

# Portfolio Profile



## Antares Elite Opportunities Model Portfolio February 2021

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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 28 February 2021<sup>123</sup>

|                      | 1 month<br>(%) | 3 months<br>(%) | 1 year<br>(%) | 3 years<br>(% pa) | 5 years<br>(% pa) | 7 years<br>(% pa) | 10 years<br>(% pa) | Since<br>Inception#<br>(% pa) |
|----------------------|----------------|-----------------|---------------|-------------------|-------------------|-------------------|--------------------|-------------------------------|
| Portfolio            | 4.6            | 6.3             | 7.4           | 5.7               | 10.1              | 7.1               | 7.3                | 7.8                           |
| Benchmark*           | 1.5            | 3.0             | 6.5           | 7.4               | 10.7              | 7.4               | 7.8                | 8.1                           |
| <b>Excess Return</b> | <b>3.2</b>     | <b>3.3</b>      | <b>0.9</b>    | <b>-1.7</b>       | <b>-0.6</b>       | <b>-0.3</b>       | <b>-0.5</b>        | <b>-0.3</b>                   |

### Model Portfolio performance and attribution

The Antares Model Portfolio provided a gross return of 4.6% in February 2021.

Performance was boosted by overweight holdings in Westpac (WBC), Virgin Money UK (VUK) and Vocus (VOC). The spike in bond yields has continued to support bank stocks. WBC also provided an upbeat trading update citing improved optimism given the improving economy and vaccine rollout. VUK also made an upbeat 1Q21 earnings announcement including a return to statutory profit and the maintenance of guidance with upside potential. VOC shares rose after the company confirmed that it had received a non-binding, indicative proposal from Macquarie Infrastructure and Real Assets Holdings (MIRA) to acquire 100% of its shares for a price of \$5.50 per share through a scheme of arrangement.

Detracting from performance were overweight holdings in Northern Star (NST) and Atlas Arteria (ALX) and the decision not to own Rio Tinto (RIO). Continued weakness in the gold price overshadowed NST's record interim profit and dividend announcement in February. Traffic numbers and revenue for European toll road operator ALX, have been impacted by the movement restrictions imposed due to the prolonged and severe second wave of the coronavirus. Very late in January the company reported that 4Q20 traffic was down by over 25% and toll revenue by nearly 20% on 4Q19. The strength in Chinese demand and rising prices for iron ore, good FY20 results and an unequivocal apology from its CEO in regard to Juukan Gorge together with the declaration of a greater commitment to ESG were all positives for RIO during February.

### Stock Movements

**Buys: IGO Limited (IGO)** – IGO has exposure to a number of the “battery metals”, namely nickel, copper and cobalt through its Nova deposit in Western Australia. It also has exposure to gold through its Tropicana Joint Venture with AngloGold Ashanti.

On 9 December 2020, IGO announced its intention to acquire an effective 24.99% indirect interest in Greenbushes, a large, low-cost, hard rock lithium mine in Western Australia and a 49% interest in Australia's first lithium hydroxide plant, with the acquisition funded through a combination of debt, existing cash and an equity raising. Not only is Greenbushes the world's largest hard rock lithium mine it is also amongst the highest grade and lowest cost mines, all in a low risk country – Australia. The Spodumene price (spodumene is the ore from which Lithium is extracted) has been in a downward trend over the last several years as supply has far outstripped demand. However, we feel that we are at an inflection point. Many mines have been put on care and maintenance yet demand, even on conservative assumptions, is forecast to rise rapidly over the next decade as the world decarbonises. It appears that IGO have timed their acquisition well, buying their holding from a forced seller that over-gearred at the top of the cycle and is likely selling at the bottom of the cycle.

### Top 10 share holdings

as at 28 February 2021 (alphabetical)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- CBA
- CSL
- South 32
- Telstra
- Transurban
- Westpac Banking Corporation
- Woolworths

### Sector allocation

| GICS                         | %     |
|------------------------------|-------|
| Financials Ex Reits          | 26.67 |
| Metals & Mining              | 21.50 |
| Communication Services       | 11.42 |
| Health Care                  | 7.61  |
| Industrials                  | 7.45  |
| Consumer Staples             | 7.10  |
| Materials Ex Metals & Mining | 5.93  |
| Consumer Discretionary       | 5.29  |
| Energy                       | 4.54  |
| Real Estate                  | 2.49  |
| Information Technology       | 0.00  |
| Information Technology       | 0.00  |

Source: Antares Equities; 28 Feb 2021

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 28 Feb 21 |
|---------------------------|---------|----------------------|---------|-----------------|
| Australian shares         | 95%     | 100%                 | 100%    | 98.1%           |
| Cash and cash equivalents | 0%      | 0%                   | 5%      | 1.9%            |

## 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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