What Caesar, Augustus and Crassus might teach us about the US today

April 2025

Executive Summary

We are on the cusp of possible regime shifts. The current regime leader (the US) bears an eerie resemblance to that of the Roman Republic, that more than two millennia ago saw a major regime shift to the Roman Empire.

The US has been trusted as the leader of the old 'free -world'/global regime. But the actions of President Trump and his closest advisors are undermining that trust in a direct challenge to the broader institutions that created the US's leadership position.

This could lead to a meaningful dislocation in markets while a new regime emerges. We believe that risk is therefore likely mispriced. And that investors need to think about their assessment of risk for all portfolios.

Introduction

While we are asset managers with a focus on Australian Equities, it is important to remember that our investments can be heavily influenced by major events beyond that narrow focus. We need to ask our ourselves if events, that may or may not happen, could significantly benefit or detract from our clients' portfolios.

One such event that is taking place in plain sight is the changing of the way the United States is governed. Nothing matters more to capital markets than the fate of the US, the strength of its dollar and the reliability of its government securities to anchor the discount rates for all other investments, from commodities and currencies to stocks and bonds. Every investment is ultimately benchmarked to US Treasuries, either directly, or indirectly.

What can we learn from the past to help us better understand the present and potentially the future?

The influence of the Roman Republic on US governance

The governance of the United States is modelled heavily on that of the Roman Republic. To be clear, this is not the Roman Empire. The Roman Republic was the system of government which ruled Rome from its early days in the 5th Century BC until the imposition of Imperial rule (the Roman Empire) in around 28BC. It was also the system of government that saw Rome conquer the bulk of the Mediterranean basin. It has been much admired and emulated over the two millenia with the US constitution arguably the closest facsimile to the Roman Republic. It eventually broke down into rule by an Emperor, a system that depended heavily on the integrity of that individual and was far more volatile in its outcome for the Roman people.

Is the US repeating the past: Is Trump following Caesar and Vance, Augustus?

To use a well-known aphorism, history doesn't necessarily repeat but it does rhyme. The United States, like its model the Roman Republic, is the dominant power of its day. That power is a magnet for ambition. Like Rome was, the United States is an increasingly polarised society with a nostalgia for a more virtuous history, but is mired by vested interests that prevent the recovery required.

And like Republican Rome, the polarisation of its population has thrown up populist politicians from both the left and the right – from Alexandria Ocasio-Cortez and Bernie Sanders on the left to Donald Trump and the current regime in Washington.

But it is the political ascendancy of Donald Trump that most rhymes with the fall of the Roman Republic. It could be argued he carries many of the characteristics of Julius Caesar. Like Caesar, Trump is a ruthless politician unashamed to use whatever it may take to achieve his ends. Like Caesar after his Gallic victories, Trump believes he was denied the appropriate justice of process following his election loss in 2020. While Caesar crossed the Rubicon, Trump's supporters rioted on the Capitol (another Washington monument named after Republican Rome).

And like Caesar, Trump ultimately triumphed decisively over his political adversaries, albeit he does not exhibit the clemency for the vanquished for which Caesar was famous. It is also clear that like Caesar, Trump feels he has an almost divine mandate to uproot the conventions and rules of the state in order to save it. Caesar claimed to be a descendant of the Goddess Venus whilst Trump believes he was spared from assassination by God to restore US prestige.

The end result is a push towards a more imperial system of government, centred on one man rather than on a series of conventions and rules governed by checks and balances to inhibit power. Caesar did not live to see the full culmination of his attacks on the conventions of Roman governance. And it remains to be seen how much further Donald Trump will go in breaking down the instruments of institutional power in the US.

Interestingly, another parallel exists here, with Caesar sharing power for a period with a man by the name of Marcus Licinius Crassus, Rome's most wealthy individual, and therefore the world's wealthiest man. He too shared in reform ambitions and these manifested in his disastrous campaign in Parthia where he met his end. This campaign was designed to destroy Rome's only major strategic opponent in Parthia making Roman power absolute. Trump is also served by the world's wealthiest man, Elon Musk, and his Department of Government Efficiency has many elements aimed at breaking down institutions that some might see as hostile to the Trump administration (although some might also argue that government efficiency is a desirable thing so the case is not clear).

Some question whether Trump will stand down in line with convention at the end of his presidency in 2028. Extending the analogy to this point would suggest to us that this is somewhat irrelevant in that the direction is already established.

It was not Caesar that created the Imperial Roman state (or Empire). It was his heir Octavian, who took the honorific title of Augustus. It might be suggested that in JD Vance, the current Vice President, Trump has selected an heir to his particular brand of politics. As has been seen in the recent altercation with Ukraine, if anything, Vance seems more focused on the political agenda of Trump. Indeed, all of this seems aligned with the political manifesto of the group Project 2025 and the creation of an imperial presidency. Like Octavian's Principate it will be decorated in the trimmings of the powers and conventions of the Republic's constitution but it will be very clear where power sits.

What does this mean for investors?

If you have read this far you might be thinking: that is all very interesting but what does it mean for us as investors?

It speaks to the stability and dependability of the United States. As we have already seen with the Ukraine and Canada, the US is looking less dependable as an ally. This will give pause for thought from other allies about trusting the US in key strategic areas. The recent changes in Germany cannot be underestimated with the abandonment of Germany's long held tradition of fiscal conservatism and done in such a way as to be constitutionally questionable.

If countries cease to be aligned will they will be willing to invest in each other? Will German savers, with a huge pool of private capital, continue to buy US treasuries when German Bunds will be increasingly available. Likewise, will Japan conclude from the US treatment of Ukraine, that US military support cannot be relied upon and so will need to look more to self-defence. Japanese citizens are also huge buyers of US Treasuries.

America's economic success in the last 20 years has been funded by debt, debt provided by foreigners. If they begin to withdraw support, US Treasuries may perhaps trade more on the fundamentals of a national with little private savings and a budget deficit around 6.5% of GDP. If the market starts to lose confidence in these assets, the impacts can snowball and the cost of borrowing for the US will jump, creating a vicious cycle.

Here sits perhaps the greatest threat to the stability of markets, the integrity of the Federal Reserve Bank (FED) in such a situation. Can Trump sack the FED Governor if he refuses to force rates lower via the tools at his disposal? If rates were to jump in response to policies to better reflect a higher risk profile, all risk assets would face a repricing. Further, the US dollar could be severely weakened should the central bank intervene on rates, creating further problems.

Finally, the current turmoil created by the announcement of both universal and retaliatory tariffs are another example of the dangers to investors of an imperial presidency. The tariffs levied on "Liberation Day" are not enacted by Congress, which is the constitutional agent of taxes and levies in the US but directly by the President under an emergency provision, the International Emergency Economic Powers Act, passed in 1977 but never used, until Trump.

There are a lot of "ifs" in this discussion. And the US has major advantages in technology and productivity. Yet it is vulnerable as it needs foreign capital flows. And an imperial presidency is not one that is likely to be friendly to investors, as change is too open to whim and personality. And as we have seen since January 20, uncertainty has been reflected in increased market volatility.

There will be dislocation in markets as the new US regime emerges. We believe that risk is therefore likely mispriced. And we are focused on assessing risk across all portfolios.

As an active manager of portfolios, Antares balances short term sentiment with our long term conviction in core stocks within our risk framework. We currently are focusing on companies with core strategic advantages and deep moats (ie with a long term sustainable competitive edge) around business models. Having said that, we know that the President may change his mind at any moment which could trigger a significant relief rally. So we maintain some more tactically risky positions to protect the portfolio in this event.

How did the Roman Republic work?

The Roman Republic was a proto democracy. It was governed by elected magistrates. Suffrage was not universal; it was limited only to free born male citizens of a minimum property qualification. Candidates were even more restricted in that their property qualifications were higher again. For example, a Roman entered the Senate being elected first as Quaestor which was the most junior magistrate. For this he must be in the wealthiest class of Roman.

Elections were held via the collegiate system. Rome's citizens were divided into 30 Tribes, or Colleges, with each College carrying a single vote. Success was achieved by receiving the majority of Electoral College votes.

This is precisely how the US President is elected today albeit the colleges are the States and some attempt is made to capture the size of a state's population in the number of votes its college lodges.

Rome's magistrates acted for time delineated periods, usually one year, and were ineligible for re-election, although this convention broke down over time, particularly for the major magistrate, the Consulship.

Rome had an assembly for its plebeian (ordinary) citizens and elected Tribunes who had specific powers of veto to ensure the aristocracy of the Senate and its magistrates did not oppress the people. This system of checks and balances was replicated in the US system via the composition of the Congress with both the House and Senate having similar veto rights.

Romans recognised the implicit benefits of its system over the tyranny of kingship evident in other states and fought hard to ensure conventions and rules were enforced and respected. As Rome's power grew, however, the conventions and delineations around its governance decayed.

A string of strong men emerged as pre-eminent in the state, backed by success at arms in ever greater wars for ever greater lands and empire. Men like Gaius Marius controlled the Legions upon which Roman military and thus economic success depended and increasingly put their ambitions ahead of convention. Marius was Consul five times. Others like Sulla and Pompey used their military success to drive reform in favour of preferred groups and again ignored traditional limits on power.

Finally, Julius Caesar formally declared Civil war when he ordered his legions to cross the Rubicon river into Italy in 49BC after the Senate ordered Caesar to disband his Legions. After a decade of fighting, Caesar emerged victorious and had himself appointed Dictator for life. This again broke a long standing convention as the Dictatorship was a magistracy created for emergencies and was limited historically to three months in duration in order to break democratic impasses in times of crisis.

Perhaps the previous most famous holder of this office was Cincinatus who took the position in 458BC, resolving the conflict with the Gauls, before returning to his farm. The link to the US founding fathers' admiration of such civic virtue is evident in the name of the city of Cincinnati, named after the Roman.

While we know that Caesar was ultimately assassinated by members of the Senate following fears of his desire to crown himself King of Rome, his heir was able to create the Imperial governance model for Rome, called the Principate.

This heir was his nephew, Octavian, who in 28BC took the honorific title of Augustus in addition to the powers of various magistracies albeit used in a highly unconventional manner. He was Rome's first Emperor and was succeeded by good and bad, from Hadrian and Trajan to Commodus and Caligula.

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Antares market & fund updates

Below is a brief review of how the Australian share market performed during the March quarter as well as short commentaries on the Antares Funds and model portfolios, outlining their performance and the main contributors to performance.[#]

Australia share market quarterly review

While optimism over Artificial Intelligence (AI) and President Trump's agenda for lower taxes and less regulation saw many markets reach record highs in February, March provided a sharp wake-up call with the realisation that the US President is threatening a global trade war. Tariff concerns and the potential for higher consumer inflation saw Wall Street's earlier gains eroded by the end of the March quarter. Technology shares which had been a key tailwind behind Wall Street's ascent for the past two years suffered sharp falls. The NASDAQ 100 which is heavily weighted to technology declined by more than 10% over the quarter.

European shares surprised by making strong returns of 7.2% (EuroSTOXX 50) with the benefit of the European Central Bank cutting interest rates and Germany announcing major stimulus measures to revive their economy. Asian share markets delivered mixed performances. Chinese shares delivered strong returns over the past three months with more supportive financial measures from the government. However, Japanese share markets declined with the central bank still signalling the need to raise interest rates to limit inflation.

Australian shares initially made strong gains and historic highs until the middle of February but then hit reverse gear with the S&P/ASX 200 TR index finishing down -2.8% over the quarter. The information technology sector was a key negative contributor (-18.2 %). The AREITs were dragged down by Goodman Group, which held a $4bn capital raising and experienced a sell-down by a major Chinese shareholder. There were also sharp falls in healthcare and financial sector shares. Resources made a slight gain, performing better than Industrials. Gold stocks were the stand out as investors sought out a 'safe-haven' amidst trade and tariff concerns.

Dividend Builder

The annual distribution return to 31 March 2025 for Antares Dividend Builder Fund was 4.5% (not taking franking into account) compared to its benchmark's yield of 3.5%. Dividends were received from ANZ, APA Group, BHP, CBA, CSL, DigiCo Infrastructure REIT, HomeCo Daily Needs REIT, IAG, Medibank Private, Metcash, NAB, Origin, Qantas, Super Retail Group, Suncorp, Telstra, Treasury Wine Estate, The Lottery Corporation, Viva Energy, Westpac and Woodside. The Fund's net return for the March quarter was -1.2% compared to its benchmark's return of -2.8%[1].

Elite Opportunities Fund

The Antares Elite Opportunities Fund returned -6.8% (net of fees) for the March 2025 quarter compared to its benchmark's (the S&P/ASX200 Total Return Index) return of -2.8%[1]. Overweight positions in Evolution Mining, Macquarie Group (not owned) and NAB (not owned) contributed to performance. Detracting from performance were overweight positions in Block Inc, HMC Capital and DigiCo Infrastructure REIT.

High Growth Shares Fund

The Antares High Growth Shares Fund returned -7.5% (net of fees) for the March 2025 quarter, compared to its benchmark S&P/ASX200 Total Return Index return of -2.8%[1]. Overweight positions in Evolution Mining, Austal and Spartan Resources contributed to performance. Detracting from performance were overweight positions in HMC Capital, Block Inc and DigiCo Infrastructure REIT.

Ex-20 Equities Fund

The Antares Australian Equities Ex-20 Fund returned -4.5% (net of fees) for the March 2025 quarter, compared to the -1.7% return of its benchmark S&P/ASX200 Total Return Index ex S&P/ASX 20 Total Return Index[1]. Contributing to performance were overweight holdings in Nine Entertainment, Medibank Private and Northern Star, while overweight positions in Block Inc, HMC Capital and Wisetech detracted from performance.

#All returns are net of fees. Please refer to the following page for a summary of returns which are gross of fees. [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. [2]Income yield is calculated as the sum of the income yields over the period to 30 June where the yield is income distributed during the period divided by the unit price (before fees) at the start of the distribution period. Benchmark yield is calculated as the sum of the monthly returns of the S&P/ASX 200 Industrials Total Return Index minus the monthly returns of the S&P/ASX 200 Industrials Index (price index)

*From 1 October 2021, the benchmark for Dividend Builder is the S&P/ASX 200 Total Return Index. This replaces the previous benchmark, the S&P/ASX 200 Industrials Total Return Index.

Antares Investments Returns

Performance to 31 March 2025[1]

Professional Selection		3 mths %	1 yr %	3 yrs % pa	5 yrs % pa	7 yrs % pa	10 yrs % pa	Since Inception % pa
Antares Dividend Builder	**Net Return**	**-1.2**	**1.0**	**5.0**	**14.4**	**7.2**	**5.1**	**7.2**
S&P/ASX 200 Acc Index (#)	Gross Return	-1.1	1.6	5.7	15.1	7.8	5.8	7.9
	Benchmark Return	-2.8	2.8	5.6	13.3	8.6	6.8	7.8
	Net Excess Return	**1.6**	**-1.8**	**-0.6**	**1.1**	**-1.4**	**-1.7**	**-0.6**
	Gross Excess Return	1.7	-1.2	0.1	1.8	-0.8	-1.0	0.1
Antares Elite Opportunities Fund	**Net Return**	**-6.8**	**-2.4**	**1.6**	**12.2**	**6.1**	**5.9**	**9.3**
S&P/ASX 200 Acc Index	Gross Return	-6.6	-1.7	2.2	13.0	6.9	6.6	10.1
	Benchmark Return	-2.8	2.8	5.6	13.2	8.6	7.1	8.9
	Net Excess Return	**-4.0**	**-5.2**	**-4.0**	**-1.0**	**-2.5**	**-1.2**	**0.4**
	Gross Excess Return	-3.8	-4.5	-3.4	-0.2	-1.7	-0.5	1.2
Antares High Growth Shares Fund	**Net Return**	**-7.5**	**-2.7**	**1.8**	**13.7**	**7.3**	**7.0**	**9.9**
S&P/ASX 200 Acc Index	Gross Return	-7.2	-1.7	2.7	14.8	8.4	8.1	11.3
	Benchmark Return	-2.8	2.8	5.6	13.2	8.6	7.1	8.1
	Net Excess Return	**-4.7**	**-5.5**	**-3.8**	**0.5**	**-1.3**	**-0.1**	**1.8**
	Gross Excess Return	-4.4	-4.5	-2.9	1.6	-0.2	1.0	3.2
Antares Ex-20 Australian Equities Fund	**Net Return**	**-4.5**	**-0.7**	**2.2**	**14.1**	**-**	**-**	**6.7**
S&P/ASX 200 ex S&P/ASX 20	Gross Return	-4.3	0.2	3.1	15.7	-	-	8.2
	Benchmark Return	-1.7	1.6	4.4	12.8	-	-	5.5
	Net Excess Return	**-2.8**	**-2.3**	**-2.2**	**1.3**	**-**	**-**	**1.2**
	Gross Excess Return	-2.6	-1.4	-1.3	2.9	-	-	2.7

Note: Performance reporting for the Antares Ex-20 Equities Fund commenced on 2 October 2019. Monthly reports can be accessed on the Antares Equities website. Inception for Dividend Builder (6/9/2005), Elite Opportunities (18/11/2002) and High Growth Shares (7/12/1999).

From 1 October 2021, the benchmark for Dividend Builder is the S&P/ASX 200 Total Return Index. This replaces the previous benchmark, the S&P/ASX 200 Industrials Total Return Index.

Disclaimer:[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. Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions. Gross returns are provided to show performance against the investment objective.

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