

# Fund Profile

## Antares Elite Opportunities Fund



October 2018

### Fund description and investment return objective

The Fund is an actively managed concentrated portfolio of equities listed (or expected to be listed) on the Australian share market. The Fund's objective is to outperform the Benchmark by 4% per annum (before fees) over rolling five-year periods.

### Fund commentary

The Antares Elite Opportunities Fund delivered a return of -6.5% (net of fees) for the month of October 2018, underperforming its benchmark by 0.4.<sup>1</sup>

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.

Contributing to the Funds performance again this month was our overweight holding in Vocus which continues its re-rating post the new management team and constructive results comments. Following its 20% plus share price rise in September 2018, Northern Star added a further 5.8% in October as investors sought out quality gold producers. We maintained our overweight holding which contributed to performance. Widespread rains in Queensland and NSW and the prospect of larger harvests seemed to be generally viewed by the market as beneficial to Graincorp in which the fund has an overweight holding.

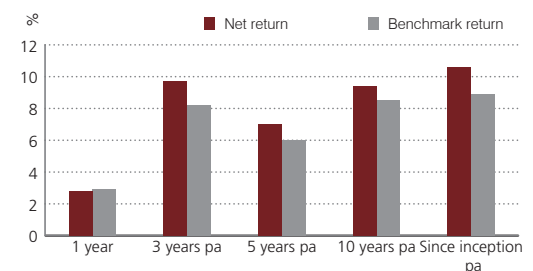
Detracting from performance were overweight holdings in three companies that issued announcements that were not well received by the market – AMP, Fairfax Media (FXJ) and Boral (BLD). AMP shares plunged after the company announced it was selling its ANZ Wealth Protection and Mature business to Resolution Life plus a planned IPO of its NZ Wealth business. It expects to raise A\$3.45b which aim to reduce debt, simplify the business and enable it to focus on its growth businesses but also reduces earnings. The Fund had been underweight AMP for most of the month but purchased shares at the end of the month that took it to a modest overweight position. FXJ also 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. BLD provided a trading update during the month that lowered its earnings guidance expectations. Reasons cited included project delays, an outage at Berrima and wet weather in NSW and Queensland.

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 is dampening consumer demand for household goods and other discretionary categories.

### Fund facts

<b>Inception date:</b>	18 November 2002
<b>Fund size at 31 October 2018:</b>	\$240.8m
<b>Benchmark:</b>	S&P/ASX 200 Accumulation Index
<b>Investment timeframe:</b>	At least 5 years
<b>Relative risk:</b>	High - Very High
<b>Relative return<sup>1</sup>:</b>	High - Very High

### Net return<sup>2</sup> vs benchmark return



### Top 10 share holdings

as at 31 October 2018 (alphabetical order)

- ANZ Banking Group
- BHP Billiton
- Caltex Australia
- Computershare
- Santos
- Suncorp Group
- Tabcorp Holdings
- Telstra Corporation
- Wesfarmers
- Westpac Banking Corporation

### Investment returns as at 31 October 2018<sup>1</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return <sup>2</sup> %	-6.5	-5.5	2.8	9.7	7.0	9.3	9.4	10.6
Gross return <sup>3</sup> %	-6.5	-5.3	3.6	10.4	7.8	10.1	10.2	11.5
Benchmark return %	-6.1	-5.9	2.9	8.2	6.0	9.2	8.5	8.9
<b>Net excess return %</b>	<b>-0.4</b>	<b>0.4</b>	<b>-0.1</b>	<b>1.5</b>	<b>1.0</b>	<b>0.1</b>	<b>0.9</b>	<b>1.7</b>
<b>Gross excess return %</b>	<b>-0.4</b>	<b>0.6</b>	<b>0.7</b>	<b>2.2</b>	<b>1.8</b>	<b>0.9</b>	<b>1.7</b>	<b>2.6</b>

<sup>1</sup> 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.

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

<sup>3</sup> Gross returns are provided to show performance against the investment objective.

## Investor profile

The concentrated nature of the Fund means that there may be a greater level of risk. The Fund's returns may be quite volatile. As such, the Fund may suit investors who are willing to accept a higher level of risk in exchange for the opportunity to earn greater returns.

## Investment details

<b>Minimum investment:</b>	\$20,000
<b>Minimum additional investment:</b>	\$5,000
<b>Distribution:</b>	Quarterly
<b>Entry fee:</b>	Nil
<b>Exit fee:</b>	Nil
<b>Management fee:<sup>4</sup></b>	0.70% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).
<b>Performance fee:</b>	20% of the Fund's net performance in excess of the performance hurdle. <sup>5</sup>

<sup>4</sup> 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.

<sup>5</sup> Performance hurdle is the benchmark return +5%p.a.

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Oct 18
<b>Australian shares</b>	95%	100%	100%	98%
<b>Cash and cash equivalents</b>	0%	0%	5%	2%

## Distribution history <sup>6</sup>

Quarter end	Cents per unit
30 September 2018	2.11
30 June 2018	8.50
31 March 2018	1.23
31 December 2017	2.27
30 September 2017	1.71
30 June 2017	6.41
31 March 2017	1.88
31 December 2016	2.42
30 September 2016	1.42
30 June 2016	0.85
31 March 2016	0.64
31 December 2015	0.73
21 September 2015	1.56
30 June 2015	9.10
31 March 2015	1.76
31 December 2014	0.26
20 October 2014	3.00
30 September 2014	1.14
30 June 2014	13.59

<sup>6</sup> 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	27.48%
30 June 2017	33.99%
30 June 2016	110.02%
30 June 2015	27.94%
30 June 2014	24.08%
30 June 2013	103.41%

## 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**

**Important information:** Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), is the Responsible Entity of, and the issuer of units in, the Antares Elite Opportunities Fund ARSN 102 675 641 ('the Fund'). An investor should consider the current Product Disclosure Statement and Product Guide for the Fund ('PDS') in deciding whether to acquire, or continue to hold, units in the Fund and consider whether units in the Fund is an appropriate investment for the investor and the risks of any investment. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This communication contains general information and may constitute general advice. This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. 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. Any projection or other forward looking statement ('Projection') in this report is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by ACP constitute ACP's judgement at the time of writing and may change without notice. ACP is a subsidiary of the National Australia Bank Limited group of companies ('NAB Group') An investment in the Fund is not a deposit with or liability of National Australia Bank Limited ('NAB') or any other member of the NAB group of companies ('NAB Group') and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither ACP nor any other member of the NAB Group guarantees the repayment of your capital, payment of income or the performance of your investment. NAB does not provide a guarantee or assurance in respect of the obligations of ACP.