

# Dividend Builder Fund



## Monthly Performance Report June 2022

### 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 returns<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
Distribution return <sup>2</sup> %	2.1	2.0	5.4	4.4	4.8	5.7	5.7	6.0
Growth return <sup>3</sup> %	-8.1	-10.0	-2.7	0.2	0.0	-0.7	3.5	1.0
<b>Total net return<sup>4</sup> %</b>	<b>-6.0</b>	<b>-8.0</b>	<b>2.7</b>	<b>4.6</b>	<b>4.8</b>	<b>5.0</b>	<b>9.2</b>	<b>7.0</b>
Benchmark return %	-8.8	-11.9	-3.9	4.1	6.1	6.5	10.4	7.3
<b>Net excess return %</b>	<b>2.8</b>	<b>3.9</b>	<b>6.6</b>	<b>0.5</b>	<b>-1.3</b>	<b>-1.5</b>	<b>-1.2</b>	<b>-0.3</b>

<sup>1</sup> 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

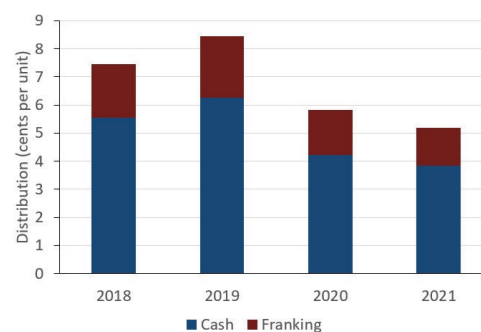
Australian shares were weak in June with similar falls to their American and European counterparts. The ASX 200 recorded a sharp price fall of 8.8%. The financial and real estate sectors led the market declines given their sensitivity to rising interest rates. The resource sector also disappointed with a large fall given the slide in iron ore and metal prices. The only island in a sea of red ink was a small gain for the consumer staples sector given its perception as a 'safe haven'.

The annual distribution return to 30 June 2022 for the Antares Dividend Builder Fund was 5.4%. The fund delivered a total return of -6.0% (net of fees) for the month of June which compared to a return of -8.8% for the S&P/ASX200 Total Return Index. Dividends were received from Westpac during the month.

Contributing to outperformance were overweight positions in Woodside Energy (WDS), Medibank Private (MPL) and Iress (IRE). The completion of WDS' merger with BHP's petroleum division, making it the largest ASX listed energy company, was viewed favourably by investors. WDS shares finished higher in June despite the decline in the oil price. MPL delivered on its promise to return Covid-19 savings to its customers and deferred policy premium increases until November; arguably signs that the company was in a strong financial position and confident about its prospects. IRE shares rose by nearly 10% in June on limited stock specific news. We believe investors are increasingly attracted to IRE's cash generation and attractive valuation vs other software stocks.

Detracting from performance were an underweight position in CSL, an overweight holding in Westpac (WBC) and not owning Woolworths (WOW). There were several positive reports on CSL from sell-side brokers during June as plasma collections return to pre-COVID levels and demand for plasma products remains strong. WBC and other banks were sold down in response to the larger than expected rate hike in June and the prospect of more. Investors are fearful the hikes could see a

### Distribution history\*



### Sector allocation

GICS <sup>5</sup>	%
Financials Ex Reits	35.5
Metals & Mining	14.5
Communication Services	10.2
Energy	8.3
Industrials	8.2
Materials Ex Metals & Mining	5.5
Consumer Staples	3.9
Consumer Discretionary	3.2
Information Technology	2.9
Real Estate	2.9
Health Care	2.7
Utilities	2.2

recession and resultant increases in bad debts and mortgage defaults. Amid recession fears consumer staples stocks performed relatively well. WOW was no exception with investors comfortable that despite inflation concerns the sector was acting rationally in regard to pricing and margins.

Australia's economy appears to be improving judging by solid results in business surveys, employment and retail spending. There was a further strong gain in employment in May with the unemployment rate remaining steady at 3.9% which is the lowest since 1974. However, the inflation acceleration is concerning. The Reserve Bank Governor noted that the central bank expects Australia's annual consumer inflation to peak at 7.0% at the end of the year fueled by higher electricity and gas prices. In response to these persistent inflation pressures, the Reserve Bank raised the cash interest rate by 0.5% to 0.85 % in June with further increases expected.

## Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- BHP Group
- Medibank Private
- Metcash
- National Australia Bank
- Suncorp Group
- Telstra Corporation
- 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

<b>Inception date</b>	6 September 2005
<b>Fund size as at 30 June 2022</b>	\$98.6m
<b>Benchmark<sup>6</sup></b>	S&P/ASX 200 Total Return Index
<b>Distribution</b>	Quarterly
<b>Management fee<sup>7</sup></b>	0.60% pa

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 June 2022
<b>Australian shares</b>	90%	100%	100%	99.2%
<b>Cash and cash equivalents</b>	0%	0%	10%	0.8%

## Portfolio managers

### ANDREW HAMILTON

Head of Implementation

Years with the group: 21

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: 9

Years of Industry Experience: 17

Key Responsibilities:

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



## Platform availability

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

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

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

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

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

<sup>6</sup> 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.

<sup>7</sup> 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\$5.7 billion (at 31 March 2022) 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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