

# Fund Profile

## Antares Australian Equities Fund



October 2019

### 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 -0.6% (net of fees) for the month of October 2019.<sup>1</sup>

Australian shares were generally subdued in October. There were sharp gains for the health care sector but this was offset by broad based weakness in consumer staples, financials, resources and the information technology sector.

Overweight holdings in Iluka Resources (ILU), Star Entertainment (SGR) and BlueScope Steel (BSL) contributed to performance. A greater awareness of the value of ILU's Mining Area C royalty arrangement with BHP may have added to the increased demand for ILU shares post their half year result. SGR provided a positive trading update during its AGM which was better than expected. Domestic revenue increased versus expectations of a decline (given SGRs very strong 1H2019).

The company also gave earnings guidance for 1H20 which was above forecasts. Investors reacted positively to BSL's announcement that the ACCC had informed the company that the Commonwealth Director of Public Prosecutions had decided not to commence criminal proceedings against BSL. The ACCC had previously commenced civil proceedings alleging contravention of the Australian competition cartel provisions.

Detracting from performance was an underweight position in CSL and overweight holdings in Graincorp (GNC) and Nine Entertainment (NEC). After some profit taking in September and a positive report from a broker that had previously not been a bull on CSL, investors pushed CSL's share price up by nearly 10% during October. During the month, the ACCC announced two extensions of its review of the sale of GNC's Australian Bulk Liquid Terminals assets to ANZ Terminals. Ongoing drought conditions and the expectations of poor harvests in the areas serviced by GNC were further headwinds for GNC shares. NEC was weaker during the month following downgrades to radio broadcaster Southern Cross on a weaker advertising market. Some investors are also concerned about streaming service Stan's ability to increase subscriber numbers if its Disney partnership dissolves.

While volatility remains part of the investment landscape, recent developments suggest an outlook that is more supportive for equity markets. These include the apparent thaw in China US trade tensions, accommodative central bank policy and positive recent jobs data from the US.

### Fund facts

<b>Inception date:</b>	3 July 1995
<b>Fund size at 31 October 2019:</b>	\$14.3m
<b>Benchmark:</b>	S&P/ASX 200 Total Return Index
<b>Investment timeframe:</b>	At least 5 years
<b>Relative risk:</b>	High
<b>Relative return<sup>1</sup>:</b>	High

### Top 10 share holdings

as at 31 October 2019 (alphabetical order)

- Amcor
- ANZ Banking Group
- BHP Group
- Caltex Australia
- Commonwealth Bank
- National Australia Bank
- Santos
- Star Entertainment Group
- Telstra Corporation
- Westpac Banking Corporation

### Investment returns as at 31 October 2019<sup>1</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
<b>Net return<sup>2</sup> %</b>	<b>-0.6</b>	<b>-0.4</b>	<b>15.0</b>	<b>10.7</b>	<b>7.5</b>	<b>9.4</b>	<b>7.8</b>	<b>9.5</b>
Gross return %	-0.5	-0.3	15.7	11.5	8.4	10.3	8.7	10.4
Benchmark return %	-0.4	-0.9	19.3	12.6	8.5	10.4	8.3	9.5
<b>Net excess return %</b>	<b>-0.2</b>	<b>0.5</b>	<b>-4.3</b>	<b>-1.9</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-0.5</b>	<b>0.0</b>
Gross excess return %	-0.1	0.6	-3.6	-1.1	-0.1	-0.1	0.4	0.9

<sup>1</sup> 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.

<sup>2</sup> 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

<b>Minimum investment:</b>	\$20,000
<b>Minimum additional investment:</b>	\$5,000
<b>Distribution:</b>	Quarterly
<b>Entry fee:</b>	Nil
<b>Exit fee:</b>	Nil
<b>Management fee<sup>4</sup>:</b>	0.60% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).

<sup>4</sup> 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 Oct 19
<b>Australian shares</b>	90%	100%	100%	96%
<b>Cash and cash equivalents</b>	0%	0%	10%	4%

## Distribution history<sup>5</sup>

Quarter end	Cents per unit
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
30 September 2015	1.42
30 June 2015	45.45
31 March 2015	1.16
31 December 2014	0.92
20 October 2014	8.78

<sup>5</sup> 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 2019	49.50%
30 June 2018	34.22%
30 June 2017	37.12%
30 June 2016	70.09%
30 June 2015	11.41%
30 June 2014	45.29%

## About Antares

Antares is a dedicated asset management business managing more than \$32.2bn on behalf of Australian investors, with \$5.1bn in Australian equities and more than \$27.1bn in fixed income (as at 30 September 2019).

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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