

Fund Profile

Antares Australian Equities Fund



October 2021

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 (after fees) over rolling five-year periods.

Fund commentary

The Antares Australian Equities Fund delivered a return of -0.4% (net of fees) for the month of October 2021.¹

Australian shares disappointed in October with a near flat return. There were mixed performances across sectors. The Information Technology sector followed Wall Street's robust performance. Health care and financial sector shares also made solid gains. But the resources sector generally disappointed given concerns about prospects for China's property sector and its impact on iron ore prices. The industrial sector and consumer staples sectors fell given the sensitivity to the sharp rise in Australian bond yields experienced in late October.

Contributing to performance were overweight holdings in Ampol (ALD) and Northern Star (NST) together with the decision not to own Rio Tinto (RIO). Ampol entered a binding agreement to acquire New Zealand's Z Energy. The acquisition will be strongly free cash flow accretive for ALD and allow them to leverage their sourcing and supply assets to extract synergies. Having been sold down heavily in September, gold stocks bounced back in October. Lower US real yields and the expectation of inflation were viewed as positive and saw an increase in the gold price. Iron ore miners, including RIO, were again weaker as inventory at Chinese ports was up and steel production was down. And just as demand is falling there is increasing supply as Brazilian production increases.

Detracting from returns were overweight holdings in Star Entertainment (SGR), Medibank Private (MPL) and Suncorp (SUN). During the month there were media reports that alleged potential breaches of anti-money laundering (AML) rules by SGR. This was reflected in SGR's share price. MPL shares drifted lower on no news. Following five declared storm events along Australia's east coast in October, SUN estimates it will incur costs of between \$160-\$250m, excluding any associated claim handling or risk margin expenses.

Australia's economy is showing more promising signs with October marking the end of lockdowns in New South Wales and Victoria. The NAB Business survey and ANZ-RM Consumer Confidence surveys have made solid gains while retail sales rebounded in September. However, price pressures appear more persistent than transitory with the September quarter Consumer Price Index showing annual headline inflation at 3% and underlying inflation at 2.1%. This has seen a sharp lift in Australian government bond yields in late October as markets question the Reserve Bank's guidance of maintaining the cash interest rate at 0.1% until 2024.

Fund facts

Inception date:	3 July 1995
Fund size at 31 October 2021:	\$11.2m
Benchmark:	S&P/ASX 200 Total Return Index
Investment timeframe:	At least 5 years
Relative risk:	High
Relative return¹:	High

Top 10 share holdings

as at 31 October 2021 (alphabetical order)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- Commonwealth Bank
- CSL
- National Australia Bank
- South32
- Telstra Corporation
- Westpac Banking Corporation
- Woolworths Group

Investment returns as at 31 October 2021¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return² %	-0.4	3.2	37.2	9.9	9.4	7.5	9.3	9.3
Gross return %	-0.4	3.4	38.0	10.6	10.1	8.3	10.1	10.2
Benchmark return %	-0.1	0.5	28.0	11.9	10.9	8.5	10.0	9.4
Net excess return %	-0.3	2.7	9.2	-2.0	-1.5	-1.0	-0.7	-0.1
Gross excess return %	-0.3	2.9	10.0	-1.3	-0.8	-0.2	0.1	0.8

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.

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 21
Australian shares	90%	100%	100%	99%
Cash and cash equivalents	0%	0%	10%	1%

Distribution history⁵

Quarter end	Cents per unit
30 September 2021	1.24
30 June 2021	0.35
31 March 2021	0.69
31 December 2020	0.36
30 September 2020	0.48
30 June 2020	0.25
31 March 2020	0.70
31 December 2019	0.80
30 September 2019	1.03
30 June 2019	4.43
31 March 2019	0.78
31 December 2018	0.83
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

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 2021	95.78%
30 June 2020	94.63%
30 June 2019	49.50%
30 June 2018	34.22%
30 June 2017	37.12%

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\$5.5 billion (at 30 September 2021) under advice across a range of strategies including large capitalisation, concentrated, property, 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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