

Product Brochure

Antares Australian Equities Fund



Key features

- The Fund provides core Australian equities exposure
- Antares benefits from a large, well resourced and experienced investment team
- Antares' investment professionals have years of industry experience in varying market conditions
- The large team size allows Antares to undertake proprietary company research across its investment universe

The Investment Lifecycle: Portfolio Manager Glenn Hart's view on the earnings lifecycle for stocks and how the Antares Australian Equities Fund invests throughout this cycle.

At the top of the investment cycle 'Love' stocks are the market darlings. These stocks have had good growth for a period of time and have performed well from a share price perspective. They generally have a buy recommendation from sell side analysts and management are well respected by the market. Good news is fully factored into the share price and peak cycle earnings are extrapolated out to justify current prices. From here any unexpected problems see the stock quickly transition to 'Losing love'.

'Losing love' stocks fail to rally on good news and sell side analysts begin winding back recommendations and earnings expectations as the share price is falling. Many believe the problems are temporary and there is nothing to worry about.

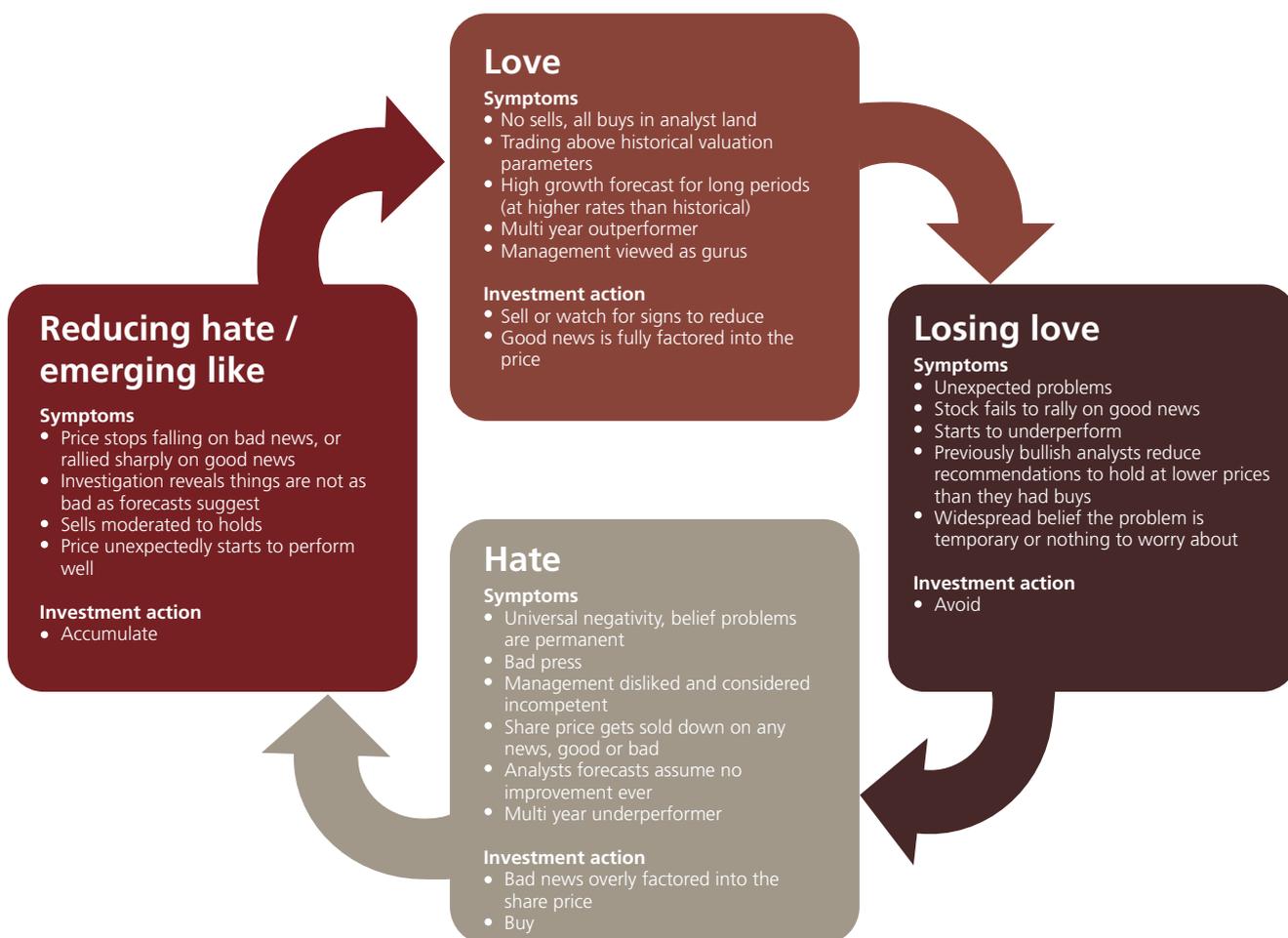
When problems persist everyone is universally negative, believing the problems are permanent and the share price is sold down on good news or bad news. The stock is 'Hated' and management are viewed as incompetent.

The stock underperforms and becomes neglected.

It is not until the share price stops falling on good news and potential investors revisit the assumptions they have made about the stock that 'emerging like' becomes the dominant feature.

Growth managers generally prefer to buy 'Love'. They focus on stocks with high earnings and potential for earnings growth but are not overly concerned with the price they pay in terms of earnings multiple. The risk is that they hold on to stocks through the 'Losing love' phase.

Value managers operate at the other end of the chart. They buy stocks that appear cheap on multiples which they believe are about to turn around or have just turned around, generally holding for the earnings upgrade and multiple expansion. Unfortunately these stocks are often cheap for a very good reason and can become 'value traps'.



Our style neutral and selectively contrarian approach allows us to select stocks that have turned around and that exhibit improving fundamentals. This means our focus remains on picking the best stocks across the market cycle, not just when the stars align. This approach can add value in all market conditions.

The Antares stock picking approach, combined with detailed proprietary bottom-up company research, enables us to add value across the market cycle.

Investment objective and strategy

The Fund's objective is to outperform the S&P/ASX 200 Accumulation Index over a rolling five year period by investing in a diversified portfolio of Australian shares.

The Fund typically invests in between 30 and 50 companies, across a broad range of industries, that we believe are undervalued in the expectation that they will move up to what we believe is their fundamental value over the longer term.

Investment philosophy

At Antares Equities we believe that equity markets are efficient in the long term, but that inefficiencies exist in the short term and that share prices eventually reflect the net present value of future cash flows. Inefficiencies occur due to a range of factors including irrational investor behaviour that can be exploited through bottom-up stock research and a disciplined approach to portfolio construction.

Investment process

The research effort is at the core of our investment process. Our research effort is heavily focused on in-house proprietary research and is aligned with our investment philosophy.

Our modelling is proprietary, and utilises a standard valuation model template with certain standardised valuation variables. These are:

- equity risk premium
- stock beta
- risk free rate
- terminal growth rate.

Portfolio construction

Our aim is to construct a portfolio of undervalued securities within a risk controlled framework. Determination of active portfolio weights requires experience and judgment based on the analysis of:

- expected return
- fundamental risk
- stock liquidity
- correlated risks within the portfolio.

Using this Fund

As a core, long only Australian equity product, the Fund will generally sit within the growth assets component of a balanced portfolio. Given its strong risk awareness, the Fund can be used on a stand alone basis, however, the style neutral investment philosophy also makes it suitable to blend with both growth and value managers.

Fund details

Inception date:

3 July 1995

Benchmark:

S&P/ASX 200 Accumulation Index

Investment timeframe:

At least 5 years

Relative risk:

High

Relative return:

High

Minimum investment:

\$20,000

Minimum additional investment:

\$5,000

Distribution:

Quarterly

Entry fee:

Nil

Exit fee:

Nil

Management fee:

0.87% p.a

Availability:

Asgard, BT Wrap, Colonial First Wrap, IOOF, Macquarie Wrap and MLC Wrap.

Ratings:

Lonsec - Rated*

Zenith - Rated #

Portfolio Manager

Glenn Hart
B.Com (Melb), F Fin,
Member CPA Australia

Co-Head of Equities



Key responsibilities:

Glenn is the Co-Head of Equities and the Portfolio Manager of Dividend Builder and the Australian Equities Fund.

Years with the group: 19

Years of industry experience: 29

Previous roles:

Glenn joined the company following the merger with CGU Insurance's investment operations, where he was Manager of Equities. Before CGU, Glenn held positions at Structured Asset Management and JBWere Asset Management.

For further information please contact our Client Services Team - Toll Free: 1800 671 849
investorservices@antaresequities.com.au - www.antarescapital.com.au

Important information

The information provided is of a general nature and has been prepared without taking account of your individual investment objectives, financial situation or particular investment needs. It is not intended as financial advice to retail clients. Before making an investment decision, you should consider the appropriateness of the information, having regard to your objectives, financial situation and needs. We recommend you consult with your financial adviser, who can help you determine how best to achieve your financial goals and whether investing in a fund is appropriate for you. Investment in the Antares Investment Funds will only be made upon receipt of a completed application form from the current PDS, a copy of which can be obtained from Antares. Antares Australian Equities Fund ARSN 090 827 802. Antares Capital Partners Limited ABN 85 066 081 114 Level 20, 8 Exhibition Street, Melbourne VIC 3000 GPO Box 2007, Melbourne VIC 3001 Telephone: (03) 9220 0300 Facsimile: (03) 9220 0333 Email: investorservices@antaresequities.com.au Website: www.antarescapital.com.au

* The Lonsec rating (assigned December 2014) presented in this document is published by Lonsec (who is Lonsec Limited ABN 56 061 751 102 AFSL No. 246842 and Lonsec Research Pty Ltd ABN 11 151 658 561, Corporate Authorised Representative of Lonsec Limited). The rating is a "class service" (as defined in the Financial Advisers Act 2008 (NZ)) or is limited to "General Advice" and based solely on consideration of the investment merits of the financial product(s). It is not a recommendation to purchase, sell or hold the relevant product(s), and you should seek independent financial advice before investing in this product(s). The rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document(s) following publication. Lonsec receives a fee from the Fund Manager for researching the product(s) using comprehensive and objective criteria. For further information regarding Lonsec's ratings methodology, please refer to our website at: <https://www.lonsec.com.au/asp/Public/Documents/Ratings%20Definitions.pdf>

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