Ex-20 Australian Equities Model Portfolio
Monthly Performance Report
December 2024

antares equities

30 years
Research | Rigor | Results
Partners since 1994

Model Portfolio description and investment return objective

The Antares Ex-20 Australian Equities Model Portfolio is an actively managed highly concentrated portfolio of Australian equities. It invests in shares from outside the largest 20 companies by market capitalisation (as defined by the S&P/ASX 20 Total Return Index) that Antares identifies as having the potential to offer significant long term capital growth.

The Model's objective is to outperform the 'Benchmark' (S&P/ASX 200 Total Return Index excluding the companies listed in the S&P/ASX 20 Total Return Index) over rolling five-year periods.

Investment returns[1]

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	Since inception pa
Gross return[2] %	-3.9	2.5	13.1	3.5	9.4	9.9	11.4
Benchmark return %	-4.1	-1.3	11.8	4.4	6.2	7.0	8.5
Gross excess return %	0.2	3.8	1.3	-0.9	3.2	2.9	2.9

[1] Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market.

Investment commentary

The portfolio delivered a gross return of -3.9% in the month of December, which compared to the -4.1% return of our benchmark. The market consolidated post its strong run on the return of Donald Trump to the White House and toned down expectations of significant interest rate cuts.

Botanix (BOT) was the strongest contributor for the month after announcing that it had dosed its first paying clients in the United States. This saw a boost in market confidence in the sales outlook for its sofprinonium topical dermatological gel product.

Qantas (QAN) continued to perform well as the market absorbed the updated guidance on unit revenue and fuel costs from its November AGM.

Breville (BRG) also performed strongly in December. While there was no company specific news, anecdotal evidence suggested that coffee maker sales, in particular, were strong through the key Black Friday retail period.

HMC Capital (HMC) fell on the back of the weaker than expected IPO outcome for its Digico REIT. This REIT invests into generally mature data centres, both in Australia and globally. The market questioned the outlook for FUM growth for the alternative asset manager based on this. We remain of the view that HMC has a strong pipeline of in demand assets and added to our position on weakness.

Ventia Services (VNT) was weaker as the ACCC released news of an investigation into cartel behaviour between itself and Downer EDI (DOW) with respect to Commonwealth Defence Force contracts. These are important in both earnings but also sentiment to the investment case of VNT. The company, at this stage, has denied any wrong doing pending further investigation and we note that the personnel at VNT named by the ACCC have not been terminated.

Finally, Seek (SEK) was weaker as the nascent recovery in ANZ Job Ads began to taper off, dashing hopes of an upgrade to earnings expectations. This was compounded by the move in bond markets to reduce expectations of interest rate cuts, which will be important to revitalise the private sector and its hiring intentions.

$100,000 invested since inception

Model Portfolio (gross return[2]) ——— Benchmark ———
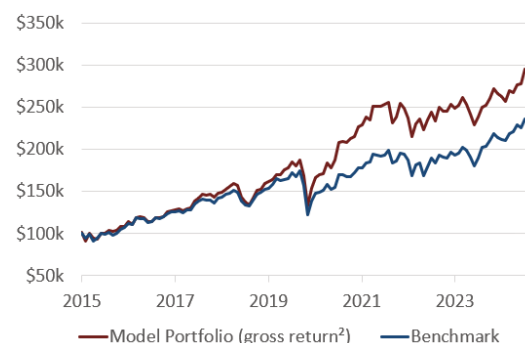
Sector allocation

GICS[3]	%
Industrials	19.3
Financials	17.2
Health Care	16.0
Communication Services	11.5
Information Technology	10.4
Consumer Discretionary	8.6
Consumer Staples	8.3
Metals & Mining	7.5
Real Estate	1.4
Energy	0.0
Materials Ex Metals & Mining	0.0
Utilities	0.0

Stock activity

Buys / Additions

DigiCo Infrastructure REIT (DGT) - We added Digico REIT to the portfolio in December via the IPO process. We subsequently added more as the securities traded below the issue price. We like the suite of data centre assets, which we see as a unique collection, and we like the structure of the vehicle such that it has been designed to self-fund further data centre acquisitions. To us, it occupies a unique place to allow data centre developers a place to recycle development capital while we benefit from the de-risking of a young but strongly growing sub-asset class in the REIT market.

Sells / Reductions

Nil.

Top 10 share holdings

(alphabetical order)

- Block Inc
- Brambles
- CAR Group
- Cochlear
- Medibank Private
- Qantas Airways
- Resmed
- Telix Pharmaceuticals
- Treasury Wine Estates
- Wisetech Global

Investor profile

The Ex-20 Australian Equities Model Portfolio is designed for investors seeking an actively managed, highly concentrated portfolio of Australian securities that excludes the top 20 stocks by market capitalisation. The Model aims to provide investors with long term capital growth. The Model Portfolio may suit investors who are willing to accept a very high level of risk in exchange for the opportunity to earn higher potential returns.

Model Portfolio facts

Inception date	27 May 2015
Benchmark	S&P/ASX 200 Total Return Index excluding the companies listed in the S&P/ASX 20 Total Return Index
No. of shares	15 to 30
Indicative portfolio turnover	50% to 60% pa

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 December 2024
Australian shares	90%	100%	100%	97.2%
Cash and cash equivalents	0%	0%	10%	2.8%

Portfolio managers

JOHN GUADAGNUOLO

Head of Fundamentals

Years with the group: 17

Years of Industry Experience: 24

Key Responsibilities:

John is the Portfolio Manager of the Ex-20 Australian Equities Model Portfolio and Managed Fund.

ANDREW HAMILTON

Head of Implementation

Years with the group: 24

Years of Industry Experience: 27

Key Responsibilities:

Andrew is the Deputy Portfolio Manager of the Ex-20 Australian Equities Model Portfolio and Managed Fund.

Platform availability

- BT Panorama
- Netwealth Wrap
- Macquarie Wrap
- Praemium
- Expand Extra
- PowerWrap

[2] Performance is based on the income and market value of the notional model portfolio. Investment returns for the Model Portfolio are based on a notional model portfolio constructed by Antares and are gross of administration (platform) and investment management fees and assume all dividends remain in the Model Portfolio.

[3] GICS - Global Industry Classification Standard % are absolute ie sector proportion of portfolio. Source: Antares Equities.

About Antares Equities

Antares Equities (Antares) is a specialist Australian equities manager. Since 1994, Antares has managed portfolios for wholesale, advised and direct investors through a suite of products including segregated mandates, investment funds and managed account models. Antares has A$5.7 billion (at 30 September 2024) under advice across a range of strategies including large capitalisation, concentrated, income and long-short. Antares believes in bottom-up stock picking. A consistent process and detailed, quality research executed by a highly experienced, stable and diverse team underpin this approach. The investment philosophy is based on the belief that markets can misprice stocks and these opportunities can be identified using the proven, proprietary Antares research process. Antares Equities is part of Antares Capital Partners Limited (ABN 85 066 081 114, AFSL 234483).

For further information please contact our Client Services Team - 1300 738 355