

Portfolio Profile

antares

Antares Ex-20 Australian Equities Model Portfolio

April 2020

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 200 Total Return Index) over rolling five-year periods.

Investment returns* as at 30 April 2020^{1,2,3}

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception ³ pa
Gross return %	15.9	-18.0	-3.8	6.5	-	9.1
Benchmark return %	13.2	-20.9	-9.6	3.1	-	6.0
Gross excess return %	2.7	2.9	5.8	3.4	-	3.1

Model Portfolio performance and attribution

The Antares Ex-20 Australian Equities Model Portfolio provided a gross return of 15.9% for the month of April 2020 - a sharp improvement from the drawdowns incurred in March. Despite the rebound, we are cautious in the short term. Our best contributor for the month was AfterPay (APT). APT released an upbeat March quarterly trading update that showed that March, which is normally a quiet month, was one of its strongest ever months, even with the shock to consumer confidence arising from the coronavirus. APT also reported that its balance sheet and liquidity were strong and anecdotal evidence suggests APT is benefitting from the shift to online shopping. IDP Education (IEL) also performed well in April following its capital raising which provided strong liquidity for the next 12-18 months and leaves it well-placed to take significant market share (given how poorly its rivals are capitalised). Its key destination markets of Australia, New Zealand and Canada have handled the COVID 19 pandemic well, a factor which is likely to make these markets more attractive to prospective students. Star Entertainment Group (SGR) also contributed during the month as its share price rallied on increasing risk-appetite and corporate activity elsewhere in the casino sector. Metcash (MTS) detracted from the portfolio during April. We, like most of the market, were surprised by the company raising capital, which acted as a drag on the share price. We feel the business remains well-placed in the current environment with local shopping seemingly favoured over the large shopping centres which typically house the majors' outlets. Cochlear (COH) also detracted as the market digested its upsized capital raising and the risk-on market sentiment saw healthcare stocks lag generally. In a similar vein, Medibank Private (MPL) also detracted from performance. The easing of bans on elective surgery may also see the end of MPL's claims' holiday.

Buys / Additions

Polynovo (PNV): We added PNV to the portfolio in April because we think there is substantial upside to the value of this company over time. PNV manufactures a polymer which is currently used to treat severe burn victims in the form of replacement skin grafts. It has very strong advocacy from medical practitioners due to the effectiveness of the product and the low risk of infection or rejection associated with its use by recipients. It has also recently been shown to be equally effective in certain internal medical procedures, such as hernia repair, where the same properties are equally valued. This market is worth 3x the current burns market and we see great growth opportunities if PNV can execute as well on its product's competitive advantages.

Sales / Reductions

Goodman Group (GMG): We sold GMG from the portfolio as an enforced change after GMG was promoted into the ASX 20 last year. We continue to like the business but were required to sell.

Top 10 share holdings

as at 30 April 2020 (alphabetical)

- AfterPay
- Aristocrat Leisure
- Aurizon Holdings
- Fortescue Metals
- IDP Education
- LendLease Group
- Nine Entertainment
- Northern Star
- Seek
- Xero

Sector allocation

GICS	%
Consumer Discretionary	16.52
Metals & Mining	13.37
Consumer Staples	12.21
Communication Services	12.12
Industrials	10.61
Information Technology	9.12
Financials Ex Reits	6.99
Energy	5.80
Health Care	5.12
Real Estate	4.26
Materials Ex Metals & Mining	3.87
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 27 May 2015.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 Apr 20
Australian shares	90%	100%	100%	98%
Cash and cash equivalents	0%	0%	10%	2%

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

Macquarie, Navigator, Netwealth and Praemium.

Ratings



The Lonsac Ratings assigned 29 August 2019 presented in this document are published by Lonsac Research Pty Ltd ABN 11 151 658 561 AFSL 421445. The Ratings are limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial products. Past performance information is for illustrative purposes only and is not indicative of future performance. They are not a recommendation to purchase, sell or hold Antares Capital Partners products, and you should seek independent financial advice before investing in these products. The Ratings are subject to change without notice and Lonsac assumes no obligation to update the relevant documents following publication. Lonsac receives a fee from the Fund Manager for researching the products using comprehensive and objective criteria. For further information regarding Lonsac's Ratings methodology, please refer to our website at: <http://www.lonsacresearch.com.au/research-solutions/our-ratings>

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\$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

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.