

Portfolio Profile



Antares Elite Opportunities Model Portfolio June 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 June 2020¹²³

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception pa
Gross return %	2.5	16.8	-12.4	1.9	4.5	6.3
Benchmark return %	2.6	16.5	-7.7	5.2	5.9	7.1
Gross excess return %	-0.1	0.3	-4.7	-3.3	-1.4	-0.8

Model Portfolio performance and attribution

The Antares Model Portfolio provided a gross return of 2.5% in June 2020. Performance was boosted by overweight holdings in Healius (HLS), Boral (BLD) and Treasury Wine Estates (TWE). HLS announced the sale of its Medical Centres for an enterprise value of \$500m along with a positive trading update for its diagnostics business since the partial opening up of the economy. BLD shares rose after Seven Group Holdings took a 10% stake in the company and BLD announced the appointment of Zlatko Todorovski to replace current CEO. Mr Todorovski has considerable business transformation expertise. Together these factors suggest change, whether breakup or asset sales is likely at BLD. Australian liquor retail sales figures were very strong in May, but we have subsequently sold out of TWE for the reasons discussed below.

Not owning CBA and overweight holdings in Northern Star (NST) and Telstra (TLS) detracted from performance. Having lagged the other major banks, CBA's share price regained support during June on no particular news. TLS shares were weaker as the market turned its attention to TPG (formed by the recently approved merger between TPM and Vodafone Australia) and implications for industry pricing and competition. Several of NST's competitors in the gold sector enjoyed broker upgrades during June.

Top 10 share holdings

as at 30 June 2020 (alphabetical)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- CSL
- James Hardie Industries
- NAB
- Northern Star
- Telstra
- Westpac Banking Corporation
- Woolworths

Buys / Additions

Woolworths (WOW): During the month we began to switch some of our Wesfarmers (WES) exposure into Woolworths (WOW). From a valuation perspective, WES is now trading at a 30% premium to the market, well above its long-term average. Conversely WOW is trading in line with its long-term average, having underperformed during the market bounce in recent months. We believe WES has benefitted strongly from the mobility restrictions, particularly from its large exposure to Bunnings and to a lesser extent Officeworks, but we view this more as a one-off sugar hit to sales. It is unlikely that consumers will return to renovate a room or purchase another monitor or office chair anytime soon. WOW should enjoy a longer duration to its uplift in sales. Consumers will need to feed themselves in their homes while mobility restrictions are in place, and perhaps beyond should home cooking take on a structural resurgence; which may be aided by an economic downturn.

Sales / Reductions

Treasury Wine Estates (TWE): Our recent addition of TWE to the portfolio was premised on valuation support aided by a recovering Chinese economy. The headline observable data at the time and even now point to a recovery. Industrial production, mobility trends and even pollution measurements all point to this. Our more recent qualitative channel checks however suggest that the Chinese consumer is less sanguine than the industrial recovery that has occurred. A softer Chinese consumer and continued oversupply of wine in the US market, putting pricing pressure on TWE's premium offering have caused us to reconsider our conviction; hence our decision to exit.

Sector allocation

GICS	%
Financials Ex Reits	19.40
Metals & Mining	18.20
Health Care	11.64
Communication Services	11.63
Consumer Discretionary	9.10
Consumer Staples	8.32
Energy	6.74
Materials Ex Metals & Mining	6.06
Industrials	4.44
Real Estate	2.42
Information Technology	2.03
Utilities	0.00

Source: Antares Equities; 30 Jun 2020

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

¹ 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. ² 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. ³ Performance is based on the income and market value of the notional model portfolio. ³ Inception date for the Model Portfolio is 22 November 2010.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 June 20
Australian shares	95%	100%	100%	98%
Cash and cash equivalents	0%	0%	5%	32%

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 21

Years of Industry Experience 21



John Guadagnuolo

Investment Manager

Key Responsibilities

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

Years with the group 12

Years of Industry Experience 19



Andrew Hamilton

•Head of Research

Key Responsibilities

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

Years with the group 19

Years of Industry Experience 22

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

Inception date:	22 Nov 2010
Benchmark:	S&P/ASX 200 Total Return Index
Investment timeframe:	At least 5 years
No of shares:	13 to 30
Indicative portfolio turnover:	60% to 80% pa
Relative risk:	High - Very High
Relative return¹:	High - Very High

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