

Fund Profile

Antares Australian Equities Fund

October 2018



Fund description and investment return objective

The Fund is an actively managed diversified portfolio of equities listed (or expected to be listed) on the Australian share market which aims to add value across the market cycle.

The Fund's objective is to outperform the Benchmark (before fees) over rolling five-year periods.

Fund commentary

The Antares Australian Equities Fund delivered a return of -5.2% (net of fees) for the month of October 2018, outperforming its benchmark by 0.9%.¹

Australian shares posted a large negative return in October with the S&P/ASX 200 Accumulation Index falling by 6.1% for the month. All sectors were in the red, with the largest falls seen in information technology (-11.2%), energy (-10.5%) and consumer discretionary (-8%). Driving Australian markets lower were global share weakness as well as local concerns about the potential for tighter credit conditions in the wake of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and its intense scrutiny of financial institutions. The Australian dollar (AUD) depreciated against the US Dollar in October as higher US interest rates, weaker global risk appetites and softer commodity prices (particularly energy and metals) weighed on the currency.

As high PE growth type stocks fell out of favour in the risk-off sentiment of October, gold stocks generally fared better. Newcrest Mining (NCM) held its investor day at which it confirmed FY19 production and cost guidance as well as positive news on its Cadia and Telfer assets. An overweight NCM holding contributed to performance as did an overweight holding in QBE Insurance which is a beneficiary of higher global interest rates. Retail REITs were among the more favoured REITS during October as investors seemed to shy away from the residential sector. Australia's largest shopping centre owner, Scentre Group appeared to be favourably viewed by the market and our overweight holding contributed to the Fund's performance.

AMP shares plunged after the company announced it was selling its ANZ Wealth Protection and Mature business to Resolution Life plus a planned IPO of its NZ Wealth business. It expects to raise A\$3.45b which will likely reduce debt, simplify the business and enable it to focus on its growth businesses but also reduces earnings. An overweight holding in AMP detracted from Fund performance. Fairfax Media (FXJ) issued a trading update revealing group revenues were down by 5%. Although Domain digital revenue was up by 6% and radio by approximately 3%, revenue from other sources was either down or flat. An overweight holding detracted from Fund performance. Despite its major competitor, Coles, releasing 5.1% Q1 comparable sales growth, Woolworths' (WOW) share price appeared to benefit from the market's risk-off sentiment as some investors appeared to move from high growth stocks to the more defensive sectors such as consumer staples. An underweight holding in WOW detracted from performance.

Australia's economic data releases remain mixed. The labour market is performing solidly with both jobs growth and an unemployment rate edging down to 5.0%. The NAB business survey shows favourable results in terms of conditions and confidence. However as credit tightens and house prices continue to drift lower (particularly Sydney & Melbourne) housing turnover is also slowing. This seems to be dampening consumer demand for household goods and other discretionary categories.

Investment returns as at 31 October 2018¹

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 %	-5.2	-5.4	0.5	8.0	5.7	9.0	8.3	9.2
Gross return ³ %	-5.2	-5.2	1.4	9.0	6.6	9.9	9.2	10.2
Benchmark return %	-6.1	-5.9	2.9	8.2	6.0	9.2	8.5	9.1
Net excess return %	0.9	0.5	-2.4	-0.2	-0.3	-0.2	-0.2	0.1
Gross excess return %	0.9	0.7	-1.5	0.8	0.6	0.7	0.7	1.1

¹ Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document.

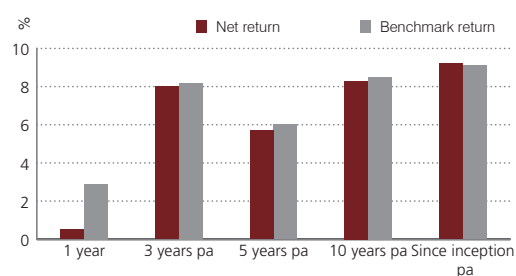
² Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

³ Gross returns are provided to show performance against the investment objective.

Fund facts

Inception date:	3 July 1995
Fund size at 31 October 2018:	\$15.3m
Benchmark:	S&P/ASX 200 Accumulation Index
Investment timeframe:	At least 5 years
Relative risk:	High
Relative return¹:	High

Net return² vs benchmark return



Top 10 share holdings

as at 31 October 2018 (alphabetical order)

- Amcor
- ANZ Banking Group
- BHP Billiton
- Caltex Australia
- Commonwealth Bank
- National Australia Bank
- QBE Insurance Group
- Tabcorp Holdings
- Wesfarmers
- Westpac Banking Corporation

Investor profile

This Fund is designed for investors who wish to benefit from the long term capital gains available from share investments and who are comfortable with fluctuations in capital value in the short to medium term. Accordingly, the Fund has a recommended long-term investment horizon of at least five years.

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$5,000
Distribution:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee⁴:	0.60% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).

⁴ Certain sophisticated and professional investors or wholesale clients (as defined in the Corporations Act 2001 (Cth)) may be able to negotiate this fee by contacting Client Services.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Oct 18
Australian shares	90%	100%	100%	96%
Cash and cash equivalents	0%	0%	10%	4%

Distribution history⁵

Quarter end	Cents per unit
30 September 2018	1.46
30 June 2018	6.66
31 March 2018	0.61
31 December 2017	0.68
30 September 2017	1.30
30 June 2017	6.44
31 March 2017	0.71
31 December 2016	0.98
30 September 2016	1.05
30 June 2016	2.50
31 March 2016	0.39
31 December 2015	1.07
30 September 2015	1.42
30 June 2015	45.45
31 March 2015	1.16
31 December 2014	0.92
20 October 2014	8.78
30 September 2014	1.61
30 June 2014	7.96
31 March 2014	0.89

⁵ Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

Franking levels

Year end	
30 June 2018	34.22%
30 June 2017	37.12%
30 June 2016	70.09%
30 June 2015	11.41%
30 June 2014	45.29%
30 June 2013	104.35%

About Antares

Antares is a dedicated asset management business managing more than \$36.1bn on behalf of Australian investors, with \$6.4bn in Australian equities and more than \$29.7bn in fixed income (as at 30 September 2018).

At Antares we are wholly focussed on delivering performance for investors through an investment approach underpinned by dedication, experience and discipline. We recognise and are ready for market uncertainty, and believe great performance is achieved through a focus on both risk and return. Antares consists of two divisions – Antares Equities (formerly Portfolio Partners and Aviva Investors) and Antares Fixed Income (formerly National Specialist Investment Management).

For further information please contact our Client Services Team - Toll Free: 1800 671 849

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