

Antares Income Fund

Rating issued on 30 Jun 2025 | APIR: PPL0028AU | mFund: ANT01

Investment objective

To outperform the Bloomberg AusBond Bank Bill Index by 0.80% p.a. to 1.00% p.a. (post-fees) over rolling three-year periods.

| | |
|-------------------------|--|
| Manager | Antares Fixed Income |
| Distributor | MLC Asset Management |
| Sector | Australian Fixed Interest \ Corporate Debt |
| Investment Style | Active |
| RI Classification | Integrated |
| Absolute Risk | Moderate |
| Relative Risk | Active - Benchmark Aware |
| Investment Timeframe | 5-6 Years |
| Zenith Benchmark | Bloomberg AusBond Bank Bill Index |
| Min Investment Amount | \$20,000 |
| Redemption Frequency | Daily |
| Income Distribution | Quarterly |
| Fund Size (31 May 2025) | \$250.16M |
| Management Cost | 0.29% p.a. Incl. GST |
| Performance Fee | N/A |
| Buy / Sell Spread | 0.05% / 0.05% |
| Inception Date | 31 Oct 2013 |

Fund facts

- Designed to provide regular income while preserving capital
- Conservative offering with low volatility (as measured by Standard Deviation)
- Competitive management fee of 0.29%

Viewpoint

The Fund, managed by Sydney-based Antares Fixed Income (Antares) and distributed by MLC Asset Management, provides exposure to a portfolio of domestically-focused cash and credit-based fixed income securities. Combining a top-down, scenario-based approach with bottom-up security selection, Antares seeks to produce a stable return profile with a focus on capital preservation. Zenith maintains a favourable view of the investment team and acknowledges an improved ability to balance generating competitive returns with capital preservation. Whilst our conviction in the Antares team continues to strengthen, we believe it is prudent to allow a period of observation to fully assess the implications of any change in ownership of its parent, Insignia Financial Ltd, which has been the subject of significant private equity interest.

The investment team comprises eight investment professionals, and is led by Mark Kiely, Head of Antares Fixed Income, who is ultimately responsible for all fixed income portfolios. In Zenith's opinion, Kiely is a highly experienced portfolio manager, with sound skills across duration positioning and managing portfolios with a focus on downside protection. He is also supported by Gillian Wilson, Portfolio Manager, who has a deep quantitative background and international markets experience.

Antares employs a five-step investment approach with an emphasis on top-down analysis. The process includes macro analysis, creation of economic scenarios, pricing of asset classes under each scenario, scenario ranking and finally strategy implementation. Under each scenario, the team determines 'fair value' pricing for each of the major fixed income sub-asset classes which is then compared to the prevailing market pricing.

The portfolio is managed on a holistic basis using a combination of internally-managed funds and directly-held positions. Antares allocates to an internal Short Duration Credit Fund (0% to 100%) and Enhanced Cash Trust (0% to 100%) and complements these holdings with 'directly held' securities. The latter can include individual securities, Credit Derivatives and span investment grade and high yield bonds. Kiely as the Lead Portfolio Manager is ultimately responsible for portfolio positioning and performance.

The Short Duration Credit Fund generally represents the largest underlying allocation, noting its comparable return objective and investment philosophy to the Fund. Subject to the team's assessment of the macro environment, scenario outcomes and pricing of asset classes, the allocation to the Short Duration Credit strategy is managed on a dynamic basis and reflective of the team's assessment of risk. In more volatile periods, the Enhanced Cash Trust is used as a buffer against market volatility and to preserve the Fund's defensive capital preservation profile.

Zenith highlights that despite the inter-funding approach, the Fund is managed on a holistic basis, with the portfolio management team monitoring the aggregate risk positioning. Further, the flexibility to allocate between 'beta building blocks' and directly held positions, allows the team to manage risk at a granular level and express relative value views across sub-sectors.

Overall, Zenith considers the portfolio construction approach to be sound, seeking to balance the achievement of the Fund's targeted returns and capital preservation.



Fund analysis

Fund characteristics

| Constraint | Value |
|---------------------------------|--------------------------------|
| Duration | Max: 0.5 Yrs |
| Spread duration | Max: 3.5 Yrs |
| Sub-investment grade securities | Max: 20% |
| Major Australian bank exposure | Max: 25% to individual issuers |

Investment objective and philosophy

Antares aims to provide regular income and a return (after fees) that exceeds the Benchmark over rolling three-year periods. In terms of return objective, Antares seeks to outperform the Bloomberg AusBond Bank Bill Index by 0.8% p.a. to 1.0% p.a. (post-fees) over the same horizon. Notwithstanding this, Antares highlights that preservation of capital and maintaining liquidity are the core priorities, with performance an outcome after meeting these considerations.

The Fund is managed with a broad mandate and may invest across a range of securities and derivatives, directly or through internally-managed vehicles. Regarding the latter, these include the Short Duration Credit and Enhanced Cash Funds, with exposure to each permitted to range from 0% to 100%. Zenith notes that these sub-funds provide efficient exposure to a core Fixed Interest portfolio.

The process is based on the belief that markets are inherently inefficient. As such, Antares believe there exist opportunities to identify and systematically exploit mispricings through adherence to an active and predominantly top-down investment approach.

Antares employs a five-step investment approach with an emphasis on top-down analysis. The process includes macro analysis, creation of economic scenarios, pricing of asset classes under each scenario, scenario ranking and finally, strategy implementation.

The process begins with macroeconomic analysis to derive an economic outlook for global markets (United States, Europe and Asia) and its implications for the Australian economy. While this process takes place formally on a monthly basis at a strategy meeting, team discussions are ongoing with additional meetings held as required. When formulating the outlook, team members are expected to contribute their individual views. To facilitate this process, a standard set of data is presented at this meeting with a focus on the United States and Australia.

Using this analysis, the team decides on the most likely potential economic scenarios over a 6 to 12 month horizon. This process starts with a core set of five scenarios and allows for a couple of additional scenarios depending on the current environment (stagflation scenario for example). Under each scenario, the team determines 'fair value' pricing for each of the major Fixed Income sub-asset classes (bonds, credit, inflation-linked bonds), which is then compared to the prevailing market pricing. Where an opportunity exists, a position/trade will be proposed subject to risk and diversification considerations.

Antares uses a probability-weighted approach, with the lead portfolio manager assigned the highest weighting, combined

with each team member's individual assigned probabilities to determine the final probability for each scenario. Zenith is supportive of Antares' approach, which ensures that the views of Kiely drive the portfolio's top-down positioning yet still leverages the input of the broader team. Using these probability-weighted scenarios the team develops fair values for each sub-sector. These are then compared to current pricing and act as a guide for portfolio positioning.

Overall, Zenith considers Antares' top-down process to be well-structured and applied in a disciplined manner.

Portfolio applications

The term 'Corporate Debt' refers to debt securities issued by Non-Government entities. These may include short term money market instruments and longer dated bonds, issued on fixed or floating terms. Corporate Debt traditionally offers a yield premium to equivalently tenured (and structured) government or agency issued securities, the extent of which will reflect the market's perception of an issuer's risk of default.

Antares aims to provide investors with a regular income stream while seeking to preserve capital. To achieve this Antares invests in predominantly floating rate assets, actively manages the credit exposure of the portfolio and where appropriate, uses credit derivatives to mitigate downside risk.

From a portfolio perspective, the Fund may be suitable as a component in the income portion of a well-diversified portfolio. The Fund is considered appropriate as a satellite exposure to domestic fixed interest and for blending with international fixed interest strategies to produce a more balanced set of investment outcomes.

Notwithstanding the more conservative nature of the Fund, there is potential for moderate to high levels of volatility, with the possibility of capital loss. Zenith recommends taking a medium to long-term investment time frame. We caution against the Fund being used by investors with short-term liquidity needs.

Fund responsible investment attributes

| Key Information | Description |
|-----------------------------------|--------------|
| Zenith RI classification* | Integrated |
| Has Responsible Investment Policy | Yes |
| Negative screens** | Full/Partial |
| Tobacco | Full |
| PRI Status | |
| PRI Signatory | Yes |

*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact



***Data has been supplied by third parties. While such information is believed to be accurate, we do not accept responsibility for any inaccuracy in such data.*



Absolute performance

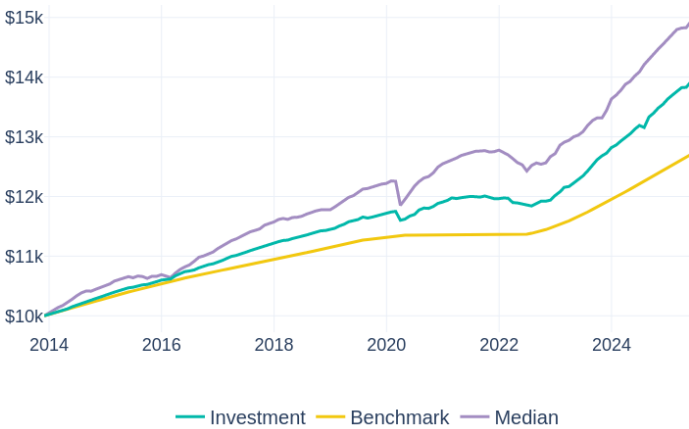
Performance as at 31 May 2025

Monthly performance history (% , net of fees)

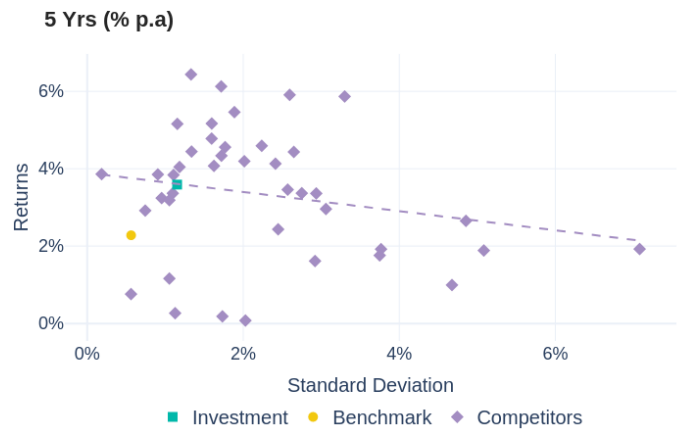
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | BM YTD* |
|------|-------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|-------|-------|---------|
| 2025 | 0.50% | 0.46% | 0.43% | 0.04% | 0.68% | | | | | | | | 2.13% | 1.78% |
| 2024 | 0.33% | 0.50% | 0.46% | 0.49% | 0.61% | 0.48% | -0.26% | 1.33% | 0.49% | 0.65% | 0.46% | 0.65% | 6.35% | 4.47% |
| 2023 | 0.51% | 0.62% | 0.11% | 0.48% | 0.47% | 0.51% | 0.69% | 0.83% | 0.66% | 0.51% | 0.36% | 0.73% | 6.68% | 3.89% |
| 2022 | 0.09% | -0.03% | -0.61% | -0.05% | -0.16% | -0.16% | -0.10% | 0.35% | 0.33% | 0.00% | 0.15% | 0.66% | 0.44% | 1.25% |
| 2021 | 0.24% | 0.34% | -0.10% | 0.13% | 0.10% | 0.08% | -0.04% | -0.06% | 0.16% | -0.24% | -0.14% | 0.01% | 0.47% | 0.03% |

*Bloomberg AusBond Bank Bill Index

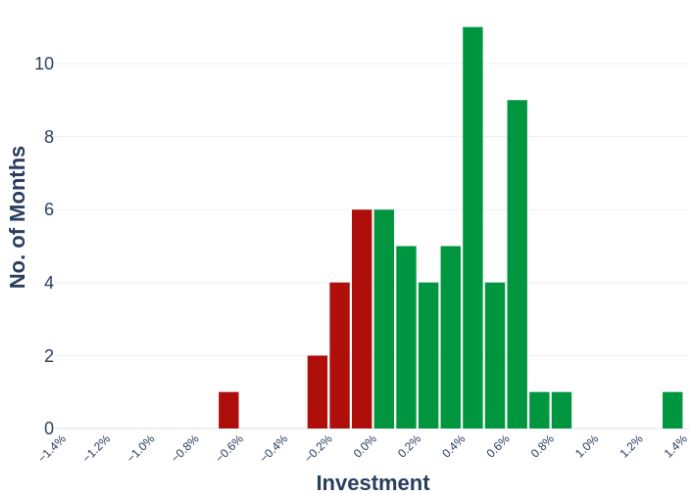
Growth of \$10,000



Risk / return



Monthly histogram



Minimum and maximum returns (% p.a.)





Absolute performance analysis

| Instrument | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Inception |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| Investment | 6.07% | 5.46% | 3.59% | 2.89% | 2.92% |
| Income | 3.94% | 4.11% | 3.57% | 2.87% | 2.81% |
| Growth | 2.13% | 1.35% | 0.02% | 0.02% | 0.11% |
| Benchmark | 4.42% | 3.79% | 2.28% | 2.02% | 2.10% |
| Median | 6.53% | 6.03% | 4.36% | 3.43% | 3.55% |
| Cash | 4.42% | 3.79% | 2.28% | 2.02% | 2.10% |

Ranking within sector (p.a.)

| Ranking within Sector | 1 Yr | 2 Yrs | 3 Yrs | 5 Yrs |
|-----------------------|---------|---------|---------|---------|
| Fund Ranking | 21 / 39 | 22 / 38 | 19 / 36 | 19 / 32 |
| Quartile | 3rd | 3rd | 3rd | 3rd |

Absolute risk

| Instrument | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Inception |
|------------------------------------|-------|-------|-------|--------|-----------|
| Standard Deviation (% p.a.) | | | | | |
| Investment | 1.25% | 1.03% | 1.15% | 0.99% | 0.93% |
| Benchmark | 0.05% | 0.28% | 0.56% | 0.42% | 0.39% |
| Median | 0.75% | 1.31% | 1.41% | 1.63% | 1.54% |
| Downside Deviation (% p.a.) | | | | | |
| Investment | 0.26% | 0.19% | 0.35% | 0.47% | 0.44% |
| Benchmark | 0.00% | 0.00% | 0.01% | 0.01% | 0.00% |
| Median | 0.00% | 0.49% | 0.56% | 1.12% | 1.05% |

Absolute risk/return ratios

| Instrument | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Inception |
|-----------------------------|----------|-------|-------|--------|-----------|
| Sharpe Ratio (p.a.) | | | | | |
| Investment | 1.31 | 1.62 | 1.14 | 0.88 | 0.88 |
| Benchmark | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Median | 2.81 | 1.70 | 1.47 | 0.86 | 0.94 |
| Sortino Ratio (p.a.) | | | | | |
| Investment | 6.33 | 8.89 | 3.77 | 1.84 | 1.85 |
| Benchmark | NaN | NaN | 0.00 | 0.00 | 0.00 |
| Median | infinity | 4.59 | 3.75 | 1.26 | 1.38 |

Zenith benchmarks funds in the 'Australian Fixed Interest - Corporate Debt' peer group against the Bloomberg AusBond Bank Bill Index. While this benchmark may not be consistent with the one adhered to by all rated participants, it has been adopted to provide investors with a common reference point against which similarly structured strategies may be assessed.

Antares aims to outperform the Bloomberg AusBond Bank Bill Index by 0.8% to 1.0% p.a. (post-fees) over rolling three-year periods.

The following commentary is current as at 30 April 2025.

The Fund has met its return objective over the longer term. On a peer relative basis, the Fund has had mixed success, ranking in the upper quartiles over the short-term and lower quartiles over the longer-term.

Zenith notes that Antares places strong emphasis on capital preservation and avoiding sustained drawdowns. By consequence, it may at times be positioned more conservatively than that of peers.



Relative performance

Excess returns

| Statistic | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Inception |
|----------------------------|--------|--------|--------|--------|-----------|
| Excess Return | 1.64% | 1.67% | 1.31% | 0.87% | 0.82% |
| Monthly Excess (All Mkts) | 83.33% | 77.78% | 70.00% | 70.83% | 73.19% |
| Monthly Excess (Up Mkts) | 83.33% | 77.78% | 71.93% | 71.79% | 74.07% |
| Monthly Excess (Down Mkts) | 0.00% | 0.00% | 33.33% | 33.33% | 33.33% |

Capture ratios (% p.a.)

| Statistic | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Inception |
|------------------|---------|---------|----------|----------|-----------|
| Downside Capture | 0.00% | 0.00% | -293.49% | -293.49% | -293.49% |
| Upside Capture | 136.17% | 142.89% | 155.82% | 142.10% | 138.01% |

Tracking error (% p.a.)

| Instrument | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Inception |
|------------|-------|-------|-------|--------|-----------|
| Investment | 1.25% | 0.92% | 0.90% | 0.83% | 0.78% |
| Median | 0.74% | 1.19% | 1.23% | 1.54% | 1.45% |

Information ratio

| Instrument | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Inception |
|------------|------|-------|-------|--------|-----------|
| Investment | 1.32 | 1.81 | 1.45 | 1.05 | 1.05 |
| Median | 2.86 | 1.87 | 1.70 | 0.91 | 1.00 |

Beta statistics

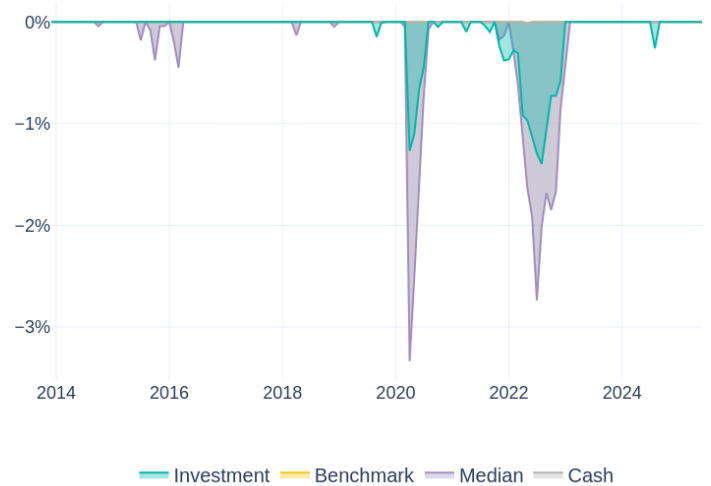
| Statistic | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Inception |
|-------------|------|-------|-------|--------|-----------|
| Beta | 4.36 | 1.82 | 1.31 | 1.34 | 1.31 |
| R-Squared | 0.03 | 0.25 | 0.41 | 0.32 | 0.31 |
| Correlation | 0.17 | 0.50 | 0.64 | 0.56 | 0.56 |

All commentary below is at 30 April 2025.

Zenith seeks to identify funds which can outperform their index in greater than 50% of months, as we believe this represents a persistence of manager skill. Antares has demonstrated an ability to outperform the Zenith assigned benchmark in all market conditions over various periods of assessment.

Drawdown analysis (since inception)

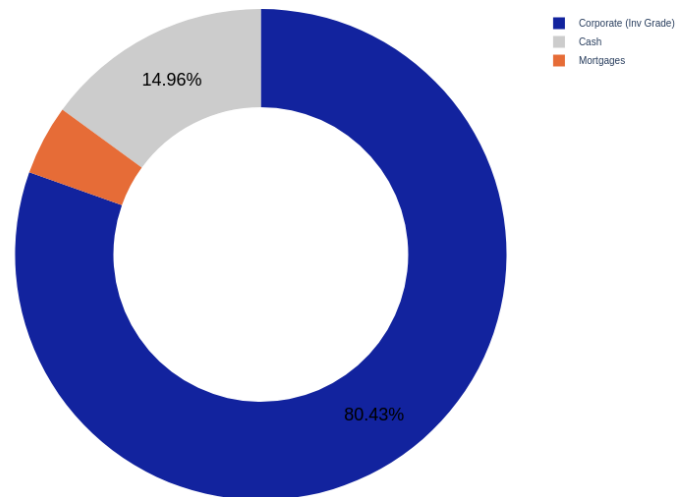
Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



All commentary below is at 30 April 2025.

The Fund has historically experienced limited drawdowns, consistently smaller than those of its rated peers. Its largest drawdown of -1.40% occurred in July 2022, coinciding with the global interest rate tightening cycle led by central banks.

Fixed interest sector holdings





Fund commentary

Fund risks

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

Key person risk: As the Head of Antares Fixed Income, the loss of Kiely would be deemed material and would warrant a reassessment of our rating.

Performance risk: Antares has a long track record in managing Short Duration Credit and Cash Enhanced portfolios. Notwithstanding this, the team have struggled to meet the Fund's excess return objective, when managed on an aggregate basis. In our opinion, the firm's focus on capital preservation philosophy, could potentially impact its ability to meet the Fund's return objective.

Sub-investment grade risk: By its nature and as reflected by its rating, sub-investment grade debt has a higher potential of default. Although investors have historically been compensated, in the form of excess returns, for defaults in the broader asset class, there is potential for the strategy to experience more defaults than the broader market. Additionally, defaults tend to cluster in certain years and therefore investors should expect periodic episodes of higher defaults.

Currency hedging risk: The Fund can invest in non-AUD securities on an unhedged basis. Therefore, movements in cross rates have the potential to impact performance and income distribution.

Security/asset selection

The Fund predominantly invests in locally denominated securities, however, the team is permitted to invest in non-AUD securities with the underlying position generally hedged back to Australian dollars.

Consistent with the broader investment approach, security selection is guided by top-down analysis. This analysis is structured to identify economic and industry themes that present potential risks and changes to the business environment. Bottom-up research, involving financial and qualitative analysis, is only conducted on these names, with a rating subsequently assigned to each issuer.

The internally derived credit view is then compared to external rating agencies. It is important to note that the purpose of bottom-up process is to avoid downgrades and defaults. Additionally, Antares conducts all credit research on the basis that securities will be held to maturity. The team also perform relative value analysis on preferred securities and sectors, to determine the points on an issuer's curve offering the most attractive carry and roll down. Zenith has reviewed a sample of credit research and believes it is of appropriate depth when assessed in a relative context.

In Zenith's view, the Fund's approach to security selection, combining top-down economic insights with detailed bottom-up credit analysis, effectively balances risk management and return potential in dynamic market conditions.

Responsible investment approach

Antares has an established Responsible Investment Policy, last updated in January 2025, that guides its investment decisions. In addition, Antares is a signatory of the United Nations Principles for Responsible Investment (PRI).

Included in Antares' research process is an assessment of several ESG factors, each assessed on a qualitative basis, culminating in an ESG credit impact score framework. This is then monitored at the portfolio level. Antares believes that the inclusion of ESG metrics provides an effective framework for analysing the long-term threats of an issuer (e.g. carbon intensive issuers and rising environmental awareness). The approach is focused on incorporating ESG within portfolio decisions where ESG considerations form part of the credit fundamental process. Where an issuer has been assessed to have an unsuitable qualitative ESG credit score, it may be excluded from their investable universe.

ESG exposure reports, including climate risk assessments and records of engagement with company management and issuers, are available quarterly upon request for clients.

In our view, Antares' ESG integration approach is measured and appropriately embedded within the credit research process.

Portfolio construction

Antares manages the portfolio on a holistic basis using a combination of internally-managed funds and directly-held positions. As detailed earlier, Antares allocates to an internal Short Duration Credit Fund (0% to 100%) and Enhanced Cash Trust (0% to 100%) and complements these holdings with 'directly held' securities. The latter can include individual securities, credit derivatives and span investment grade and high yield bonds. Kiely as the Lead Portfolio Manager is ultimately responsible for portfolio positioning and performance.

The following section includes a summary of each of the underlying funds/strategies.

- **Antares Enhanced Cash Trust** - aims to outperform the Bloomberg AusBond Bank Bill Index by 0.50% p.a. by investing in a range of investment grade bonds, floating rate notes and money market securities issued by banks, corporates and residential mortgage-backed securities. The Fund is intended to maintain a high level of liquidity and provide moderate yield enhancement (credit risk).
- **Antares Short Duration Credit Fund** - aims to outperform the Bloomberg AusBond Bank Bill Index by 1.25% p.a. by investing in a portfolio of corporate bonds, floating rate notes and money market instruments, with all securities required to be rated investment grade and above (as defined by Standard and Poors). Compared to the Enhanced Cash Trust, the Fund has more capacity to assume credit and term risk.
- **Directly Held Securities** - includes a mix of individual corporate bonds (e.g. major subordinated bank debt or long-dated corporate positions) and credit derivatives.



The Short Duration Credit Fund generally represents the largest underlying allocation, noting its comparable return objective and investment philosophy to the Fund. Subject to the team's assessment of the macro environment, scenario outcomes and pricing of asset classes, the allocation to the Short Duration Credit strategy is managed on a dynamic basis and reflective of the team's assessment of risk. In more volatile periods, the Enhanced Cash Trust is used as a buffer against market volatility and to preserve the Fund's defensive capital preservation profile.

The allocation to directly held securities is actively managed through the cycle, reflecting the team's appetite for risk. For example, if the team is constructive on credit markets and seeks to increase the yield, sector exposure and idiosyncratic risk, directly held securities will be added to the portfolio.

Zenith highlights that despite the inter-funding approach, the Fund is managed on a holistic basis, with the portfolio management team monitoring the aggregate risk positioning of the Fund. Further, the flexibility to allocate between 'beta building blocks' and directly held positions, allows the team to manage risk at a granular level and express relative value views across sub-sectors. While the approach has the potential to be less efficient (relative to a standalone portfolio), in our opinion, Antares effectively combines each of the underlying portfolios.

With regard to the Fund's allocation to sub-investment grade securities, positioning is driven by the firm's top-down views and its assessment of fair value in each of the respective markets. This includes investing at pre-defining spread or technical levels based on historical ranges and/or what the team considers attractive value.

Zenith considers the portfolio construction approach to be sound, seeking to balance the achievement of the Fund's targeted returns and capital preservation.

Risk management

The Fund has a number of portfolio constraints at the aggregate portfolio level. In addition, the underlying funds have their own sets of constraints.

Identifying and mitigating risk is an outworking of Antares' top-down scenario-based research and its bottom-up security selection process. Furthermore, Antares has a proven ability in deploying derivative overlays to protect capital during challenging credit environments.

Antares utilises two complementary risk systems to monitor and manage the Fund's investment risks, (e.g. third-party software Bloomberg Port and in-house developed, Risk Matrix). Risk Matrix is used to provide an overview of the portfolio's primary risk metrics (e.g. credit duration, maturity profile, exposure to the Big Four banks and second tier banks). Whereas, Bloomberg Port allows for more granular risk analysis (e.g. risk contribution of individual securities), the calculation of various risk metrics (e.g. Value-at-Risk, ex-ante Tracking Error) and is also used for attribution.

Overall, Zenith believes Antares' approach to risk management is comprehensive and well entrenched within the culture of the team.

Investment fees

| | Fund | Sector Average |
|------------------------------------|---------------|----------------|
| Total Fees and Costs (RG 97) | 0.29% p.a. | 0.48% p.a. |
| Management Fees and Costs | 0.29% p.a. | 0.47% p.a. |
| Transaction Costs | 0.00% p.a. | 0.00% p.a. |
| Performance fees as at 30 Jun 2024 | 0.00% | 0.03% |
| Performance fees description | N/A | |
| Management Cost | 0.29% p.a. | 0.48% p.a. |
| Buy / Sell spread | 0.05% / 0.05% | 0.07% / 0.07% |

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

The sector average cost is based on the average management cost of all flagship 'Australian Fixed Interest - Corporate Debt' funds surveyed by Zenith.

Zenith considers the cost structure of the Fund to be highly competitive relative to peers.

(The fees mentioned in this report reflect the flagship version only. Fees may differ when the product is accessed through an alternate investment vehicle such as a platform).

About the fund manager

Organisation

Antares is a wholly-owned subsidiary of Insignia Financial Ltd (Insignia), operating within MLC Asset Management (MLCAM), the specialist asset management business of MLC. MLCAM comprises wholly-owned asset management businesses and independent investment managers.

Insignia's strategic position as a major player in Australia's superannuation industry has attracted significant private equity interest. While a change in ownership is not expected to have a direct impact on the ongoing focus and operation of the Fund, we believe it is prudent to allow a period of observation to fully assess the implications of any strategic or organisational changes that may follow.

As at 30 April 2025, approximately \$A 27.1 billion was managed by Antares Fixed Income, which included approximately \$A 243 million in the Fund.

Investment personnel

| Name | Title | Industry Experience (yrs) | Tenure (yrs) | Location |
|----------------|------------------------------|---------------------------|--------------|-------------------|
| Mark Kiely | Head of Antares Fixed Income | 29 | 32 | Sydney, Australia |
| Gillian Wilson | Portfolio Manager | 21 | 3 | Sydney, Australia |



| Name | Title | Industry Experience (yrs) | Tenure (yrs) | Location |
|-------------|-----------------------------|---------------------------|--------------|-------------------|
| Carol Yuan | Assistant Portfolio Manager | 15 | 3 | Sydney, Australia |
| Tano Pelosi | Portfolio Manager | 29 | 21 | Sydney, Australia |
| Steven Lee | Assistant Portfolio Manager | 25 | 18 | Sydney, Australia |
| Ken Hyman | Investment Manager | 51 | 35 | Sydney, Australia |

The investment team comprises eight investment professionals, and is led by Mark Kiely, Head of Antares Fixed Income, who is ultimately responsible for all fixed income portfolios. Kiely assumed the role in early 2020, following the transition of Ken Hyman to a part time, advisory role. Kiely has over 29 years of experience, the majority of which has been with Antares.

In Zenith's opinion, Kiely is a highly experienced portfolio manager, with deep skills across duration positioning and managing institutional mandates within tight guidelines, often stipulated by regulatory authorities such as Australian Prudential Regulatory Authority (APRA).

Hyman joined Antares in 1989 (including its earlier predecessors). His involvement has reduced overtime, to now working one day a week as he transitions to retirement.

Operating within a flat structure, the team is divided across functional lines, with all members contributing to the management of a range of strategies spanning cash, short and long duration, inflation and asset/liability investing.

Responsibility for the Fund rests with Kiely, with support provided by several members of the team. Specifically Gillian Wilson, Portfolio Manager and Carol Yuan, Assistant Portfolio Manager, having input into credit decisions along with undertaking bottom-up credit research.

Wilson joined Antares in September 2021 from Dimensional Fund Advisors where she managed Dimensional's Australian Fixed Income Desk. Yuan joined in February 2022 from Perpetual Asset Management, where she was responsible for bottom-up credit research.

Zenith considers Wilson's deep quantitative background and international markets experience to be valuable to the broader skillset of the Antares team. In our opinion, Wilson and Yuan provide complementary support to Kiely, with their respective skills spanning portfolio management, credit research and trading and execution.

Team remuneration consists of a base salary and bonus (deferred for between one and two years), with the bonus linked to the performance of key portfolios over which each team member has greatest responsibility/input. In addition, each member has some linkage to the broader performance of all portfolios. The team also participates in the Antares' profit share scheme which focuses primarily on net revenue generated from external business.

In sum, Zenith considers the level of resourcing to be sound and well-calibrated to the breadth and complexity of strategies

managed. Going forward, it's important that Kiely manages the structure and balance of the team, noting the high level of experience across the senior members of the team and potentially limited pathways for career progression.

About the sector

Sector characteristics

The Zenith 'Australian Fixed Interest – Corporate Debt' sector comprises long-only funds that primarily invest in investment grade corporate bonds, including kangaroo issues (bonds issued in Australia by foreign entities in AUD). Corporate bonds may be issued with both short and long-term maturities and can carry either fixed or floating interest rates. These bonds typically offer a yield premium (or spread) over government bonds of comparable maturity, reflecting the market's assessment of the issuer's credit and liquidity-related risk.

Within this market segment, fund mandates will often permit exposure to government issued debt, for the purpose of risk management. These exposures can be accessed through physical holdings or synthetic instruments, such as bond futures contracts. Additionally, managers may invest in securities issued by government agencies (e.g. state and local governments) and supranational organisations, particularly when such bonds offer an attractive yield pickup relative to government bonds.

The sector includes both benchmark-aware and benchmark-unaware strategies, with managers typically seeking to add value through sector allocation and bottom-up security selection.

Zenith benchmarks all funds in this category against the Bloomberg AusBond Bank Bill Index, which is also used by most managers in this segment. However, it is worth noting that this index is more commonly applied to passively managed, short-term cash portfolios. The Index consists of 13 equally weighted bank bills, each maturing at seven-day intervals, resulting in an average term to maturity of approximately 45 days.

Sector risks

Funds within the 'Australian Fixed Interest – Corporate Debt' sector are exposed to the following broad risks:

Market risk: Changes in economic, technological, environmental or political conditions and market sentiment may lead to a decline in general security prices and overall market volatility. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

Interest rate risk: Fixed interest securities are generally sensitive to changes in interest rates. An increase in interest rates may result in a fall in the value of these securities, while a decrease in interest rates can result in an increase in value.

Credit spread risk: In addition to being sensitive to general interest rate changes, non-government securities are also sensitive to changes in credit spreads (commonly the difference in yield between a government bond and a corporate bond). A widening of spreads results in a fall in the value of these securities.

Default risk: Given fixed interest securities represent loans to borrowers (including governments, banks and companies), there is a risk that these borrowers may default on interest or principal



repayments. Default risk is often reflected in credit ratings assigned by various credit agencies, which are subject to change.

Liquidity risk: Fixed interest markets can experience periods of illiquidity, which can result in difficulties in buying or selling securities without adversely impacting the price.

Derivative risk: Derivatives are commonly employed by fixed interest managers to hedge currency and other risks, and/or as an alternative to direct purchases or sales of underlying assets. There are multiple risks associated with the use of derivatives. For example, the value of the derivative may not move in line with the underlying asset, counterparties to the derivative may not be able to meet payment obligations or a particular derivative may be difficult or costly to trade.

Leverage risk: Many derivatives have a leverage component. While leverage offers the opportunity to magnify gains, it may additionally magnify losses. An associated risk with leverage and magnification of gains/losses is that the portfolio volatility may increase as a result. Investors need to be cognisant that the Fund may exhibit more volatility than one that is unlevered.

Administration and operations

| | |
|--------------------|-------------------------|
| Responsible Entity | MLC Investments Limited |
|--------------------|-------------------------|

Zenith rating

Report certification

Date of issue: 30 Jun 2025

| Role | Analyst | Title |
|-------------|------------|---|
| Analyst | Andrew Yap | Head of Multi Asset & Austn. Fixed Income |
| Sector Lead | Andrew Yap | Head of Multi Asset & Austn. Fixed Income |

Association & relationship

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Rating history

| As At | Rating |
|-------------|----------|
| 30 Jun 2025 | Approved |
| 13 Jun 2024 | Approved |
| 06 Jun 2023 | Approved |
| 31 May 2022 | Approved |

| As At | Rating |
|-------------|----------|
| 10 Jun 2021 | Approved |
| 28 May 2020 | Approved |
| 16 Mar 2020 | Approved |

Last 5 years only displayed. Longer histories available on request.

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.



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