

Portfolio Profile



Antares Ex-20 Australian Equities Model Portfolio June 2020

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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 30 June 2020^{1,2,3}

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception ³ pa
Gross return %	1.9	28.5	3.3	9.6	13.3	11.0
Benchmark return %	1.5	22.6	-5.3	5.5	9.1	7.5
Gross excess return %	0.4	5.9	8.6	4.1	4.2	3.5

Model Portfolio performance and attribution

The Antares Ex-20 Australian Equities Model Portfolio delivered a return of 1.9% for June compared to the 1.5% delivered by our benchmark, a pleasing result for another month in volatile markets. Our best contributor for the month was, once again, Afterpay (APT). The trend to online retail and a bullish update on the progress of its UK business, drove the stock higher. Mineral Resources (MIN) benefitted from the strength of the iron ore price and renewed focus on its tier one lithium assets. JB HiFi (JBH) continues to thrive in a difficult retail environment, re-instating guidance that was materially above market estimates. Detracting from performance was Freedom Foods (FNP) after a series of disappointing updates on sales activity and inventory issues at the company and the resignations of the company's Chief Financial Officer and Managing Director. We note the FNP position is relatively small compared to our other holdings. Investors took profits in IDP Education (IEL) after its strong run post capital raising, with further share price pressure due to probable delays for the return of international students to Australia. Finally the portfolio did not own Coles (COL) which traded well during the month.

Buys / Additions

Dexus (DXS): While current logic says that people would prefer to work from home hence demand for CBD office space will fall, we have added a cautious position in DXS. Although organisations will use the pandemic to trim the space they might need, we believe the impacts are exaggerated as many jobs cannot be performed from home and many employees are not wanting or able to work sustainably from their homes. There are reasons around efficiency and productivity that have been behind the development of the modern office. That said, we are monitoring this position closely.

Oz Minerals (OZL): We have bought into OZL as it is discounting a significantly lower copper price than we believe to be sustainable in the medium term. There is also the possibility of major near term disruption to supplies from Latin America, the world's largest supplier, as a result of Covid 19. OZL's assets are in Australia which has thus far has not experienced any interruption to production. Finally, we see the rebound in global industrial production lifting demand for copper which should provide a near term catalyst to the metal's price. OZL offers a pure play exposure to this metal.

Wisetech Global (WTC): We have added a small investment into WTC during June. Like Dexus, it is another moderate holding in a more risky position but we have been attracted to the unique proposition that WTC is able to offer the freight forwarding industry. WTC has an unrivalled software solution that is able to track the exact location of a consignment and its status with respect to customs and mode of transport. In a world of complicated supply chains this is extremely valuable. We think WTC will benefit from a rebound in global trade as economies recover after Covid 19.

Sales / Reductions

Xero (XRO): It was a very difficult decision to sell out of our position in XRO, it having been a stalwart in our portfolio since it shifted its listing to the ASX in February 2018. We still think it is a very good business but its valuation is our problem. The recent result (released in May) suggested that subscriber growth had slowed materially in the UK. We are more concerned about the increased competition and aggressive pricing from rival Intuit in that market. We are also concerned that as government assistance packages subside, the SME segments of economies, which are XRO's customer base, will experience severe financial pressure. Given XRO's full valuation, combined with slowing fundamental drivers, we have exited the position.

Top 10 share holdings

as at 30 June 2020 (alphabetical)

- A2 Milk
- AfterPay
- Ansell
- Aristocrat Leisure
- Aurizon Holdings
- James Hardie
- Metcash
- Mineral Resources
- Qube
- Seek

Sector allocation

GICS	%
Consumer Discretionary	14.75
Metals & Mining	14.40
Industrials	12.99
Consumer Staples	10.77
Health Care	9.78
Communication Services	8.59
Energy	7.18
Information Technology	6.85
Real Estate	6.21
Materials Ex Metals & Mining	4.82
Financials Ex Reits	3.67
Utilities	0.00

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 27 May 2015.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 June 20
Australian shares	90%	100%	100%	96%
Cash and cash equivalents	0%	0%	10%	4%

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 12
Years of Industry Experience 19



Andrew Hamilton

Head of Research
Key Responsibilities
Andrew is the Deputy Portfolio Manager of the Ex-20 Australian Equities Model Portfolio and Ex-20 Australian Equities Managed Fund.

Years with the group 19
Years of Industry Experience 22



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



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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\$4.2 billion (at 31 March 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

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