

# Portfolio Profile

## Antares Dividend Builder



October 2020

### Fund description and investment return objective

The Fund is an actively managed portfolio of high yielding equities listed (or expected to be listed) on the Australian share market which aims to deliver regular dividend income and moderate capital growth.

The Fund's primary objective is to regularly deliver higher levels of dividend income on a tax effective basis than the Benchmark. The Fund's other objective is to achieve moderate capital growth in a tax effective manner over rolling five-year periods.

### Fund commentary

The annual income yield to 30 June 2020 for the Antares Dividend Builder Fund was 3.85% compared to the Benchmark's 3.21%. While recent dividends have been lower than last year, with some cancelled, we reiterate that it is our objective to deliver income in excess of our benchmark. The fund delivered a return of 4.1% (net of fees) for the month of October 2020.<sup>1</sup>

Australian shares provided a positive surprise with a modest gain in October. The Federal Budget's announcement of income tax cuts and investment allowances was positively received by investors. News that Melbourne's virus outbreak appeared to be contained with lockdown restrictions being gradually eased also assisted Australian share prices. Information Technology shares led the market buoyed by a takeover bid for Link Administration and another strong performance from Afterpay. Financial sector shares also surged with optimism that a supportive Federal Budget and Melbourne's revival would mitigate potential loan losses with business and housing loans deferrals. However the industrials and energy sectors disappointed.

Companies held by the Fund that paid dividends during October included Coca Cola Amatil, Nine Entertainment, Suncorp, Viva Energy and Wesfarmers.

Contributing to capital returns were overweight positions in Coca Cola Amatil (CCL) and Nine Entertainment (NEC) and the decision not to own CSL. Coca-Cola European Partners (CCEP) announced a conditional bid for CCL at \$12.75 per share by Scheme of Arrangement, representing a 28%+ premium to the one month volume weighted average CCL share price. NEC's share price has continued to rise post delivering its results in August. The market is recognising NEC's success in transforming a large proportion of its business to a digital subscription model. CSL held an investor briefing in mid-October which saw a subsequent fall in the share price.

Detracting from returns were overweight positions in Aurizon (AZJ) and Amcor (AMC) as well as an underweight holding in CBA. AZJ provided an update on its quarterly rail volumes that were weaker than the market may have expected, although at its full year results in August, AZJ had flagged that it anticipated a slow start to the year. The coal market is weak, with diminished demand in South East Asia as industrial production has struggled to accelerate post the COVID-induced disruptions. Further, while AZJ is trading at a substantial discount to its traditional earnings multiples, many investors are assessing the sustainability of its coal-linked business model.

After a strong run, AMC securities pulled back in October on no particular news. The banking sector rose strongly in October with the prospect of a loosening in the responsible lending laws and some hope that bad debts could be not as bad as feared.

Australia's economic data and survey measures continue to deliver mixed signals, with some bright spots. Employment and retail spending softened in September as Melbourne's virus lockdown weighed on activity. However there were some encouraging signs. Business surveys shows signs of stabilising while consumer sentiment rebounded in October with optimism that the virus was being contained. Late in the month there were signs that Victoria would significantly ease coronavirus restrictions as the number of new cases hit zero. More announcements were made about state borders opening and (one way) flights resumed with New Zealand. The mood was tempered by continuing trade issues with China and uncertainty about how the US election will play out.

### Portfolio facts

<b>Inception date:</b>	6 September 2005
<b>Fund size at 31 October 2020:</b>	\$129.4m
<b>Benchmark:</b>	S&P/ASX 200 Industrials Total Return Index
<b>Investment timeframe:</b>	At least 5 years
<b>Relative risk:</b>	High
<b>Relative return<sup>1</sup>:</b>	High

### Top 10 share holdings

as at 31 October 2020 (alphabetical order)

- Amcor
- ANZ Banking Group
- Coca-Cola Amatil
- GPT Group
- Medibank Private
- Metcash
- National Australia Bank
- Suncorp Group
- Telstra Corporation
- Westpac Banking Corporation

### Investment returns as at 31 October 2020<sup>1</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return <sup>4</sup> %	4.1	3.9	-16.5	-2.6	1.6	2.9	6.8	5.7
<b>Income yield as at 30 June 2020</b>								
Income yield <sup>2</sup> %			4.38	5.05	4.80	4.46	4.45	4.13
Benchmark yield <sup>3</sup> %			3.21	3.90	3.99	3.92	3.94	-

<sup>1</sup> 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.

<sup>2</sup> Calculated as the sum of the income yields over the period where the yield is income distributed during the period divided by the unit price (before fees) at the start of the distribution period.

<sup>3</sup> Calculated as the sum of the monthly returns of the S&P/ASX 200 Industrials Total Return Index minus the monthly returns of the S&P/ASX 200 Industrials Index (price index).

<sup>4</sup> Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

## Investor profile

Dividend Builder aims to provide investors with a stable, tax effective income stream through participating in the Australian sharemarket and investing in companies providing dividend growth. It may also act as an income stabiliser in investment portfolios, especially during shifting or uncertain markets.

## Investment details

<b>Minimum investment:</b>	\$20,000
<b>Minimum additional investment:</b>	\$5,000
<b>Income treatment:</b>	Quarterly
<b>Entry fee:</b>	Nil
<b>Exit fee:</b>	Nil
<b>Management fee:<sup>5</sup></b>	0.60% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).

<sup>5</sup>Certain sophisticated and professional investors or wholesale clients (as defined in the Corporations Act 2001 (Cth)) may be able to negotiate this fee by contacting Client Services.

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Oct 20
<b>Australian shares</b>	90%	100%	100%	99%
<b>Cash and cash equivalents</b>	0%	0%	10%	1%

## Franking levels

Year end	
30 June 2020	86.61%
30 June 2019	80.74%
30 June 2018	79.85%
30 June 2017	50.61%
30 June 2016	65.55%
30 June 2015	54.67%

## About Antares

Antares is a dedicated asset management business managing more than \$31.0bn on behalf of Australian investors, with \$4.0bn in Australian equities and more than \$27.0bn in fixed income (as at 30 September 2020).

At Antares we are wholly focused on delivering performance for investors through an investment approach underpinned by dedication, experience and discipline. We recognise and are ready for market uncertainty, and believe great performance is achieved through a focus on both risk and return. Antares consists of two divisions – Antares Equities (formerly Portfolio Partners and Aviva Investors) and Antares Fixed Income (formerly National Specialist Investment Management).

**For further information please contact our Client Services Team - Toll Free: 1800 671 849**

**Important information:** Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), is the Responsible Entity of, and the issuer of units in, the Antares Dividend Builder ARSN 115 694 794 ('the Fund'). An investor should consider the current Product Disclosure Statement and Product Guide for the Fund ('PDS') in deciding whether to acquire, or continue to hold, units in the Fund and consider whether units in the Fund is an appropriate investment for the investor and the risks of any investment. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This communication contains general information and may constitute general advice. This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. 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. Any projection or other forward looking statement ('Projection') in this report is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by ACP constitute ACP's judgement at the time of writing and may change without notice. ACP is a subsidiary of the National Australia Bank Limited group of companies ('NAB Group'). An investment in the Fund is not a deposit with or liability of National Australia Bank Limited ('NAB') or any other member of the NAB group of companies ('NAB Group') and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither ACP nor any other member of the NAB Group guarantees the repayment of your capital, payment of income or the performance of your investment. NAB does not provide a guarantee or assurance in respect of the obligations of ACP.

## Distribution history<sup>6</sup>

Quarter end	Cents per unit
30 September 2020	0.85
30 June 2020	0.54
31 March 2020	1.25
31 December 2019	1.07
30 September 2019	1.37
30 June 2019	1.82
31 March 2019	1.06
31 December 2018	1.13
30 September 2018	2.26
30 June 2018	1.07
31 March 2018	1.15
31 December 2017	1.39
30 September 2017	1.94
30 June 2017	4.55
31 March 2017	2.28
31 December 2016	2.36
30 September 2016	2.03
30 June 2016	3.25
31 March 2016	1.21
31 December 2015	1.65

<sup>6</sup>Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

## Distribution yield as at 30 June 2020

	1 year	3 years pa	5 years pa
<b>Distribution yield<sup>7</sup></b>	4.38%	5.05%	5.86%

<sup>7</sup> Calculated as the sum of income and capital gains distributed over the period divided by the unit price (before fees) at the start of the distribution period. Please Note: This calculation is not designed to be compared to the benchmark.