

# Fund Profile

## Antares High Growth Shares Fund

October 2018



### Investment objective and strategy

The Fund aims to outperform the S&P/ASX 200 Accumulation Index ('Benchmark') by 5% per annum (before fees) over a rolling five year period. The Fund seeks to enhance returns through a range of investment strategies including long/short positions and active trading, along with the ability to use exchange traded derivatives.

### Fund commentary

The Antares High Growth Shares Fund delivered a return of -6.2% (net of fees) for the month of October 2018, underperforming its benchmark by 0.1%.<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.

As high PE growth type stocks fell out of favour in the risk-off sentiment of October, gold stocks generally fared better. As well as benefiting from the flight to gold stocks, Evolution Mining's share price increased after the company announced a larger than expected quarterly gold production report as well as reporting lower costs than the market had expected. An overweight position contributed to Fund performance as did an overweight holding in QBE Insurance which is a beneficiary of higher global interest rates. 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 Fund performance.

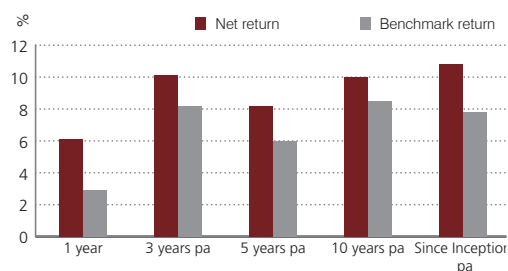
Boral (BLD), Fairfax (FXJ) and Stockland (SGP) all issued trading updates during October that were not well received by the market. BLD provided a trading update during the month that lowered its earnings guidance expectations. Reasons cited included project delays, an outage at Berrima and wet weather in NSW and Qld. 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. SGP's quarterly update indicated a noticeable slowing in residential sales. There was a modest increase in retail sales and the company maintained its earnings and dividend guidance but this did not offset the generally negative market sentiment currently around the softening housing market. Overweight holdings in these stocks detracted from fund 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 is dampening consumer demand for household goods and other discretionary categories.

### Fund facts

<b>Inception date:</b>	7 December 1999
<b>Fund size at 31 October 2018:</b>	\$600.8m
<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
<b>Redemption Unit Price at 31 August 2018:</b>	\$ 1.1173

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



### Top 10 share holdings

as at 31 October 2018 (alphabetical order)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Billiton
- Commonwealth Bank
- Computershare
- CSL
- Rio Tinto
- Suncorp Group
- Telstra Corporation
- Wesfarmers

### 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> %	-6.2	-6.7	6.1	10.1	8.2	10.5	10.0	10.8
Gross return <sup>3</sup> %	-6.1	-6.5	7.3	11.2	9.3	11.6	11.2	12.3
Benchmark return %	-6.1	-5.9	2.9	8.2	6.0	9.2	8.5	7.8
<b>Net excess return %</b>	<b>-0.1</b>	<b>-0.8</b>	<b>3.2</b>	<b>1.9</b>	<b>2.2</b>	<b>1.3</b>	<b>1.5</b>	<b>3.0</b>
<b>Gross excess return %</b>	<b>0.0</b>	<b>-0.6</b>	<b>4.4</b>	<b>3.0</b>	<b>3.3</b>	<b>2.4</b>	<b>2.7</b>	<b>4.5</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 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 higher risk in exchange for the potential opportunity to earn greater returns.

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.

## 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>	1.05% pa of the net asset value of the Fund
<b>Performance fee:</b>	20% of the Fund's investment return (net of management fee) above the sum of the Benchmark <sup>5</sup> and 5%.

<sup>4</sup> 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).

<sup>5</sup> The Benchmark of the Fund is S&P/ASX 200 Accumulation Index.

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Oct 18
<b>Aust shares - Net</b>	90%	100%	100%	98.7%
<b>Aust shares - Long</b>	90%	-	125%	116.1%
<b>Aust shares - Short</b>	0%	-	-25%	-17.4%
<b>Cash and cash equivalents</b>	0%	0%	10%	1.3%

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

Quarter end	Cents per unit
30 September 2018	1.99
30 June 2018	10.89
31 March 2018	1.13
31 December 2017	1.61
30 September 2017	1.56
30 June 2017	8.45
31 March 2017	3.86
31 December 2016	1.58
30 September 2016	1.69
30 June 2016	0.28
31 March 2016	0.00
31 December 2015	0.75
30 September 2015	0.00

<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.

## 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 sharemarket 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.

## 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 High Growth Shares Fund ARSN 090 554 082 ('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.