



Product Viewpoint

Antares Income Fund

ISSUE DATE 30-09-2022

Key information

APIR CODE	PPL0028AU
STATUS	OPEN
ASSET CLASS	FIXED INTEREST
SECTOR	ALTERNATIVE INCOME
PRODUCT TYPE	WHOLESALE
LEGAL TYPE	UNIT TRUST
PDS OBJECTIVE	THE FUND AIMS TO PROVIDE REGULAR INCOME AND A RETURN (AFTER FEES) THAT EXCEEDS THE BENCHMARK OVER ROLLING THREE-YEAR PERIODS.
FUND SIZE	\$227.47M
MINIMUM INITIAL / ADDITIONAL INVESTMENT	\$20,000 / \$1,000
MINIMUM INVESTMENT BALANCE	-
DISTRIBUTION FREQUENCY	QUARTERLY

Fees & costs

MANAGEMENT COSTS	0.29% P.A.
ICR % PA	0.33%
BUY SPREAD / SELL SPREAD	0.05% / 0.05%

Returns after fees (at 31-5-2023)

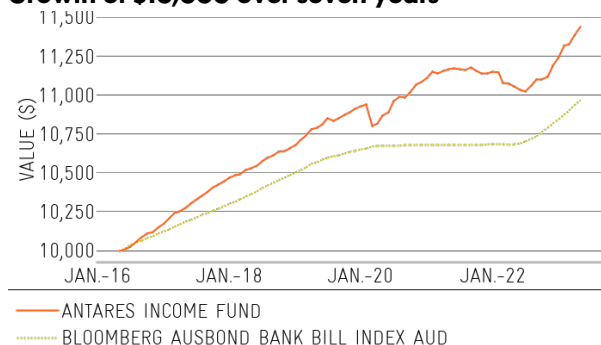
	1 YR	3 YR	5 YR	7 YR
TOTAL RETURN (% PA)	3.46	1.71	1.66	1.94
INCOME RETURN (% PA)	3.70	3.09	2.64	2.52
GROWTH RETURN (% PA)	-0.25	-1.37	-0.97	-0.58
LONSEC BENCHMARK (% PA)	2.64	0.91	1.14	1.33
EXCESS RETURN (% PA)	0.82	0.80	0.53	0.61

BENCHMARK USED: BLOOMBERG AUSBOND BANK BILL INDEX AUD

Asset allocation (at 31-5-2023)

	%ACTUAL	%MIN	%MAX	%TARGET
ALTERNATIVE ASSETS	-0.1	-	-	-
GLOBAL FIXED INTEREST	51.5	-	-	-
CASH	48.6	-	-	-

Growth of \$10,000 over seven years



What this Rating means

The 'Investment Grade' rating indicates that Lonsec has conviction the financial product can generate risk adjusted returns in line with relevant objectives. However, if applicable, Lonsec believes the financial product has fewer competitive advantages than its peers.

Lonsec Opinion of this Fund

Overall

Lonsec has maintained the Fund's 'Investment Grade' rating at its latest review. The rating is supported by Lonsec's regard for Head of Fixed Income Mark Kiely as an experienced investment professional with the ability to succeed Ken Hyman as the Lead Portfolio Manager of this Fund.

Lonsec would like to see greater consistency of excess returns against its Benchmark, although it is pleasing to witness tracking error to the Benchmark is as expected, and returns have been broadly aligned with Alternative Income peer median returns. Lonsec will continue to monitor the integration of recent additions Wilson, Yuan and Gudov into the team.

Strengths

- The Fund's Head of Fixed Income and Lead Portfolio Manager, Mark Kiely is highly experienced and a capable investment professional.
- The Fund has a strong focus on capital preservation.
- The investment process is repeatable and has been refined over several years.
- Low management fee, relative to peers.

Weaknesses

- The Fund's investment performance is not consistently meeting the outperformance objective, though returns are aligned with the Alternative Income peer median returns at a lower risk profile than peers.
- Bottom-up credit research effort is not as well resourced as peers.
- Key person risk in Kiely is heightened as Portfolio Manager Ken Hyman transitions to retirement.
- While the team has expanded, more time is required to assess the integration of Portfolio Manager Gillian Wilson, Assistant Portfolio Manager Carol Yuan, and Credit Analyst Filip Gudov into the team.

ANALYST: IAN CANNON | APPROVED BY: RAFIQ KHAN

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Product Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK		●	
CAPITAL VOLATILITY		●	
CREDIT RISK			●
FOREIGN CURRENCY EXPOSURE		●	
INTEREST RATE (DURATION) RISK	●		
LEVERAGE RISK	●		
REDEMPTION RISK	●		
SECURITY CONCENTRATION RISK		●	
SECURITY LIQUIDITY RISK		●	

Risk categories are based on Lonsec’s qualitative opinion of the risks inherent in the financial product’s asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

ESG BiOmetric

LOW	MODERATE	HIGH
	●	

What is this Fund?

The Antares Income Fund (the ‘Fund’) seeks to provide regular income and outperform the Bloomberg AusBond Bank Bill Index by 0.8% – 1% p.a. after fees over rolling three-year periods. Capital preservation and maintaining strong liquidity are also key objectives of the Fund.

The Fund may invest in a broad range of securities and derivatives, either directly or through funds managed by Antares, including government and government-related bonds, corporate bonds, mortgage-backed and asset-backed securities, hybrid and convertible securities, cash and short-term securities.

Using this Fund

Lonsec notes the Manager has produced a Target Market Determination (‘TMD’) which forms part of the Responsible Entity’s Design and Distribution Obligations for the Fund. Lonsec has collected the TMD provided by the Manager and notes this should be referred to for further details on the Target Market Summary, Description of Target Market and Review Triggers.

Suggested Lonsec risk profile suitability



For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

Manager Profile

MLC Asset Management Pty Ltd, trading as Antares Fixed Income (the ‘Manager’ or ‘Antares’), is a specialist fixed income and cash manager. The Manager had \$27.9bn in fixed income assets under management as at 30 June 2022.

Top 10 holdings

NAME	WEIGHT %
NO TABLE DATA	

TOP 10 HOLDINGS DATA IS NOT AVAILABLE FOR THIS PRODUCT, PLEASE CONTACT THE PRODUCT PROVIDER.

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Antares Income Fund

Glossary

[Click here for the glossary of terms.](#)

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