

Portfolio Profile



Antares Ex-20 Australian Equities Model Portfolio December 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 31 December 2020^{1,2,3}

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception pa
Gross return ³ %	0.9	17.7	16.2	12.7	15.1	14.1
Benchmark return %	-0.3	11.7	1.2	6.3	10.9	9.3
Gross excess return %	1.2	6.0	15.0	6.4	4.2	4.8

Model Portfolio performance and attribution

The portfolio survived a volatile December month, returning 0.9% which compared to our benchmark of -0.3%. The market changed direction during the month as COVID case numbers surged in the Northern Hemisphere and fears were raised about a mutation of the virus in Great Britain which may threaten vaccination plans. This combined with a new outbreak in Sydney that led to border closures in Australia and took the wind out of the so-called "re-opening" trade.

Our best contributor for the month was Afterpay (APT). The change in market direction helped some of the "COVID-winners" recover their momentum and APT is chief amongst these. APT was promoted in to the S & P ASX 20 in December, which aided sentiment. APT also provided an upbeat November trading update. Finally, the RBA revealed it had concluded its investigations into the prevention of surcharging by buy now pay later operators, and concluded it was in consumers' interests. This lifted some of the regulatory threats which concern some people about the APT business model. Mineral Resources (MIN) was also strong in December, driven primarily by the strength of the iron ore price. China's demand for iron ore has been driven by its large COVID-driven stimulus and supply remains constrained due to continuing issues in Brazil. Also helping MIN in the month were the first signs that the Lithium market may have bottomed with demand beginning to recover. Alongside its mining services iron ore mining businesses, MIN is a major lithium producer. Polynovo (PNV) surged in December as the company provided a number of small, but positive updates on various trials and markets in the month. In particular, it provided an update on a critical Investigation Exemption Device trial in the United States, which, if successful, will help its NovoSorb product meet the Standard of Care certifications required for mainstream acceptance in the US. It also announced entry into the Benelux and Swedish markets in Europe.

Shares in A2 Milk (A2M) fell during December after the company released a downbeat earnings forecast. While the market had been expecting some weakness in A2M's sales in 2021 as it struggled to replace the lucrative Daigou channel into China, the update revealed that the Daigou channel weakness has also found its way into the e-commerce channel in China, a bigger hit than had been previously anticipated. IDP Education (IEL) also had a weaker month. While there was no new company specific news, COVID news weighed on sentiment towards the re-opening of Australia's education sector to international students. In particular, the belief that the Sydney outbreak was linked to international travel has dulled expectations that international students will return to Australia in 2021. Qantas (QAN) shares were also weak in the month. As QAN had been a strong contributor last month as optimism around the vaccine grew, so in a month where COVID news began to weigh on sentiment, most especially the domestic border closures here in Australia, then QAN struggled. We continue to believe, however, that QAN will be a major beneficiary of the impact of COVID over the longer term as key rival Virgin struggles to recover from its recent period of administration.

Top 10 share holdings

as at 31 December 2020 (alphabetical)

- AfterPay
- Ansell
- Aristocrat Leisure
- Bluescope Steel
- James Hardie
- Medibank Private
- Metcash
- Mineral Resources
- Nine Entertainment
- Qube

Sector allocation

GICS	%
Metals & Mining	19.23
Industrials	12.08
Consumer Discretionary	11.60
Health Care	11.18
Information Technology	9.05
Consumer Staples	8.93
Communication Services	7.97
Financials Ex Reits	6.67
Energy	6.04
Materials Ex Metals & Mining	4.28
Real Estate	2.97
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.* 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.

Buys / Additions

Nil

Sales / Reductions

Nil

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Dec 20
Australian shares	90%	100%	100%	95.8%
Cash and cash equivalents	0%	0%	10%	4.2%

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

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



Platform availability

BT Panorama, Macquarie, Navigator, Netwealth and Praemium.

Ratings



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

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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\$4.9 billion (at 30 June 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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