Investor Update

SMAs - A guide for investors

December 2014

Separately Managed Accounts, or SMAs, are a growing segment of the investment universe and an area in which Antares has been a major player for over five years. This educational article is designed to help investors understand SMAs and how they can benefit from SMA exposure in their investment portfolios.

The information contained within this article is intended as factual information although we acknowledge that there is a reasonable likelihood of doubt and the information is not intended to imply any recommendation or opinion about a financial product.

What is an SMA?

Separately Managed Accounts, or SMAs, are an alternative to investing in direct shares or managed funds. Like a managed fund, an SMA is a portfolio of shares (or other investments) that is managed by a professional fund manager. The key difference however, is that an SMA is not a pooled trust that is sold in units. Instead, the investor has beneficial ownership of an individual portfolio of shares that have been purchased in their name.

The investments held in an SMA are determined by the model portfolio(s) that the investor chooses. These model portfolios are managed by professional investment management companies.

What is a model portfolio?

A model portfolio is a portfolio of shares that is constructed by a professional investment manager and implemented across SMA accounts that have chosen that particular investment strategy. Model portfolios tend to hold up to 30 stocks that have been chosen by the investment manager in accordance with their investment philosophy and research process.

Different model portfolios may have different investment objectives. For example, one may emphasise capital growth over the long term whilst another may invest in a portfolio that is designed to provide investors with regular income. Investors can choose just one model portfolio for their SMA account or blend several portfolios, depending on their investment objectives.

Investors cannot choose which shares are held in a model portfolio as this is the job of the investment manager. However, they can in specie transfer any of their own direct shareholdings that are common to the model portfolio when they initially invest in the SMA.

How does an SMA differ from a managed fund?

Traditional managed funds are structured as pooled investment vehicles or unit trusts. When you invest in a managed fund your money is “pooled” with other investors’ money and used to buy investments which are managed on behalf of all the investors in the fund. In return, you receive units in the fund (to the value of your investment) that are issued in your name. When you withdraw money from the fund, those units are cancelled. The price of the units you hold fluctuates according to changes in the market value of the assets held by the fund and when those assets are sold, the realised capital gains or losses are shared by all investors in the fund.

When you invest in an SMA, an individual account is set up in your name and your money is used to buy investments (usually shares) for which you have beneficial ownership. This means that the investments are bought on your behalf and are in your name. The value of your portfolio still fluctuates according to changes in the market value of the assets it holds but, in contrast to a managed fund, when assets are sold, the capital gains or losses are borne by you alone. This can have significant tax advantages for investors.

The structure of an SMA confers many benefits to the investor that are not available with a managed fund. This includes beneficial ownership of the shares, the ability to view all investments in their portfolio at any time, favourable capital gains tax outcomes, cost effectiveness and transferability of shareholdings between model portfolios. These advantages are explored in more detail below.

The benefits of SMAs

Beneficial ownership

An SMA investor owns the shares in their portfolio in their own name. This means they directly receive the dividends and imputation tax credits (franking credits) associated with these investments. This is tax effective for the investor.

Transparency

SMA investors can see exactly what shares they hold by looking at their statements or logging into their online account. This differs markedly to a managed fund where it can be hard to get accurate information on the underlying share holdings as portfolio listings tend to be abbreviated (e.g. top 10 stocks only) or months out of date.

Potential capital gains advantages

Most managed funds have unrealised capital gains and/or losses on their books at the time that you invest. When these capital gains or losses are eventually realised, they are distributed to all current unit holders regardless of when they joined the fund. This means that buying into a managed fund may result in an investor “inheriting”, and ultimately paying tax on, a portion of the capital gains that were accumulated before they joined the fund. This does not occur with an SMA as the cost base of the portfolio is determined on the day that the shares are purchased for the individual investor’s SMA. This means the investor only pays tax on capital gains accumulated from the day they invested in the shares, not the date that the pooled fund originally purchased the shares.

SMA investors can also minimise their capital gains tax liability when switching between model portfolios. This occurs because the SMA investor does not need to liquidate one portfolio before investing in another. Instead, the SMA can hold onto any shares that are common between the two model portfolios (trading to adjust position sizes if necessary) and just transact in the shares that are different.

Cost effective

Brokerage costs can be significantly cheaper with an SMA compared to buying direct shares as the SMA manager can net off your share purchases and sales with other SMA investors. This consolidation of trades saves on brokerage and other costs which can be spread over a number of investors. SMA management fees also tend to be cheaper than a comparable managed fund as an SMA does not require services such as unit pricing and custody.

Transferability

If you have a direct share portfolio, you can in-specie transfer shares into a new SMA. This minimises your capital gains tax liability, as you do not have to sell your direct share portfolio and then purchase the shares again for the SMA. It also prevents you from spending time "out of the market".

Timing of income

Managed funds usually distribute on a quarterly basis and the amount paid to unit holders is a combination of the dividends received during this three month period and possibly some net realised capital gains. By contrast, an SMA investor receives dividend income very soon after it is earned and capital gains as soon as they are realised. This makes it easier to see which shares are providing an income return and enables the investor to reinvest or redeploy this money as soon as it is earned. If an investor chooses to reinvest their dividends, this money is placed in the cash balance of their SMA portfolio and reinvested in stocks when the portfolio is next rebalanced.

Diversification

SMA model portfolios are a good way to ensure that your share exposure is well diversified. Most model portfolios can hold up to 30 shares, covering different sectors and industries across the market. Diversification lowers the risk of your portfolio as a stock that is performing poorly can be offset by other stocks that are performing well and you are not reliant on the performance of just a couple of companies.

Professional investment management

SMAs give an investor the advantages of direct share investment (beneficial ownership, transparency, not inheriting capital gains) but with the added benefit of having their portfolio managed by professional investment managers. Investment professionals are experts in their field and have access to a wide range of resources that help them analyse developments in financial markets and at the individual company level. They also manage all corporate actions, making share investment less complicated.

Advisers and direct share recommendations

Advisers are not permitted to give direct share advice to self-managed superannuation funds (SMSFs) and many are also reluctant to give direct share recommendations to other investors as it requires them to do a statement of advice for every trade. With an SMA, the responsibility for choosing the shares rests with the investment manager. So advisers are able to offer investors all the benefits of direct share investment without the compliance issues. SMAs are a registered Managed Investment Scheme (MIS), hence advisers are licenced to recommend them to clients.

How often is an SMA rebalanced to the model portfolio?

"Rebalancing" is the process by which an SMA portfolio is compared to the chosen model portfolio and trades are implemented to minimise any material differences between the two.

Rebalancing trades are usually only required when one of the following situations has arisen:

- **A change to the model portfolio** – if the investment manager has bought a new stock, sold a stock or changed the weighting of stock in the model portfolio, the SMA portfolio will need to be rebalanced to reflect these changes.
- **A cash flow has impacted the SMA account** – if an investor makes a new investment into their SMA, trades will need to be implemented to invest the new money in line with the model portfolio. If an investor withdraws money from their SMA, sell trades will need to be implemented to fund this withdrawal.
- **SMA cash mismatch** – if the cash level of the SMA falls below the minimum allowable level, rebalancing trades will need to be implemented to increase the SMA's cash level. SMA cash levels vary but are typically in the range of 1 – 10% of the portfolio.

How can I use SMAs in my investment portfolio?

SMAs can be used as an alternative to investing in a managed fund, as an alternative to holding direct shares or as part of your self-managed superannuation fund (SMSF). The following case studies explain these applications in more detail.

Case study 1

SMAs as an alternative to managed funds

Jeff is considering investing his savings in a managed fund. Whilst he has some investment experience, his work keeps him too busy to allow him to invest in shares directly. He is happy for his portfolio to be professionally managed but is keen to know what stocks he owns. Jeff would also like to minimise the cost of having a professionally managed portfolio.

Given Jeff's preference for a transparent, professionally managed investment portfolio that is cost effective, he could invest in an SMA which has a number of advantages compared to a managed fund:

- Since Jeff is the beneficial owner of the shares in his SMA account, he directly receives the dividends and imputation tax credits (franking credits) associated with these investments. This is likely to be much more tax effective for Jeff than the pooled trust structure of managed funds.
- Jeff is able to see exactly what shares he holds by looking at his statement or logging into his online account. This level of transparency was one of Jeff's investment goals and it differs markedly to a managed fund where it can be hard to get accurate information on the underlying share holdings as portfolio listings tend to be abbreviated (e.g. top 10 stocks only) or months out of date.
- Jeff would not "inherit" any capital gains when investing in the SMA like he possibly would with a managed fund. This is more tax effective for Jeff as he only pays tax on capital gains accumulated from the day he invested in the shares, not the date that the pooled fund originally purchased the shares.
- The SMA is likely to be more cost effective than a managed fund. SMA management fees tend to be cheaper than a comparable managed fund as the SMA does not generate the same level of administrative burden for the fund manager.
- Share brokerage costs are significantly cheaper with the SMA as Jeff's share purchases and sales can be netted off with other SMA investors. This consolidation of trades saves on brokerage and other costs which can be spread over a number of investors. Some SMAs may also offer wholesale brokerage rates, which are much cheaper than retail rates, and access to institutional placements and trading opportunities that are usually only available to institutional investors.
- Income and capital gain management are also simpler with the SMA. Managed funds usually distribute on a quarterly basis and the amount paid to unit holders is a combination of the dividends received during this three month period and possibly some net realised capital gains. By contrast, by investing in the SMA, Jeff would likely receive dividend income very soon after it is earned and capital gains as soon as they are realised. This makes it easier to see which shares are providing an income return and enables Jeff to reinvest or redeploy this money as soon as it is earned.

Case study 2

SMAs as an alternative to direct shares

Rachel has a direct share portfolio worth $100,000 that she purchased with the assistance of her brother following an inheritance from her father. Rachel's life is very busy, working part-time and looking after her family, and she is not very experienced when it comes to investing. Recent corporate actions by several companies in her portfolio have confused her and she has decided to enlist the help of a financial adviser to better manage her investments.

Rachel's financial adviser suggests that she replaces her direct share portfolio with an appropriate SMA which will enable her to simplify her investments but maintain the advantages of direct shares, including beneficial ownership and portfolio transparency. With the SMA, Rachel will retain beneficial ownership of, and absolute entitlement to, the shares purchased on her behalf. This means she directly receives the dividends and imputation tax credits (franking credits) associated with these investments. This is tax effective for Rachel. Rachel's portfolio is also fully transparent as she can see exactly what shares she holds by looking at her statements or logging into her online account.

In addition, the SMA will provide Rachel with other benefits not commonly associated with a direct share portfolio:

- Rachel's portfolio is now being actively managed by professional investment managers. This suits Rachel as she is not a very experienced investor and is happy to pass the responsibility for investment decisions on to a professional manager.
- Rachel will benefit from lower costs when using the SMA as brokerage costs will likely be cheaper than her direct share portfolio as the SMA manager can net off share purchases and sales in Rachel's account with other SMA investors. This consolidation of trades saves on brokerage and other costs which can be spread over a number of investors.
- There are potential capital gains tax advantages from using the SMA. Rachel can in-specie transfer any shares in her current portfolio that are common to the SMA model portfolio without creating a capital gains tax liability. Some SMAs also do tax parcel administration. This is usually very time consuming for advisers as it involves choosing which parcel of shares to sell, and in what order, to achieve the most tax effective outcome for the investor. It also depends on the investor's tax position that can change over time. Rachel's adviser can now tell the SMA manager which tax parcel preference to implement in Rachel's account and if her circumstances change, her adviser can switch Rachel's tax parcel preferences by simply contacting the SMA manager.

Case study 3

SMA and self-managed super funds (SMSFs)

Most SMSFs invest a portion of their assets in shares, be it managed funds, direct shares or an SMA. Direct shares are the vehicle of choice for experienced SMSF investors that are well researched and want to make their own investment decisions at the stock level. For the remainder of SMSF investors, SMAs are becoming a very attractive and more widely used option. By investing in an SMA, a SMSF can obtain all the benefits of a direct share portfolio at lower cost and with less of an administrative burden than that involved in purchasing shares directly. There is also the added benefit of professional investment management which can significantly enhance returns over the long term.

Take Cindy, who is a small business owner. She currently has a self-managed super fund which contains a relatively large direct share portfolio. Whilst Cindy is financially literate and interested in her investments, increased work commitments are preventing her from devoting sufficient time towards researching share investment opportunities. Her financial adviser has tried to help but share investment is not a key part of his business and each recommendation he makes must incorporate a statement of advice. This is proving cumbersome in practice. Cindy is reluctant to switch to a managed fund due to the associated costs, the possibility of inherited capital gains and the difficulty in obtaining timely full portfolio listings for many managed funds.

Her financial adviser suggests she switch her direct share portfolio into an SMA which will give Cindy many of the advantages of direct share investment (beneficial ownership, transparency, not inheriting capital gains) but with the added benefit of the portfolio being managed by professional investment managers.

With the SMA, Cindy can see exactly what shares she holds by looking at her statements or logging into her online account. Cindy can also in specie transfer any shares in her existing portfolio that are common to the SMA model portfolio without triggering a capital gains tax event.

SMAs are registered Managed Investment Schemes that are generally rated by research houses. This gives Cindy confidence that the product is administratively efficient and that the investment process behind the model portfolios is sound. It also enables her adviser to recommend the product without having to do a statement of advice.

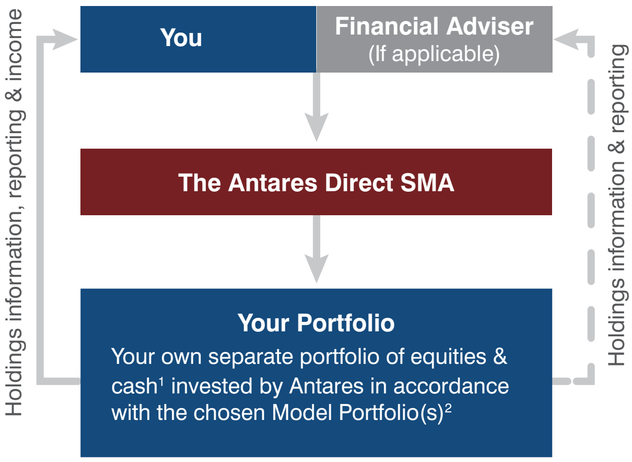
Finally, Cindy can benefit from significant cost savings when using an SMA. Brokerage costs can be cheaper than direct shares as the SMA manager can net off Cindy's share purchases and sales with other SMA investors. This consolidation of trades saves on brokerage and other costs which can be spread over a number of investors.

Antares Direct SMA

The Antares Direct SMA (DSMA) is different to most other SMAs in the market as it does not run on a platform. Instead, the adviser deals directly with Antares and this has significant advantages, including:

- wholesale brokerage rates – as Antares is an institutional investment manager with significant funds under management, it is able to use institutional brokers at wholesale brokerage rates for the execution of trades for SMA clients;
- access to institutional placements that are not generally available to retail clients;
- no platform administration requirements; and
- direct reporting to the client via access to an online account.

Diagram 1: The structure of Antares Direct SMA



[1] You retain beneficial ownership of the assets in your Portfolio.

[2] The 3 Model Portfolios available are:
- Antares Core Opportunities
- Antares Dividend Builder
- Antares Listed Property

By avoiding using platforms, Antares has developed a relatively low cost SMA offering. Management fees are between 46 and 67 basis points, depending on the model portfolio chosen, and there are no administration fees.

Antares currently has three model portfolios on offer:

- **Core Opportunities** – an actively managed, highly concentrated portfolio of Australian shares that Antares has identified as having the potential to offer significant long term growth.
- **Dividend Builder** – an actively managed Australian share portfolio which aims to deliver regular dividend income and to achieve moderate capital growth by investing in a diversified portfolio of Australian companies.
- **Listed Property** – an actively managed portfolio that primarily invests in property and property related securities that are listed or expected to be listed on the Australian Securities Exchange or other regulated exchanges.

The main characteristics of these model portfolios are shown in the table below.

Table 1: Key features of the Antares DSMA

Key Features	Core Opportunities	Dividend Builder	Listed Property
Minimum initial investment	$20,000	$20,000	$20,000
Minimum balance	$20,000	$20,000	$20,000
Minimum additional investment	$2,000	$2,000	$2,000
Minimum regular savings plan amount	$500 per month or quarter	$500 per month or quarter	$500 per month or quarter
Minimum switching amount	$5,000	$5,000	$5,000
Minimum withdrawal	$5,000	$5,000	$5,000
Minimum trade size	0.20% of the value of the relevant equity holding in your Portfolio		
Risk level (expected volatility)	High to very high	High	High
In specie transfers	Yes	Yes	Yes
Switch between Model Portfolios	Yes	Yes	Yes
Brokerage	Wholesale rates	Wholesale rates	Wholesale rates
Management fee p.a	0.5125% (incl. net effect of GST)	0.4613% (incl. net effect of GST)	0.6700% (incl. GST net of RITC)
Performance fee	Nil	Nil	Nil
Administration fee	Nil	Nil	Nil
Adviser service fee	An Adviser Service Fee may be payable as negotiated between the financial adviser and the investor. This may be a dollar amount or percentage based fee paid monthly.		

Reporting for the Antares DSMA

From a reporting perspective, Antares DSMA clients have online access to portfolio valuations, a history of all their transactions, tax statements (including a financial year-end tax summary) and statements detailing realised and unrealised capital gains and losses. The Antares Direct SMA is also compatible with the most popular adviser software packages, including X-Plan, Visi-Plan and Coin.

By applying for online access, the investor is able to obtain all reporting electronically. Once the account is activated, the investor is able to access the following account information:

- portfolio valuation;
- capital transactions;
- income and expenses;
- capital gains and/or losses – realised and unrealised.

Advisers and investors will also be provided with the following additional information:

- quarterly reviews, including market updates and Model Portfolio performance;
- quarterly transaction statements;
- portfolio performance;
- monthly income statement (where income has been distributed).

An audited Annual Income Tax Statement to assist in the preparation of the investor's tax return will be provided once all relevant tax components for the Model Portfolios have been received.

The risks of investing in the Antares Direct SMA

All investments carry risk. Different investment strategies carry different levels of risk depending on the underlying mix of assets that make up the strategy. While Antares' disciplined, risk-controlled investment approach aims to generate investment returns over the long term, it is important for you to carefully consider the risks of investing in the SMA.

The significant risks of investing in the SMA include:

- market risk – risks that affect entire equity markets
- security specific risk – investments in shares in a company or units in a Real Estate Investment Trust can fall in value
- liquidity risk – risk an investment may not be able to be sold quickly enough to prevent or minimise a loss
- scheme risk – the SMA or a particular model portfolio could be terminated and fees and costs could change
- implementation risk – the performance of your portfolio may differ to the performance of the relevant model portfolio

If you have a financial adviser, they can assist in assessing investment risks as well as selecting the appropriate Model Portfolio(s).

For more information

For more information on the Antares Direct SMA offering, please call your Financial Adviser or contact Antares Client Services on 1800 671 849.

2014 Calendar Year - Market and Fund Reviews

Economy

US growth accelerated considerably in 2014, supported by low interest rates and quantitative easing (QE), with the latter eventually ceasing in October. The unemployment rate fell steadily and investors started to focus on when the US Federal Reserve (Fed) would commence tightening monetary policy. The oil price fell sharply late in the year (down ~50%) as OPEC refused to cut production despite weak global demand and increasing supply from US shale oil producers.

European growth remained tepid and lower than expected inflation prompted the European Central Bank (EBC) to ease monetary policy again, moving the discount rate into negative territory. Geopolitical tensions remained a risk in the region with the Ukraine and Russia in serious dispute over Crimea.

Growth in China continued to be weaker than expected as the government implemented more policies to achieve structural change. Inflation remained well below the authorities' 4% target rate and this enabled the People's Bank of China to provide targeted assistance to certain sectors of the economy and eventually ease monetary policy again in November.

The Reserve Bank of Australia (RBA) left monetary policy on hold for the entire year, with the cash rate remaining at its historic low of 2.5%. Growth in the non-mining economy was subdued whilst the mining sector continued to slow. In response to weak commodity prices and upward pressure on the US dollar, the Australian dollar fell 8.1% over the year.

Sharemarkets

The Australian sharemarket delivered positive returns, with the S&P/ASX 200 Accumulation Index rising 5.6%. Industrial stocks were supported by continued low interest rates, whilst the resource (-16.4%) and energy (-12.0%) sectors significantly underperformed in response to slower Chinese growth and weakness in iron ore and oil prices. Investor demand for yield remained a dominant theme given the fall in bond yields. This contributed to the outperformance of REITs (+27.0%), telecoms (+20.8%), utilities (+16.1%) and banks (+8.7%). The weakness in the $A supported stocks that generate offshore currency denominated revenues (e.g. healthcare +24.4%).

Global sharemarkets experienced mixed performance. In the US, the S&P 500 Index rose 11.4%, supported by stronger growth and improved earnings. European markets underperformed due to continued weak growth and political unrest. The EuroStoxx 50 Index rose just 1.2%. Japan's Nikkei Index (+7.1%) was supported by the weakness in the yen and quantitative easing from the Bank of Japan.

Fixed Income

US bond yields fell steadily over the year as the Fed kept official interest rates low and stronger growth did not pose a risk to the inflation outlook. The US 10-year bond yield did not revisit its 2012 lows but still fell 86 basis points to end the year at 2.17%. Record low bond yields were experienced in Japan and Germany.

Australian bonds performed strongly in response to subdued domestic growth, continued low interest rates and expectations late in the year that the RBA may cut official interest rates again in 2015. The Australian benchmark 10 year bond yield fell 150 basis points to end the year at 2.74%.

All returns are net of fees.
* Closed to new investments

Below are short commentaries on each Antares fund, outlining their net performance and the main contributors to performance.#

Australian Shares Fund*

The Antares Australian Shares Fund delivered a return of 2.4% (net of fees) for the six months to December 31, underperforming the benchmark S&P/ASX 200 Accumulation Index return of 2.5% by 0.1%. Over the past 12 months, the Fund returned 5.4% (net of fees), underperforming its benchmark by 0.2%. The main contributors to performance over the past year were overweight positions in Qantas Airways, Echo Entertainment Group, Westfield Corporation and Telstra Corporation. The Fund also held an underweight position in Woolworths that contributed positively to performance. Overweight positions in Coca-Cola Amatil and Santos detracted from yearly performance, along with an underweight position in CSL.

Elite Opportunities Shares Fund*

The Antares Elite Opportunities Fund returned 2.7% (net of fees) for the six months to December 31, outperforming the benchmark S&P/ASX 200 Accumulation Index return of 2.5% by 0.2%. Over the past 12 months, the Fund returned 5.1% (net of fees), underperforming its benchmark by 0.5%. Overweight positions in Qantas Airways, Echo Entertainment Group, Aristocrat Leisure and AMP were the main positive contributors to performance over the year. Being overweight Santos and Iluka Resources detracted from performance, along with the decision not to hold a position in CSL that performed well.

High Growth Shares Fund*

The Antares High Growth Shares Fund returned 5.1% (net of fees) for the six months to December 31, outperforming the benchmark S&P/ASX 200 Accumulation Index return of 2.5% by 2.6%. Over the past 12 months, the Fund returned 6.0% (net of fees), outperforming its benchmark by 0.4%. The main contributors to performance over the year were overweight positions in Recall, Echo Entertainment Group, Amcor, Orora and Sydney Airport. Detracting from annual performance were overweight positions in Santos, Newcrest Mining and Rio Tinto.

Listed Property Fund*

The Antares LIsted Property Fund delivered a return of 12.1% (net of fees) for the six months to December 31, underperforming the benchmark S&P/ASX 200 A-REIT Accumulation Index return of 12.7% by 0.6%. Over the past 12 months, the Fund returned 24.4% (net of fees), underperforming the benchmark index by 2.6%. An overweight position in Westfield Corporation and underweight positions in Novion Property Group, Dexus Property Group and Scentre Group were the main positive contributors to performance over the year. Being overweight Peet was the main detractor from performance. The Fund also held some cash during the year and this detracted from performance in a rising market.

Small Companies Fund*

The Antares Small Companies Fund delivered a return of -6.1% (net of fees) for the six months to December 31, underperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index return of -2.5% by 3.6%. Over the past 12 months, the Fund returned -9.1% (net of fees), underperforming the benchmark by 5.3%. The main contributors to performance over the past year were overweight positions in Slater & Gordon, Ardent Leisure Group and CSR that all performed strongly. Overweight positions in BC Iron, Tiger Resources and MMA Offshore were the main detractors from yearly performance.

Antares Investment Returns

Performance to 31 December 2014

		6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	10 Yrs % p.a.	Since Inception % p.a.
Australian Equities							
Australian Shares Fund * Inception date: 28/02/1987	Net return[2]	2.4	5.4	13.5	5.5	7.0	8.8
	Gross Return[3]	3.4	7.5	15.8	7.6	9.1	10.8
	Benchmark Return	2.5	5.6	15.1	6.8	7.6	8.9
	Net Excess Return	**-0.1**	**-0.2**	**-1.6**	**-1.3**	**-0.6**	**-0.1**
	Gross Excess Return	0.9	1.9	0.7	0.8	1.5	1.9
Elite Opportunities Shares Fund * Inception date: 29/11/2002	Net return[2]	2.7	5.1	12.9	5.3	8.0	10.8
	Gross Return[3]	3.5	6.6	14.5	6.8	9.6	12.4
	Benchmark Return	2.5	5.6	15.1	6.8	7.6	9.5
	Net Excess Return	**0.2**	**-0.5**	**-2.2**	**-1.5**	**0.4**	**1.3**
	Gross Excess Return	1.0	1.0	-0.6	0.0	2.0	2.9
High Growth Shares Fund * Inception date: 02/12/1999	Net return[2]	5.1	6.0	14.7	5.7	8.2	10.6
	Gross Return[3]	6.2	8.0	16.9	7.8	10.3	13.0
	Benchmark Return	2.5	5.6	15.1	6.8	7.6	8.3
	Net Excess Return	**2.6**	**0.4**	**-0.4**	**-1.1**	**0.6**	**2.3**
	Gross Excess Return	3.7	2.4	1.8	1.0	2.7	4.7
Small Companies Fund * Inception date: 05/01/1998	Net return[2]	-6.1	-9.1	3.5	2.3	7.1	10.1
	Gross Return[3]	-5.2	-7.3	5.5	4.3	9.2	12.3
	Benchmark Return	-2.5	-3.8	0.6	-2.0	2.3	4.5
	Net Excess Return	**-3.6**	**-5.3**	**2.9**	**4.3**	**4.8**	**5.6**
	Gross Excess Return	-2.7	-3.5	4.9	6.3	6.9	7.8
Listed Property							
Listed Property Fund * Inception date: 20/01/1998	Net return[2]	12.1	24.4	19.7	10.8	2.7	6.5
	Gross Return[3]	13.2	26.8	22.0	13.0	4.7	8.5
	Benchmark Return	12.7	27.0	21.9	12.2	2.0	6.4
	Net Excess Return	**-0.6**	**-2.6**	**-2.2**	**-1.4**	**0.7**	**0.1**
	Gross Excess Return	0.5	-0.2	0.1	0.8	2.7	2.1

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.

[3] Gross returns are provided to show performance against the investment objectiv

*Closed to new Personal Choice investments.

Disclaimer: All net returns are based on exit to exit unit prices for Personal Choice units, are net of fees and assume the reinvestment of income. Past performance is not a guide to or indication of future performance. At Antares' discretion, the management and/or performance fee may be partly rebated to professional, sophisticated or wholesale investors. The above information is of a general nature and has been prepared without taking account of your individual investment objectives, financial situation or particular investment needs. It is not intended as financial advice to retail clients. Before making an investment decision, you should consider the appropriateness of the information, having regard to your objectives, financial situation and needs. We recommend you consult with your financial adviser, who can help you determine how best to achieve your financial goals and whether investing in a fund is appropriate for you. Investment in the Antares Investment Funds will only be made upon receipt of a completed application form from the current PDS, a copy of which can be obtained from Antares. Antares Capital Partners Limited ABN 85 066 081 114. AFS Licence No 234483. Level 28 Freshwater Place, 2 Southbank Boulevard, Southbank VIC 3006 GPO Box 2007s, Melbourne 3001 Telephone: (03) 9220 0300 Facsimile: (03) 9220 0333
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