

Portfolio Profile



Antares Elite Opportunities Model Portfolio

April 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 April 2020¹²³

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception pa
Gross return %	10.3	-23.2	-15.3	-0.8	2.2	5.7
Benchmark return %	8.8	-20.3	-9.1	1.9	3.5	6.4
Gross excess return %	1.5	-2.9	-6.2	-2.7	-1.2	-0.7

Model Portfolio performance and attribution

The Antares Elite Opportunities Model Portfolio provided a gross return of 10.3% for the month of April 2020. Overweight holdings in Star Entertainment (SGR) and Santos (STO) and the decision not to own CBA contributed to performance. SGR executed an additional \$200m debt funding facility with its bankers and also secured agreement for a full waiver of its gearing and interest cover covenants at its next testing date of 30 June 2020. STO benefitted from the rally in energy stocks. It also delivered a strong operational performance in its first quarter production report and confirmed its strong liquidity position. CBA's share price was largely unchanged during the month and unlike the other major banks was not due to report its results and probable dividend cuts during April /May. Detracting from performance were overweight holdings in Metcash (MTS), Westpac (WBC) and Telstra (TLS). MTS surprised the market with a \$330m capital raising to strengthen its balance sheet and fund new acquisitions. It also announced a 4.3% increase in food sales for the five months to 31 March, which saw the stock marked down as the market had expected an increase of around 7%. Pre-empting its results release in May, WBC announced it expects to take total credit impairment charges of \$2.2b to cover specific provisions and coronavirus related overlays. After performing relatively well in March, TLS' share price finished the month flat in April despite maintaining its credit rating and completing a \$500m bond issue.

Buys / Additions

Oil Search (OSH): The large fall in the oil price had put pressure on OSH's balance sheet forcing the company into a capital raising during April. The raising at \$2.10, provided what we believe to be a very attractive price to begin building our position. With the immediate balance sheet risk behind them the company can now look towards some of their significant organic growth opportunities. We like OSH's asset quality derived from its low cost and long life reserve base.

Scentre Group (SCG): During April we introduced SCG into the portfolio following its share price collapse that left the stock attractively priced despite significant near-term headwinds. The unprecedented and challenging situation of COVID-19 is undermining the viability of tenants' business models around the world and SCG is not immune. However, we feel that most of the bad news is reflected in SCG's share price which has more than halved over the last few months. Although the road back to "normal" will be long and bumpy we feel that the quality of the assets will see SCG weather the storm.

Sales / Reductions

AGL: To allow the purchase of SCG and OSH we had to release a stock from the portfolio. Given the share price had held up relatively well, we decided to sell out of our AGL position.

Top 10 share holdings

as at 30 April 2020 (alphabetical)

- Aristocrat Leisure
- ANZ Banking Group
- BHP Group
- CSL
- James Hardie Industries
- National Australia Bank
- South 32
- Telstra
- Wesfarmers
- Westpac Banking Corporation

Sector allocation

GICS	%
Financials Ex Reits	19.83
Metals & Mining	18.59
Health Care	12.42
Consumer Discretionary	11.55
Communication Services	9.80
Consumer Staples	6.89
Energy	6.74
Materials Ex Metals & Mining	5.34
Industrials	3.44
Real Estate	2.72
Information Technology	1.96
Trusts	0.72
Utilities	0.00

Source: Antares Equities; 30 Apr 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 Apr 20
Australian shares	95%	100%	100%	99%
Cash and cash equivalents	0%	0%	5%	1%

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

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

Platform availability

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

Ratings



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