Antares High Growth Shares Fund (HGSF)

Long/short since 1999

Why long/short?

For investors seeking extra alpha who can take greater risk, a long/short strategy could be an attractive option.

Returns from falling prices	Increased alpha opportunities through both rising and falling prices.
Extends market exposure	A 125/25 fund can increase market exposure by almost 50% compared to a long only strategy.
Higher conviction	Ability to borrow to potentially enhance returns from high conviction ideas
Diversification	Increased market exposure means more stocks can be held.
Volatility hedge	By seeking to gain from short positions and offset losses in long positions.

Where can the strategy fit in portfolios

HGSF fits in the growth component of a diversified portfolio.

Complement/ Satellite to a passive or active core Australian equities holding	Adds a diversified active long/short component to an Australian equities portfolio.
Complement to a small or mid-cap portfolio	Provides liquidity that may not be available in small-cap portfolios.

Who is it designed for?

Antares High Growth Shares 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 a very high level of risk in exchange for the opportunity to earn higher potential returns. The Fund offers investors the potential for long-term capital growth and income through a range of investment strategies such as short selling, enhanced long positions and active and opportunistic trading such as pairs trading.

Fund features

Inception: December 1999

Objective/BM: The Fund's objective is to outperform (after management fees) the 'Benchmark' (S&P/ASX 200 Total Return Index) over rolling five year periods

Management style: diversified, style agnostic

Recommended time frame:
The strategy is designed for investors who are looking to make a medium to long-term investment, with at least a 5-year timeframe.

Fees:
Management fees: 1.05% pa
Performance fees: 20% of the Fund's net performance in excess of the performance hurdle (benchmark return +5% pa)

Number of holdings: 50–70 stocks (including shorts)

APIR Code Managed Fund:
PPL0106AU

Platform availability:
Asgard, BT Panorama, Clearview, CFS First Wrap, Expand Extra, HUB24, Macquarie Wrap, MLC Masterkey Fundamentals, Netwealth Wrap, North, Praemium, PowerWrap, uXchange Voyage

About HGSF

HGSF is a long/short, diversified portfolio of 50 to 70 stocks. The Fund aims to deliver long term capital growth and has a track record through different market cycles since 1999. The portfolio management team have worked together for more than 20 years and draw on Antares 30 years' experience as research focused stock pickers.

Key points:

	125/25 : The Fund can hold up to 25% short positions and employs a range of different shorting strategies to enable investment into high conviction ideas and provide up to a 150% market exposure
	Experience and track record: The portfolio management team have worked together for over 20 years and the strategy has 25 years history.
	Simple, transparent and repeatable investment process built on fundamental research.

What is short selling (shorting)

Shorting involves borrowing a security and selling it, with the intention of buying it back at a lower price in the future and paying back the stock. E.g. you could short 100 shares of XYZ trading at $60, thereby generating $6,000. If XYZ falls to $40, you can buy the 100 shares you owe for $4,000 thus generating a gain of $2,000.

This price arbitrage can be used to:

- generate returns in declining securities/markets
- provide a hedge to a long security or market exposure, and
- increase return potential using leverage.

Being able to short sell means that equity market exposure may exceed 100% of the Fund's NAV. This means the impact of investment decisions, along with the potential for profit or loss, is greater than traditional long-only funds.

How does HGSF employ trading strategies to enhance returns?

There are three basic types of shorts we use:

1 **Pairs** – shorts are "paired" or matched with a long position. Generally, where two stocks have a high and positive historical correlation, opportunities can arise when a discrepancy occurs in the correlation. A "pairs" trade is implemented with a view the correlation will once again re-assert itself.

2 **Tactical shorts** are implemented with a short-term mindset to changes in outlook based on fundamental or technical analysis. Given the short term and dynamic nature of these investments, risk monitoring control is critical.

3 **Structural shorts** are longer dated opportunities arising from our fundamental research view leading us to conclude there is a mismatch between our view and the market price. It may include ESG risks or a flaw in the business model of the company.

Portfolio Manager and Head of Equities
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