

High Growth Shares Fund

antares

Monthly Performance Report October 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 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 %	6.6	2.8	-0.2	7.8	8.5	9.5	10.0	10.5
Benchmark return %	6.0	0.7	-2.0	4.8	7.2	8.3	8.7	7.9
Net excess return %	0.6	2.1	1.8	3.0	1.3	1.2	1.3	2.6

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

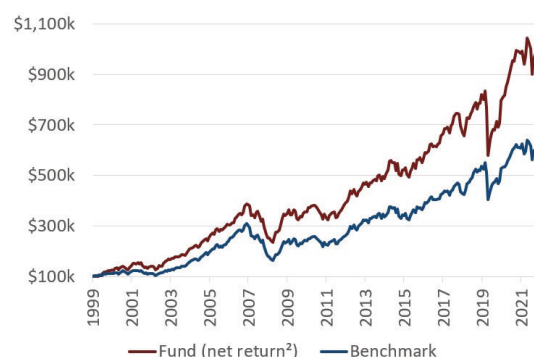
Australian shares made a strong recovery in October. The sharpest gains were in financial sector shares given solid credit demand and assurances from the Reserve Bank (RBA) that business and household balance sheets were in strong shape. The real estate and consumer discretionary sectors also made robust gains reflecting the comforting commentary from the RBA. There was also a favorable performance from the energy sector on continuing concerns about global supply. The resources sector was more subdued with a slight gain given worries about global economic activity prospects.

The Antares High Growth Shares Fund delivered a return of 6.6% (net of fees) for the month of October 2022.

Contributing to performance were overweight positions in Westpac (WBC) and Telix Pharmaceuticals (TLX) together with a short position in Fortescue Metals (FMG). Attractive deposit pricing coupled with solid credit demand and some evidence that institutional investors were reducing their underweight to the sector saw double digit rises from the big 4 banks in October. TLX released an upbeat trading update during October with growing revenue from its Illucix product and a pipeline for further product approvals. FMG shares were weaker as the iron ore price fell sharply to US\$82/Mt in October. This was due to higher supply levels from Brazil which coincided with seasonally lower steel demand in China.

Detracting value were overweight holdings in Medibank Private (MPL) and CSL together with not holding a position in NAB. MPL shares finished the month down 19.0% after the company announced it was subject to a cyberattack. While the company expects a relatively small impact on its current half year earnings, costs relating to remediation and possible litigation are not included. Investors were also concerned about the potential for loss of customers and brand damage. CSL shares - like others in the healthcare sector - finished down in October. This was despite a positive update on its Vifor business and an AGM speech by its CEO expressing confidence in CSL's fundamentals and diverse pipeline to build on its track record of sustainable growth for years to come.

\$100,000 invested since inception



Sector allocation

GICS ³	%
Financials Ex Reits	28.5
Metals & Mining	18.8
Health Care	14.6
Communication Services	8.9
Consumer Discretionary	8.0
Industrials	7.5
Real Estate	4.3
Energy	4.1
Materials Ex Metals & Mining	3.2
Information Technology	1.6
Consumer Staples	1.3
Utilities	-0.7

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Australia's economy continues to appear resilient. September's data showed healthy business surveys and robust retail spending. However, the dramatic inflation acceleration is still concerning with annual CPI inflation at 7.3% in September. Strong annual price rises were recorded for fruit and vegetables, new housing construction and automotive fuels. The Reserve Bank raised the cash interest rate by a further 0.25% to 2.6% in October and also signaled the expectation to increase interest rates further over the months ahead. This played out on 1 November when the RBA raised rates by a further 0.25%.

Top 10 share holdings

(alphabetical order)

- ANZ Banking 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.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 October 2022
Australian shares - Net	90%	100%	100%	99.2%
Australian shares - Long	90%	-	125%	120.7%
Australian shares - Short	0%	-	-25%	-21.5%
Cash and cash equivalents	0%	0%	10%	0.8%

Portfolio facts

Inception date	7 December 1999
APIR Code	PPL0106AU
Fund size as at 31 October 2022	\$322.1m
Benchmark	S&P/ASX 200 Total Return Index
Redemption Unit Price as at 31 October 2022	\$1.0390
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

	Sep 22	Jun 22	Mar 22	Dec 21	Sep 21	Jun 21	Mar 21	Dec 20	Sep 20	Jun 20	Mar 20
Distribution (cents per unit)	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

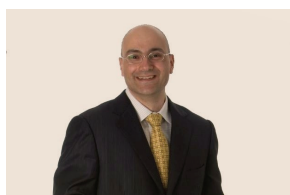
Head of Equities

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.

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>

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

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