

Fund Profile

Antares Australian Equities Fund



December 2020

Fund description and investment return objective

The Fund is an actively managed diversified portfolio of equities listed (or expected to be listed) on the Australian share market which aims to add value across the market cycle.

The Fund's objective is to outperform the Benchmark (after fees) over rolling five-year periods.

Fund commentary

The Antares Australian Equities Fund delivered a return of 0.4% (net of fees) for the month of December 2020.¹

Australian shares recorded more modest gains than most global equities markets. While news of a virus outbreak in Sydney in late December served as a dampener, some sectors ended December on a very positive note including Information Technology which reflected the robust gains on Wall Street. The Resources sector also performed strongly as the iron ore price surged by more than 20% on news of lower Brazilian production. Oil and gold prices also rallied. Utilities and health care sectors declined during the month.

Contributing to performance were overweight positions in Iluka Resources (ILU) and Metcash (MTS) and an underweight holding in CSL. As investors increasingly focus on alternative energy, ILU presented at a global rare earths conference in early December. Metcash posted solid gains after delivering a robust set of results with strong sales and operating leverage coming through the business. CSL shares were weaker as the share market became concerned that the second wave of the pandemic in the USA would see another significant decline in plasma collections. The strong Australian dollar also impacts the translation of US dollar earnings into AUDs.

Detracting from performance were the decisions not to own Fortescue Metals (FMG), Afterpay (APT) and Rio Tinto (RIO). As a pure iron ore producer FMG's share price rose strongly as the iron ore price increased by nearly 25% during December. RIO shares were also beneficiaries of the iron ore price strength which prompted some brokers to upgrade their earnings forecasts. The change in market direction helped some of the "COVID-winners" including APT recover their momentum. An upbeat trading update in November by APT and the company's entry into the S&P/ASX 20 in December also aided positive sentiment.

Australia's economic data continues to strengthen, suggesting a sustainable recovery provided the Sydney virus outbreak is contained. Strong job gains and retail spending were recorded in November with the ending of Melbourne's virus lockdown. Business and consumer surveys show very positive responses given the Federal Budget's investment allowance initiatives as well as income tax cuts. With coronavirus vaccines being rolled out across the northern hemisphere, the imminent inauguration of President-elect Biden in the US and completion of Brexit, the global outlook is positive, although a shadow remains over Australia's relationship with China.

Fund facts

Inception date:	3 July 1995
Fund size at 31 December 2020:	\$10.7m
Benchmark:	S&P/ASX 200 Total Return Index
Investment timeframe:	At least 5 years
Relative risk:	High
Relative return¹:	High

Top 10 share holdings

as at 31 December 2020 (alphabetical order)

- Amcor
- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- Commonwealth Bank
- CSL
- National Australia Bank
- Telstra Corporation
- Westpac Banking Corporation
- Woolworths Group

Investment returns as at 31 December 2020¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return² %	0.4	16.5	-5.3	2.1	6.4	5.8	6.4	8.8
Gross return %	0.5	16.7	-4.7	2.8	7.2	6.6	7.3	9.7
Benchmark return %	1.2	13.7	1.4	6.7	8.7	7.4	7.8	9.2
Net excess return %	-0.8	2.8	-6.7	-4.6	-2.3	-1.6	-1.4	-0.4
Gross excess return %	-0.7	3.0	-6.1	-3.9	-1.5	-0.8	-0.5	0.5

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 Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

Investor profile

This Fund is designed for investors who wish to benefit from the long term capital gains available from share investments and who are comfortable with fluctuations in capital value in the short to medium term. Accordingly, the Fund has a recommended long-term investment horizon of at least five years.

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$5,000
Distribution:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee⁴:	0.60% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).

⁴ Certain sophisticated and professional investors or wholesale clients (as defined in the Corporations Act 2001 (Cth)) may be able to negotiate this fee by contacting Client Services.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Dec 20
Australian shares	90%	100%	100%	98%
Cash and cash equivalents	0%	0%	10%	2%

Distribution history⁵

Quarter end	Cents per unit
31 December 2020	0.36
30 September 2020	0.48
30 June 2020	0.25
31 March 2020	0.70
31 December 2019	0.80
30 September 2019	1.03
30 June 2019	4.43
31 March 2019	0.78
31 December 2018	0.83
30 September 2018	1.46
30 June 2018	6.66
31 March 2018	0.61
31 December 2017	0.68
30 September 2017	1.30
30 June 2017	6.44
31 March 2017	0.71
31 December 2016	0.98
30 September 2016	1.05
30 June 2016	2.50
31 March 2016	0.39
31 December 2015	1.07

⁵ Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

Franking levels

Year end	
30 June 2020	94.63%
30 June 2019	49.50%
30 June 2018	34.22%
30 June 2017	37.12%
30 June 2016	70.09%
30 June 2015	11.41%

About Antares

Antares is a dedicated asset management business managing more than \$31.0bn on behalf of Australian investors, with \$4.0bn in Australian equities and more than \$27.0bn in fixed income (as at 30 September 2020).

At Antares we are wholly focussed on delivering performance for investors through an investment approach underpinned by dedication, experience and discipline. We recognise and are ready for market uncertainty, and believe great performance is achieved through a focus on both risk and return. Antares consists of two divisions – Antares Equities (formerly Portfolio Partners and Aviva Investors) and Antares Fixed Income (formerly National Specialist Investment Management).

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

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