)

- ANZ Group
- Aristocrat Leisure
- BHP Group
- Coles Group
- Commonwealth Bank of Australia
- CSL
- Goodman Group
- Santos
- Telstra Group
- 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 June 2023</b>	\$315.4m
<b>Benchmark</b>	S&P/ASX 200 Total Return Index
<b>Redemption Unit Price as at 30 June 2023</b>	\$1.0288
<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 June 2023
<b>Australian shares - Net</b>	90%	100%	100%	99.4%
<b>Australian shares - Long</b>	90%	-	125%	122.9%
<b>Australian shares - Short</b>	0%	-	-25%	-23.5%
<b>Cash and cash equivalents</b>	0%	0%	10%	0.6%

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

	Jun 23	Mar 23	Dec 22	Sep 22	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20
<b>Distribution (cents per unit)</b>	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

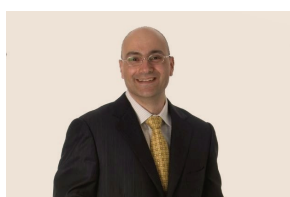
Head of Equities

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: 22

Years of Industry Experience: 26

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>

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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 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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