

Fund Profile

Antares High Growth Shares Fund

October 2019



Investment objective and strategy

The Fund aims to outperform the S&P/ASX 200 Total Return Index (after fees) over rolling five year periods. The Fund seeks to enhance returns through a range of investment strategies including long/short positions and active trading, along with the ability to use exchange traded derivatives.

Fund commentary

The Antares High Growth Shares Fund delivered a return of 0.2% (net of fees) for the month of October 2019.¹

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.

Contributing to Fund performance were overweight holdings in Iluka Resources (ILU), CSL and Star Entertainment (SGR). 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. 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. 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.

Overweight holdings in ANZ, Westpac Bank (WBC) and Northern Star Resources (NST) all detracted from performance. There has been considerable speculation about the longer term growth of bank earnings, especially in a prolonged low interest rate environment. Concerns about the need for additional capital and the prospect of dividend cuts saw bank share prices under pressure. The gold price continued to fall during October, down by approximately 8% following a similar fall in September. This is likely due to increased risk appetite as a result of the apparent easing of US China trade tensions. As a major gold producer, NST shares were weaker.

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

Inception date:	7 December 1999
Fund size at 31 October 2019:	\$566.3m
Benchmark:	S&P/ASX 200 Total Return Index
Investment timeframe:	At least 5 years
Relative risk:	High - Very High
Relative return¹:	High - Very High
Redemption Unit Price at 31 October 2019:	\$ 1.0934

Top 10 share holdings

as at 31 October 2019 (alphabetical order)

- ANZ Banking Group
- Aristocrat Leisure
- BHP Group
- Commonwealth Bank
- CSL
- Macquarie Group
- National Australia Bank
- Star Entertainment Group
- Telstra Corporation
- Westpac Banking Corporation

Investment returns as at 31 October 2019¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return² %	0.2	-0.2	13.0	12.5	9.6	10.9	8.7	10.9
Gross return%	0.3	0.0	14.2	13.7	10.8	12.0	9.8	12.4
Benchmark return %	-0.4	-0.9	19.3	12.6	8.5	10.4	8.3	8.4
Net excess return %	0.6	0.7	-6.3	-0.1	1.1	0.5	0.4	2.5
Gross excess return %	0.7	0.9	-5.1	1.1	2.3	1.6	1.5	4.0

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

The Fund is actively managed and its returns may be volatile when compared with the benchmark return. As such, it may suit investors who are willing to accept higher risk in exchange for the potential opportunity to earn greater returns.

The Fund holds its investments on revenue account. Therefore, gains which are made by the Fund on its investments and distributed to unitholders are treated as revenue, rather than capital, with no entitlement to the capital gains tax (CGT) discount.

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$5,000
Distribution:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee⁴:	1.05% pa of the net asset value of the Fund
Performance fee:	20% of the Fund's investment return (net of management fee) above the sum of the Benchmark ⁵ and 5%.

⁴ ACP may, from time to time, negotiate fees which are different to those described in the PDS with certain sophisticated and professional investors or wholesale clients (as defined in the Corporations Act).

⁵ The Benchmark of the Fund is S&P/ASX 200 Total Return Index.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Oct 19
Aust shares - Net	90%	100%	100%	98.4%
Aust shares - Long	90%	-	125%	121.5%
Aust shares - Short	0%	-	-25%	-23.1%
Cash and cash equivalents	0%	0%	10%	1.6%

Distribution history ⁶

Quarter end	Cents per unit
30 September 2019	0.99
30 June 2019	2.87
31 March 2019	0.33
31 December 2018	1.68
30 September 2018	1.99
30 June 2018	10.89

⁶ Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

Investment terms and guidelines

Short selling involves borrowing a share from a prime broker to sell to the market, with an agreement to purchase that share back at a later date. When the Fund short sells a share, we anticipate taking advantage of declines in the price of that share by selling the share at one price, and then aiming to buy back that share at a subsequent lower price. Short selling is limited to 25% of the value of the Fund's net assets.

Enhanced long positions refer to the shares in which the Fund holds the largest overweight positions when compared to its benchmark weighting. Long positions are limited to 125% of the value of the Fund's net assets. All long and short positions will be managed to provide investors with a gross exposure to the sharemarket of up to 150%, but the overall net exposure will be between 90 - 100%.

Active trading refers to trading in shares where the Fund has held a range of different positions over a relatively short period of time, with a view to fully exploiting all available opportunities to add value as market circumstances change. It may also involve simply managing an overweight or other position held - adding to or reducing the position to benefit from smaller movements in the share price.

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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