

Portfolio Profile

Antares Dividend Builder



September 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 -3.0% (net of fees) for the month of September 2020.¹

Australian shares performed poorly in September. The Energy sector recorded the largest falls on falling oil prices and expectations for asset write-downs as anti-carbon sentiment increases. Following a strong run over recent months, the Information Technology sector declined in line with a more cautious global appetite. Financial sector shares were also weak with concerns over rising doubtful debts as the 'Jobkeeper' and 'loan repayment deferral' programs taper off. The only significant bright spot in September was a small gain for the healthcare sector.

Companies held by the Fund that paid dividends during September included Alumina, Amcor plc, ANZ, APA Group, Aurizon, CBA, Coles, Iress, Medibank Private, Mirvac, Telstra and Viva Energy.

Contributing to capital returns were overweight positions in Nine Entertainment (NEC), Amcor plc (AMC) and Coca Cola Amatil (CCL). Since delivering its results in August, NEC has achieved greater market recognition of the transformation of a large proportion of its business to a digital subscription model. Amcor shares continued to find favour with investors. Demand for packaging remains strong and the weakness in the Australian dollar is supportive for companies with substantial offshore earnings. CCL shares have benefitted from the investor interest in sectors, including hospitality, that will open up post coronavirus-related closures.

Detracting from returns was an overweight position in Suncorp (SUN). The Fund did not own CSL or Transurban (TCL) which performed well during September. SUN shares were relegated from the S&P/ASX 20 during September. The insurance sector in general was weaker as investors questioned whether adequate provisions had been made for potential business interruption claims as a result of the coronavirus. CSL is seen as likely to benefit from the development of a coronavirus vaccine and also derives a high proportion of its earnings offshore, a positive given the Australian dollar's recent weakness. As the US and most of Australia returns to work, TCL's toll road volumes are expected to increase not only with the return of regular drivers, but with additional usage from commuters who are reluctant to use public transport in the wake of the coronavirus.

Australia's economic signals are mixed. On the plus side, the recent revival in employment continues, with August recording job gains of 111,000 and the unemployment rate edging down from 7.5% to 6.8%. Consumer sentiment also rebounded in September. Countering this is confirmation that the Australian economy is in a deep recession, with the economy contracting by 7% in the June quarter, the largest decline since quarterly data started in 1959. There was further bad news with retail spending falling 4.2% in August given Melbourne's virus lockdown. Some state borders are opening up but the majority remain closed, with 1 November (after the Queensland election) flagged as the possible opening for QLD/NSW. Victoria remains isolated.

In the US, it's not just the presidential election result, but its validity and timing that is creating uncertainty. President Trump's confirmation that he has coronavirus has added to confusion around how it will play out. While volatility appears to have diminished, uncertainty remains.

Investment returns as at 30 September 2020¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return ⁴ %	-3.0	-2.7	-21.0	-3.3	1.5	2.9	6.5	5.5
Income yield as at 30 June 2020								
Income yield ² %			4.38	5.05	4.80	4.46	4.45	4.13
Benchmark yield ³ %			3.21	3.90	3.99	3.92	3.94	-

¹ 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.
² 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.
³ 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).
⁴ Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

Portfolio facts

Inception date:	6 September 2005
Fund size at 30 September 2020:	\$132.2m
Benchmark:	S&P/ASX 200 Industrials Total Return Index
Investment timeframe:	At least 5 years
Relative risk:	High
Relative return¹:	High

Top 10 share holdings

as at 30 September 2020 (alphabetical order)

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

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

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

⁵Certain 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 30 Sep 20
Australian shares	90%	100%	100%	99%
Cash and cash equivalents	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 \$29.3bn on behalf of Australian investors, with \$4.1bn in Australian equities and more than \$25.2bn in fixed income (as at 30 June 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 history⁶

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

⁶Distribution 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
Distribution yield⁷	4.38%	5.05%	5.86%

⁷ 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.