

# Portfolio Profile



## Antares Elite Opportunities Model Portfolio March 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 31 March 2021<sup>123</sup>

	1 month (%)	3 months (%)	1 year (%)	3 years (% pa)	5 years (% pa)	7 years (% pa)	10 years (% pa)	Since Inception (% pa)
Gross Return	3.0	8.7	45.4	8.1	9.5	7.5	7.5	8.1
Benchmark Return	2.4	4.3	37.5	9.7	10.3	7.7	8.0	8.3
<b>Gross Excess Return</b>	<b>0.6</b>	<b>4.4</b>	<b>8.0</b>	<b>-1.5</b>	<b>-0.8</b>	<b>-0.2</b>	<b>-0.4</b>	<b>-0.2</b>

### Model Portfolio performance and attribution

The Antares Model Portfolio provided a gross return of 3.0% in March 2021, ahead of its Benchmark. Performance was boosted by not holding positions in Rio Tinto (RIO), Fortescue Metals (FMG) and Afterpay (APT). Greater awareness that China's economic growth is decelerating (albeit still increasing), together with greater environmental concerns saw the iron ore price retreat after a very strong run. This was reflected in the share prices of both RIO and FMG. The rise in US bond yields has negatively impacted the valuations of tech stocks globally, particularly those with long dated growth stories, such as APT. APT was also partially impacted by the launch of new competitors, especially PayPal.

Detracting from performance were overweight holdings in IGO Limited (IGO), Northern Star (NST) and a2 Milk (A2M). IGO is a pivotal player in lithium ion battery supply for electric vehicles through its nickel and lithium resource exposure. During March the company's share price consolidated as the market waited to see the formal completion of its lithium acquisition – with the recent lift in lithium prices, there were some concerns the vendor may renege on its offer. NST shares were impacted as the gold price further weakened in March as optimism around vaccine rollouts and economic growth continued. The loss of the Daigou channel has also led to a loss of advocacy in China for A2M, also hurting its other channels, especially on-line trade.

### Stock movements

#### Buys / Additions

**Goodman Group (GMG)** - GMG has recently underperformed the market in the switch to value, providing the opportunity for us to purchase the stock at a relatively attractive price. GMG still enjoys the benefits of its global logistics platform that is benefitting from the structural tailwinds of e-commerce, which we expect will continue for some time to come.

**QBE Insurance (QBE)** - We have been watching and waiting for an entry point into QBE for some time. Global insurance rates have improved, interest rates have increased and the global insurance industry has consolidated, all of which should support the QBE price. But this has not occurred. We began purchasing QBE post the 3 March 2021 announcement of Andrew Horton as the new CEO - an external appointment with a proven track record.

#### Sales / Reductions

**Scentre Group (SCG)** - During the depths of the pandemic sell-off we introduced SCG into the portfolio. At the time we recognised the structural headwinds faced by traditional bricks and mortar retail landlords such as SCG, however the valuation was compelling and we made a tactical decision to buy the stock at around \$2. Recently the stock has related to trade closer to \$3 at which point we decided to sell SCG and deploy the proceeds to GMG.

**Vocus (VOC)** - In February, VOC received a confidential non-binding, indicative proposal from MIRA to acquire 100% of its shares via a scheme of arrangement at \$5.50 per share subject to a number of closing conditions, including due diligence. We subsequently met with management and came away feeling that the risk of a higher bid was relatively low and that given the risk still required to deliver earnings growth vs the certainty of the share price approaching the \$5.50 bid price, selling the stock was the best risk return decision.

### Top 10 share holdings

as at 31 March 2021 (alphabetical)

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

### Sector allocation

GICS	%
Financials Ex Reits	29.09
Metals & Mining	19.50
Communication Services	9.33
Industrials	8.17
Health Care	7.42
Consumer Staples	6.95
Materials Ex Metals & Mining	6.11
Consumer Discretionary	5.63
Energy	4.18
Real Estate	3.62
Information Technology	0.00
Information Technology	0.00

Source: Antares Equities; 31 Mar 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 31 Mar 21
Australian shares	95%	100%	100%	98.3%
Cash and cash equivalents	0%	0%	5%	1.7%

## 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**

## Platform availability

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

## Ratings



## 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

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

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