

Monthly Performance Report April 2023

Fund description and investment return objective

The Fund is an actively managed portfolio of equities listed (or expected to be listed) on the Australian share market. It seeks to deliver regular tax-effective income by identifying and investing in companies with sustainable, and where possible, franked dividends, and provide moderate capital growth over rolling five year periods.

The Fund's benchmark is the S&P/ASX 200 Total Return Index.

Investment returns¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Distribution return ² %	0.0	0.6	5.7	4.9	4.8	5.8	5.6	5.9
Growth return ³ %	1.7	-0.7	-3.4	12.3	2.5	0.9	0.9	1.4
Total net return⁴ %	1.7	-0.1	2.3	17.2	7.3	6.7	6.5	7.3
Benchmark return %	1.8	-0.8	2.8	14.6	8.4	8.5	8.2	7.8
Net excess return %	-0.1	0.7	-0.5	2.6	-1.1	-1.8	-1.7	-0.5

¹ Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market.

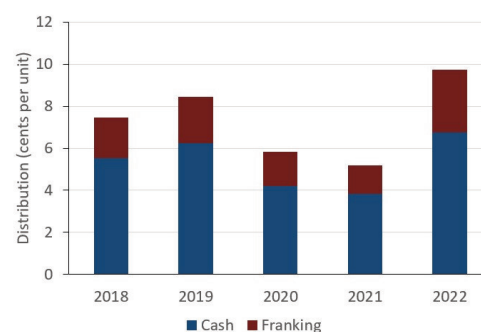
Investment commentary

Australian Shares made solid gains in April given the global share rebound and signals from the Reserve Bank for a pause in raising interest rates. The strongest gains were from the AREITs which benefitted from the lower rates and the Information Technology sector which followed its global peers higher. The Resources sector was dragged down by the Materials stocks as iron ore prices corrected on weak steel demand, but this was partly mitigated by gains in Energy and Gold stocks.

The annual distribution return to 30 April 2023 for the Antares Dividend Builder Fund was 5.7%. The fund delivered a total return of 1.7% (net of fees) for the month of April which compared to a return of 1.8% for the S&P/ASX200 Total Return Index. Dividends were received from CSL, Nine Entertainment, Orora, South32 and Woodside Energy during the month.

Contributing to the Fund's performance were overweight positions in CSR and Medibank Private (MPL) together with the decision not to own Rio Tinto (RIO). As a major supplier of building products, CSR has been seen as a beneficiary of the growing discussion that Australia has a housing shortage and a need to build more homes. The news that the Australian housing market has bottomed was also positive for sentiment. Investor interest in Medibank (MPL) shares has returned post the huge sell-off when the company announced it had been subject to a cyber security attack. Contrary to concerns that the attack on MPL would lead to a significant deterioration in policyholder numbers and earnings, MPL has been able to increase policy holder numbers and delivered a much stronger than expected 1H23 result. Despite some positive economic signals from China, steel demand was weak which saw iron ore and metals prices drop in April – as did RIO's share price.

Distribution history*



Sector allocation

GICS ⁵	%
Financials Ex Reits	35.1
Metals & Mining	17.4
Communication Services	10.3
Industrials	9.6
Energy	7.6
Materials Ex Metals & Mining	5.6
Consumer Staples	3.4
Consumer Discretionary	3.4
Health Care	3.0
Utilities	2.4
Real Estate	2.1
Information Technology	0.0

Detracting from performance were overweight holdings in BHP and South32 (S32) and an underweight position in CSL. BHP shares were also sold down on lower iron ore prices. S32 released its quarterly production report during the month revealing that wet weather across many of its operations had adversely impacted production and costs had increased. Although the company noted it achieved higher prices across most commodities and retained much of its full-year guidance the stock was sold down. CSL shares performed well on falling US plasma donor fees that are expected to translate to lower costs. There is also potential for CSL to gain additional donors following the closure of a number of plasma collection centres by a competitor. A positive response to a recent European investor tour by CSL may also have buoyed investor interest.

Australia's economy still appears to be softening. Despite the pause in rate rises in April, consumers have reasons to be cautious given still high inflation and the impact of higher interest rates, particularly for those coming off fixed rate mortgages onto variable rate mortgages. Although below previous quarterly increases, first quarter 2023 CPI rose by 1.4%, taking annual inflation to 7.0%. The job market remains resilient and the unemployment rate is still historically low, but caution prevails over confidence in regard to our outlook for 2023.

Top 10 share holdings

(alphabetical order)

- ANZ Group
- BHP Group
- Medibank Private
- Metcash
- National Australia Bank
- Suncorp Group
- Telstra Group
- Transurban Group
- Westpac Banking Corporation
- Woodside Energy Group

Investor profile

Dividend Builder aims to provide investors with a regular, tax effective income stream through participating in the Australian share market and investing in companies providing dividend growth. It may also act as an income stabiliser in investment portfolios, especially during shifting or uncertain markets. The Fund may suit investors who are willing to accept a very high level of risk in exchange for the opportunity to earn higher potential returns.

Portfolio facts

Inception date	6 September 2005
APIR Code	PPL0002AU
Fund size as at 30 April 2023	\$102.6m
Benchmark⁶	S&P/ASX 200 Total Return Index
Distribution	Quarterly
Management fee⁷	0.60% pa

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 April 2023
Australian shares	90%	100%	100%	99.6%
Cash and cash equivalents	0%	0%	10%	0.4%

Portfolio managers

ANDREW HAMILTON

Head of Implementation

Years with the group: 22

Years of Industry Experience: 25

Key Responsibilities:

Andrew is the Portfolio Manager of the Dividend Builder Model Portfolio and Managed Fund.



JENNIFER LAM

Investment Manager

Years with the group: 10

Years of Industry Experience: 18

Key Responsibilities:

Jennifer is the Deputy Portfolio Manager of the Dividend Builder Model Portfolio and Managed Fund.



Platform availability

- Asgard
- Hub24
- Macquarie
- Netwealth
- BT
- IOOF
- MLC/Navigator
- Praemium

* Cash amounts are based on total distributions per financial year. Franking amounts are calculated based on annual franking levels. A full distribution history and franking levels can be found on our website at <https://www.antarescapital.com.au/home/prices-and-performance/distributions>

² Distributions generated by the fund's assets (eg dividends, realised capital gains and any return of capital).

³ Changes in the unit price reflecting movements in the value of the fund's net assets.

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

⁵ GICS - Global Industry Classification Standard % are absolute ie sector proportion of portfolio. Source: Antares Equities.

⁶ Performance is compared to the S&P/ASX200 Industrials Total Return Index prior to 1 October 2021 because from that date the Funds Benchmark changed to the S&P/ASX200 Total Return Index.

⁷ Management fee is % per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit). 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.

About Antares Equities

Antares Equities (Antares) is a specialist Australian equities manager. Since 1994, Antares has managed portfolios for wholesale, advised and direct investors through a suite of products including segregated mandates, investment funds and managed account models. Antares has A\$4.9 billion (at 31 March 2023) under advice across a range of strategies including large capitalisation, concentrated, income and long-short. Antares believes in bottom-up stock picking. A consistent process and detailed, quality research executed by a highly experienced, stable and diverse team underpin this approach. The investment philosophy is based on the belief that markets can misprice stocks and these opportunities can be identified using the proven, proprietary Antares research process. Antares Equities is part of Antares Capital Partners Limited (ABN 85 066 081 114, AFSL 234483).

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

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