

Portfolio Profile

Antares Dividend Builder



April 2021

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 4.38% compared to the Benchmark's 3.21%. Recent company earnings guidance suggests the outlook for dividends is looking better in 2021 and we maintain our objective to deliver income in excess of our benchmark. The fund delivered a return of 2.8% (net of fees) for the month of April 2021.¹

Australian shares made strong gains in April. The resource sector returned 5.4% boosted by the surge in commodity prices including iron ore (20%) and copper (13%). The information technology sector also performed well partly buoyed by strong results from the major global technology companies. Sectors posting declines included energy, on the back of the fall in the oil price, consumer staples and utilities.

Dividends were received from Nine Entertainment, Orora and Suncorp during April.

Contributing to capital returns were overweight holdings in Medibank Private (MPL) Pental (PDL) and Viva Energy (VEA). The market responded positively to the announcement that Medibank's Chief Customer Officer, David Koczkar would become the company's new CEO. Pental's quarterly update revealed net inflows of \$900m and improved investment performance, with many of its strategies in the top quartile over the past year. Positive sentiment and the rotation from growth to value have been beneficial. VEA reported strong progress on its business recovery program as well as encouraging results from its non-aviation businesses for 1Q21. As the economy recovers its retail fuel business and diesel sales have grown.

Detracting from returns were overweight holdings in Metcash (MTS) and Telstra (TLS) and the decision not to own Afterpay (APT). Consumer staples lagged the market as retailers came up against very high Covid lockdown fuelled sales from the same period last year. Having run up strongly post the announcement of its results and proposed corporate restructure, TLS shares paused in April. Technology stocks were the strongest performers in April, in large part driven by the decline in Australian bond yields, which fell by approximately 10 basis points in April following a similar fall in March. APT released its 3Q21 update which revealed underlying sales were up by 123% in constant currency on 3Q20. The company also noted the successful launch and potential of its new European operations.

Australia's economic data continues to point to a promising year in 2021. Strong results for business and consumer sentiment surveys as well as healthy employment gains suggest that Australia's economic recovery has considerable momentum. Australia's 1.1% annual consumer inflation rate for the March quarter provides some comfort for the Reserve Bank to maintain low cash interest rates. Sporadic coronavirus cases appear to be containable and despite some reluctance in relation to take up of the Astra Zeneca vaccine, the vaccination rollout program continues.

Portfolio facts

Inception date:	6 September 2005
Fund size at 30 April 2021:	\$128.1m
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 April 2021 (alphabetical order)

- ANZ Banking Group
- Coles Group
- GPT Group
- Medibank Private
- National Australia Bank
- Suncorp Group
- Tabcorp Holdings
- Telstra Corporation
- Transurban Group
- Westpac Banking Corporation

Investment returns as at 30 April 2021¹

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 %	2.8	10.0	35.1	6.1	5.7	5.8	8.8	7.1
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.

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 Apr 21
Australian shares	90%	100%	100%	95%
Cash and cash equivalents	0%	0%	10%	5%

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 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\$5.3 billion (at 31 March 2021) under advice across a range of strategies including large capitalisation, concentrated, property, 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

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
31 March 2021	1.44
31 December 2020	0.83
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

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.