

High Growth Shares Fund



Monthly Performance Report July 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 %	2.9	3.1	13.4	17.1	7.8	9.9	9.6	10.6
Benchmark return %	2.9	2.0	11.7	12.0	7.5	8.4	8.3	8.1
Net excess return %	0.0	1.1	1.7	5.1	0.3	1.5	1.3	2.5

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

Australian shares made strong gains on lower inflation and hopes that China will pursue more stimulatory policy settings. The energy sector led the market gains as oil prices surged. Financial shares also rebounded with optimism that the Reserve Bank interest rate hiking cycle was coming to an end. Information Technology continued to perform well, fuelled by the mania for AI related shares. Resources shares gained on China stimulus hopes. But there was some weakness in the Consumer Staples and Health Care sectors given concerns that the Australian consumer is struggling.

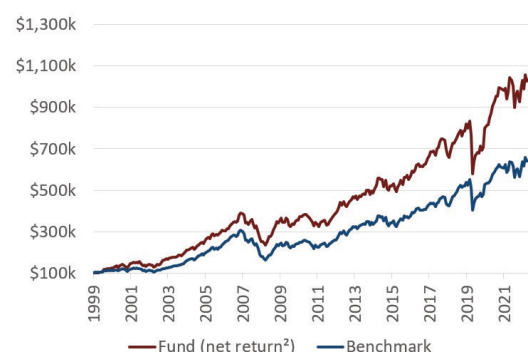
The Antares High Growth Shares Fund delivered a return of 2.9% (net of fees) for the month of July 2023, in line with its benchmark.

Contributing to performance were overweight positions in Block Inc (SQ2), Seek (SEK) and AGL. Despite limited stock specific news, SQ2 shares rallied 21.4% as part of the risk-on trade and more positive sentiment on the resilience of the US consumer. SEK 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. AGL has enjoyed recent broker upgrades following the strong recovery in wholesale electricity prices.

Detracting value were overweight positions in IGO Limited (IGO) and CSL together with a short position in Woodside Energy (WDS). 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. The 14.2% rise in the Brent Crude USD price during July was reflected in a buoyant performance by WDS shares. CSL's share price has continued to languish since issuing disappointing FY24 guidance in June following news that margin recovery in its Behring plasma collection division would take longer than the market expected.

Australia's economy is giving mixed signals with robust jobs growth and moderating inflation being countered by weak retail spending. There were strong employment gains in June as the unemployment rate edged down to 3.5% -

\$100,000 invested since inception



Sector allocation

GICS ³	%
Financials Ex Reits	22.8
Metals & Mining	22.0
Health Care	15.5
Communication Services	8.3
Real Estate	7.2
Industrials	6.4
Consumer Staples	4.4
Energy	4.2
Consumer Discretionary	3.5
Information Technology	2.1
Materials Ex Metals & Mining	2.1
Utilities	1.7

essentially a 50-year low. Consumer price pressures also moderated in the June quarter with annual inflation coming in at 6.0%. However, the looming price rises for electricity and residential rents in the new financial year still suggest that inflation is a concern. For consumers, the squeeze on budgets from high inflation and rising interest rates has negatively impacted spending as evidenced by the sharp fall in June retail sales. While the Reserve Bank held the cash interest rate steady at 4.1% in July, it guided that further interest rate rises may be required to reduce inflation.

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.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 July 2023
Australian shares - Net	90%	100%	100%	99.3%
Australian shares - Long	90%	-	125%	122.4%
Australian shares - Short	0%	-	-25%	-23.1%
Cash and cash equivalents	0%	0%	10%	0.7%

Portfolio facts

Inception date	7 December 1999
APIR Code	PPL0106AU
Fund size as at 31 July 2023	\$325.9m
Benchmark	S&P/ASX 200 Total Return Index
Redemption Unit Price as at 31 July 2023	\$1.0585
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)

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

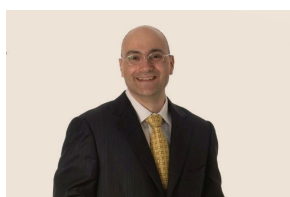
Head of Equities

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: 22

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

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