

Dividend Builder Fund



Monthly Performance Report July 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 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	2.0	5.5	4.4	4.8	5.7	5.8	6.0
Growth return ³ %	3.1	-7.3	0.0	0.4	0.6	-0.9	3.1	1.2
Total net return⁴ %	3.1	-5.3	5.5	4.8	5.4	4.8	8.9	7.2
Benchmark return %	5.7	-6.0	1.9	4.9	7.5	6.6	10.4	7.6
Net excess return %	-2.6	0.7	3.6	-0.1	-2.1	-1.8	-1.5	-0.4

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

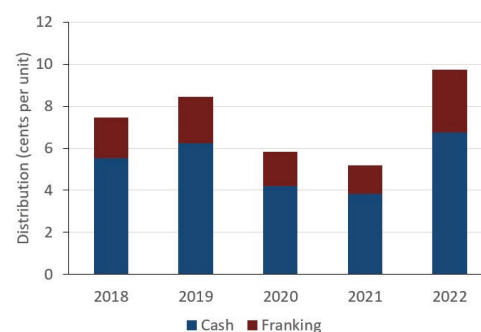
Australian shares recorded strong gains in July with the S&P/ASX 200 delivering a 5.7% return. Leading the market was the robust surge in the Information Technology and Real Estate sectors given a recovery in risk appetite and fall in long term bond yields. Financial shares also benefitted from bond yields. Consumer discretionary posted a strong performance in July with signs of solid retail spending against the tide of higher interest rates and soft consumer confidence. By contrast, there was a weak performance from the Resource sector, weighed down by concerns over global growth prospects.

The annual distribution return to 31 July 2022 for the Antares Dividend Builder Fund was 5.5%. The fund delivered a total return of 3.1% (net of fees) for the month of July which compared to a return of 5.7% for the S&P/ASX 200 Total Return Index. Dividends were received from ANZ, CSR and NAB during the month.

Contributing to performance were overweight positions in NAB and Nine Entertainment (NEC) together with not owning Rio Tinto (RIO). Like other banks, NAB responded positively to the lower long-term bond yields. NEC shares were higher on no particular news during the month. Resource stocks were generally lower on the potential for a US recession and in response to concerns about the Chinese property market. RIO's first half result also underwhelmed investors with the declared dividend below expectations.

Detracting from performance was the decision not to own CBA together with overweight positions in Viva Energy (VEA) and Telstra (TLS). CBA responded positively to the lower long-term bond yields. VEA shares were weaker in July after the company posted its 1H22 update. Margins were extremely high but the company cited volatile and uncertain markets together with rising costs as potential headwinds. After outperforming in June, TLS shares were relatively weaker in July, rising by only 1.2% in a more buoyant market for non-resource stocks.

Distribution history*



Sector allocation

GICS ⁵	%
Financials Ex Reits	37.0
Metals & Mining	13.4
Communication Services	10.3
Industrials	8.1
Energy	7.9
Materials Ex Metals & Mining	5.5
Consumer Staples	3.7
Consumer Discretionary	3.1
Real Estate	3.0
Health Care	2.9
Information Technology	2.8
Utilities	2.2

Despite the global activity slowdown, Australia's economy appears resilient judging by solid results in business surveys, employment and retail spending. Strong gains in employment were recorded in June with the unemployment rate falling to 3.5% which is the lowest since 1974. However, the inflation acceleration is concerning with consumer prices rising 6.1% in the year to June. The Australian Treasurer, Jim Chalmers, updated the Federal Government's inflation forecasts to 7.75% by the end of 2022. Given these persistent inflation pressures, the Reserve Bank raised the cash interest rate by 0.5% in early July with a further 0.5% hike expected in August.

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

Inception date	6 September 2005
Fund size as at 31 July 2022	\$102m
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 31 July 2022
Australian shares	90%	100%	100%	99.2%
Cash and cash equivalents	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: 18

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>

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\$5 billion (at 30 June 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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