

Portfolio Profile



Antares Ex-20 Australian Equities Model Portfolio January 2021

For Adviser use only

This report is intended only for financial advisers. It must not be distributed or communicated to any third party and must be kept confidential. The Model Portfolio performance information in this report is based on Antares' construction of the notional model portfolio which is not available for direct investment. It is not a guarantee or an indication of the actual performance of a client's portfolio. Advisers need to consider the relevant disclosure documents of providers or platforms that offer the Model Portfolio for investment before recommending the Model Portfolio to their client.

Model Portfolio description and investment return objective

The Antares Ex-20 Australian Equities Model Portfolio is an actively managed highly concentrated portfolio of Australian equities. It invests in shares from outside the largest 20 companies by market capitalisation that Antares identifies as having the potential to offer significant long term capital growth. The Model's objective is to outperform the Benchmark (S&P/ASX 200 Total Return Index excluding the companies listed in the S&P/ASX 20 Total Return Index) over rolling five-year periods.

Investment returns* as at 31 January 2021^{1,2,3}

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception pa
Gross return ³ %	-0.8	10.9	11.2	12.6	15.1	13.8
Benchmark return %	-1.5	8.1	-4.1	6.0	11.4	8.8
Gross excess return %	0.7	2.8	15.3	6.6	3.7	5.0

Model Portfolio performance and attribution

The portfolio outperformed in January which was another volatile month in markets, returning -0.8% versus our benchmark which was down by 1.5%. The latter part of the month saw market ructions as a small number of heavily shorted US small caps sparked volatility and renewed "bubble" fears. The month was also accentuated by various state border closures and re-openings in Australia, however households appear to be managing the tapering of COVID-19 related assistance packages well, with discretionary, communications, financials and staples sectors performing particularly well.

Our strongest contributor in January was Afterpay (APT). Afterpay's app downloads in the US continued to show strong growth ahead of competitors as the take-up of Afterpay in-store continues. In addition, Afterpay's share price benefitted in January from the listing of one of its peers, Affirm, on the NASDAQ. Affirm enjoyed a strong debut, jumping 98% on its first day of trading. Lynas (LYC) was also a strong contributor in January after the company announced a contract with the US government to build a commercial Light Rare Earths separation plant in the United States in collaboration with the Department of Defense. IDP Education (IEL) moved higher during the month as data from leading indicators are suggesting that enquiries for IDP's English language testing services, IELTS are improving. In addition, signs of improving mobility in some of IDP's source countries and the global rollout of COVID-19 vaccinations appear to be assisting sentiment. Ansell (ANN) also traded higher after providing a positive update that highlighted continuing strong global demand for PPE, with the company reporting 1H21 organic growth "north of 20%". Pleasingly, Ansell also appears to have maintained its margins despite upward pressure on raw material prices through price increases which also suggests a strong demand environment.

Shares in Polynovo (PNV) fell in January after the company reported a meaningful slowdown in sales in 2Q21 due to the impact of surging COVID-19 cases in the US. The company asserted that the medium-term outlook remains strong and expects sales in the US and UK to accelerate when hospital capacity improves. Mineral Resources (MIN) traded lower in January following a strong share price performance in the December quarter. MIN's commodity prices remain robust and the company reported strong 2Q21 results with solid growth in iron ore production and higher-than-expected volumes in Mining Services. Lastly, the portfolio suffered negative attribution from Sonic Healthcare (SHL), which it does not own. Medicare data for November and December showed that pathology prices and volumes continue to recover, following substantial declines as COVID-19 unfolded earlier in 2020.

Buys / Additions

Orora (ORA) We purchased shares in ORA during the month as we believe the share price does not factor in the optionality of its strong balance sheet. Further, we feel that the market has over extrapolated the issues in the wine trade between Australia and China into the glass business owned by ORA. We see the impact more about the value of wine, given the price points, rather than the volume. Further, it ignores the increasing focus of consumers on packaging materials such as glass, given they are washable as well as recyclable.

Sales / Reductions

Nil

Top 10 share holdings

as at 31 January 2021 (alphabetical)

- AfterPay
- Ansell
- Aristocrat Leisure
- Bluescope Steel
- James Hardie
- Medibank Private
- Metcash
- Nine Entertainment
- Northern Star
- Qube

Sector allocation

GICS	%
Metals & Mining	19.22
Consumer Discretionary	12.00
Industrials	10.91
Health Care	10.04
Information Technology	9.09
Consumer Staples	8.49
Communication Services	8.38
Financials Ex Reits	7.06
Materials Ex Metals & Mining	6.04
Energy	5.91
Real Estate	2.85
Utilities	0.00

Source: Antares Equities; 31 Jan 2021

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.* Performance is based on the income and market value of the notional model portfolio.³ Inception date for the Model Portfolio is 27 May 2015.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Jan 21
Australian shares	90%	100%	100%	96.2%
Cash and cash equivalents	0%	0%	10%	3.8%

Portfolio managers

John Guadagnuolo
Investment Manager

Key Responsibilities
John is the Portfolio Manager of the Ex-20 Australian Equities Model Portfolio and Ex-20 Australian Equities Managed Fund.

Years with the group 13
Years of Industry Experience 20



Winston Chong

Investment Analyst
Key Responsibilities
Winston is the Deputy Portfolio Manager of the Ex-20 Australian Equities Model Portfolio and Ex-20 Australian Equities Managed Fund.

Years with the group 3
Years of Industry Experience 10



Investor profile

The Ex-20 Australian Equities Model Portfolio is designed for investors seeking an actively managed, highly concentrated portfolio of Australian securities that excludes the top 20 stocks by market capitalisation. The Model aims to provide investors with long term capital growth

Model portfolio facts

Inception date:	27 May 2015
Benchmark:	S&P/ASX 200 Total Return Index excluding the companies listed in the S&P/ASX 20 Total Return Index
Investment timeframe:	At least 5 years
No of shares:	15 to 30
Indicative portfolio turnover:	50% to 60% pa
Relative risk:	Very High
Relative return¹:	Very High

Platform availability

BT Panorama, Macquarie, Navigator, Netwealth and Praemium.

Ratings



The rating issued 08/2020 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2020 Lonsec. All rights reserved.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating assigned 24 February 2020 referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

About Antares Equities

Antares Equities (Antares) is a specialist Australian equities manager. Since 1994, Antares has managed portfolios for wholesale, advised and direct investors through a suite of products including segregated mandates, investment funds and managed account models. Antares has A\$5.2 billion (at 31 December 2020) under advice across a range of strategies including large capitalisation, concentrated, property, income and long-short. Antares believes in bottom-up stock picking. A consistent process and detailed, quality research executed by a highly experienced, stable and diverse team underpin this approach. The investment philosophy is based on the belief that markets can misprice stocks and these opportunities can be identified using the proven, proprietary Antares research process. Antares Equities is part of Antares Capital Partners Limited (ABN 85 066 081 114, AFSL 234483).

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

Important information: This report is prepared by Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 (Antares). Antares is the investment manager for the [*] Model Portfolio. This report is general advice prepared for licensed financial advisers only. Advisers must not distribute this document or any part of it to retail clients or to any other person. The report has been prepared without taking into account any person's individual objectives, financial situation or needs. Advisers should therefore, before acting on information in this report, consider its appropriateness, having regard to their clients particular objectives, financial situation or needs. Advisers also need to consider the relevant disclosure documents of providers or platforms that offer the Model Portfolio for investment before recommending the Model Portfolio to their clients. Antares is a subsidiary of the National Australia Bank Limited group (NAB group) of companies. An investment in any financial product offered by any member company of the NAB group of companies is not a deposit with or liability of, and is not guaranteed by NAB or its subsidiaries and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Any opinion expressed in this presentation constitutes Antares' judgement at the time of issue and is subject to change. Antares believe that the information presented is correct and that any estimates, opinions, conclusions or recommendations are reasonably held or made as at the time of compilation. However, no warranty is made as to their accuracy or reliability (which may change without notice). 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 communication. Any projection or forward looking statement in this presentation is provided for information purposes only and no representation is made as to its accuracy or that it will be met. Where applicable, information is based on information from sources believed to be reliable and accurate as at the time of preparation. Antares is not responsible for the accuracy of information provided by third parties, and is not liable for any loss arising from it. Bloomberg Finance L.P. and its affiliates (collectively, Bloomberg) do not approve or endorse any information included in this publication and disclaim all liability for any loss or damage of any kind arising out of the use of all or any part of any such information.