

# Portfolio Profile



## Antares Elite Opportunities Model Portfolio September 2020

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### Model Portfolio description and investment return objective

The Antares Elite Opportunities Model Portfolio is an actively managed concentrated high conviction portfolio of equities listed on the Australian share market that Antares has identified as having the potential to offer capital growth over the long term. The Model's objective is to outperform the Benchmark over rolling five-year periods.

### Investment returns as at 30 September 2020<sup>123</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception pa
Gross return %	-2.4	0.2	-15.3	1.9	5.7	6.1
Benchmark return %	-3.7	-0.4	-10.2	4.8	7.3	6.9
Gross excess return %	1.3	0.6	-5.1	-2.9	-1.6	-0.7

### Model Portfolio performance and attribution

The Antares Model Portfolio provided a gross return of -2.4% in September 2020.

Performance was boosted by overweight holdings in James Hardie (JHX), Aristocrat Leisure (ALL) and Boral (BLD). The strength in US housing demand continues. Locally the home building sector has been resilient with share prices also supported by the anticipated stimulus measures in the Federal Government budget. These factors have been seen as beneficial to both JHX and BLD. Investor interest in sectors, including gaming, that will open up post coronavirus-related closures boosted ALL shares during September.

Detracting from performance were overweight positions in Santos (STO), Oil Search (OSH) and Virgin Money UK (VUK). The oil price weakened over the month, reflecting the continuation of weak demand due to coronavirus restrictions as well as more commentary on the structural shift to electric vehicles. Both STO and OSH shares were weaker. Also out of favour were VUK shares which exited the S&P/ASX 100 during September. It was also a month in which the UK experienced a second wave of the coronavirus and accompanying disruption and uncertainty.

#### Buys / Additions

**Transurban Group (TCL)** - We added Transurban to the portfolio as it is another stock leveraged to the re-opening of the economy and an eventual return to work and travel – particularly in Victoria. In "normal" times Citilink contributes approximately one third of TLC's profit, however with the current lockdown in Victoria the asset is only making a minor contribution to profit. If other geographies are anything to go by, the eventual removal of restrictions should see volumes recover and surpass previous peaks given the aversion to public transport. On current forecasts, TCL has strong cash flow growth in coming years, around 20% p.a. over the next few years. Additionally, management continue to highlight other opportunities across the networks including the exclusive unsolicited proposal for widening the M7 and potential further ownership creep in WestConnex above their current 25.5%.

#### Sales / Reductions

**Wesfarmers (WES)** – We began reducing our position in Wesfarmers (WES) given the elevated valuation, another example of the market extrapolating the current positive trends into perpetuity. During the September quarter we used the strength in the share price to exit our position.

**Ampol (ALD)** - Having owned Ampol (ALD) for some time we exited our remaining position during the quarter. We began reducing our position when ALD (Caltex at the time) was the subject of a takeover bid. Since then, we have engaged with the board and management to extract more value from the current suite of assets. Although there has been some movement on this front, we are left disappointed with the magnitude and haste in which these initiatives are being pursued; hence our decision to exit the stock.

### Top 10 share holdings

as at 30 September 2020 (alphabetical)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- CSL
- James Hardie Industries
- South32
- Transurban
- Telstra
- Westpac Banking Corporation
- Woolworths

### Sector allocation

GICS	%
Metals & Mining	18.58
Financials Ex Reits	17.91
Communication Services	12.41
Health Care	12.01
Consumer Staples	8.38
Industrials	8.22
Consumer Discretionary	7.39
Materials Ex Metals & Mining	6.90
Energy	3.69
Real Estate	2.73
Information Technology	1.78
Utilities	0.00

Source: Antares Equities; 30 Sep 2020

Note: GICS - Global Industry Classification Standard % are absolute ie sector proportion of portfolio

<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. The value of an investment may rise or fall with the changes in the market. <sup>2</sup> Investment returns for the Model Portfolio are based on a notional model portfolio constructed by Antares and are gross of administration (platform) and investment management fees, net of estimated transaction costs, and assume all dividends remain in the Model Portfolio. <sup>3</sup> Performance is based on the income and market value of the notional model portfolio. <sup>3</sup> Inception date for the Model Portfolio is 22 November 2010.

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 Sep 20
Australian shares	95%	100%	100%	95.4%
Cash and cash equivalents	0%	0%	5%	4.6%

## Portfolio managers

### Nick Pashias

•Co-Head of Equities

#### Key Responsibilities

Nick is the Portfolio Manager of the Elite Opportunities Model Portfolio and managed fund .

**Years with the group** 22

**Years of Industry**

**Experience** 22



### John Guadagnuolo

Investment Manager

#### Key Responsibilities

John is the Deputy Portfolio Manager of the Elite Opportunities Model Portfolio .

**Years with the group** 13

**Years of Industry**

**Experience** 20



### Andrew Hamilton

•Head of Research

#### Key Responsibilities

Andrew is the Deputy Portfolio Manager of the Elite Opportunities Model Portfolio.

**Years with the group** 20

**Years of Industry**

**Experience** 23

## Investor profile

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

## Model portfolio facts

<b>Inception date:</b>	22 Nov 2010
<b>Benchmark:</b>	S&P/ASX 200 Total Return Index
<b>Investment timeframe:</b>	At least 5 years
<b>No of shares:</b>	13 to 30
<b>Indicative portfolio turnover:</b>	60% to 80% pa
<b>Relative risk:</b>	High - Very High
<b>Relative return<sup>1</sup>:</b>	High - Very High

## Platform availability

ANZ Grow, Macquarie, Navigator, Netwealth, Philo and Praemium

## Ratings



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

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