

# Dividend Builder Fund



## Monthly Performance Report August 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> %	0.0	2.1	5.3	4.5	4.8	5.8	5.7	5.9
Growth return <sup>3</sup> %	1.4	-3.9	-3.2	1.2	0.8	0.5	3.0	1.3
<b>Total net return<sup>4</sup> %</b>	<b>1.4</b>	<b>-1.8</b>	<b>2.1</b>	<b>5.7</b>	<b>5.6</b>	<b>6.3</b>	<b>8.7</b>	<b>7.2</b>
Benchmark return %	1.2	-2.4	-2.4	5.7	7.8	8.0	10.3	7.6
<b>Net excess return %</b>	<b>0.2</b>	<b>0.6</b>	<b>4.5</b>	<b>0.0</b>	<b>-2.2</b>	<b>-1.7</b>	<b>-1.6</b>	<b>-0.4</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 outperformed most global markets with the S&P/ASX 200 delivering a small gain. Energy shares and Resources led the market given continued strong demand for gas and coal in the wake of Russian supply concerns and the ongoing push for decarbonisation. There were modest gains also for communication shares and industrials. However, the AREITs were weaker given the sensitivity to rising interest rates and bond yields.

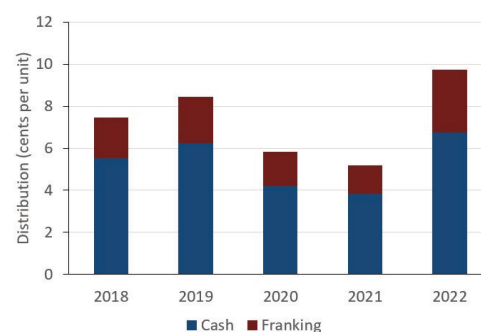
August is also reporting season for most Australian companies and this year it was better than feared. Pressures from labor shortages, wage inflation and fuel costs were in line with expectations, however some companies showed resilient revenue growth. Outlook statements were generally not as gloomy with some companies demonstrating effective pricing power.

The annual distribution return to 31 August 2022 for the Antares Dividend Builder Fund was 5.3%. The fund delivered a total return of 1.4% (net of fees) for the month of August which compared to a return of 1.2% for the S&P/ASX200 Total Return Index. Dividends were received from ANZ, GPT, Medibank Private, Metcash, Orora, Shopping Centres Australasia and Transurban during the month.

Contributing to the Fund's outperformance were overweight positions in Medibank Private (MPL) and Viva Energy (VEA) together with the decision not to own CBA. MPL's profit result pleased the market. The company has flagged possible M&A opportunities as well as flagging organic growth targets in the order of 15% pa over the next three years. VEA shares performed well after delivering record EBITDA and strong refining margins with a positive outlook as a covid recovery beneficiary with higher fuel sales. CBA delivered a slightly underwhelming 2H22 result with softer revenue and margins under pressure.

Detracting from performance were overweight positions in Orora (ORA), Shopping Centres Australasia (SCP) and Transurban (TCL). ORA delivered improved results from its North American operations and strong sales of cans in Australia, but

### Distribution history\*



### Sector allocation

GICS <sup>5</sup>	%
Financials Ex Reits	37.3
Metals & Mining	13.8
Communication Services	10.6
Energy	8.5
Industrials	7.7
Materials Ex Metals & Mining	5.3
Consumer Staples	3.7
Consumer Discretionary	3.0
Health Care	3.0
Information Technology	2.8
Real Estate	2.4
Utilities	2.1

sentiment was tempered by higher costs. SCP was weaker as the company guided to higher than expected interest costs for FY23. However, underlying conditions remain broadly positive with solid rent growth in both anchor and specialty tenants. TCL's FY22 result disappointed with network traffic largely flat (although revenue increased due to CPI linked escalation). Lower FY23 dividend guidance was not well received.

Australia's economy appears resilient judging by solid results for business surveys, the labour market and retail spending. Australia's unemployment rate in July fell to 3.4% which is the lowest since 1974 and retail spending surged. However, the dramatic inflation acceleration is concerning. The Reserve Bank updated their annual CPI inflation forecasts to 7.75% by the end of 2022. Given this inflation threat, the Reserve Bank raised the cash interest rate by 0.5% to 1.85% 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

<b>Inception date</b>	6 September 2005
<b>APIR Code</b>	PPL0002AU
<b>Fund size as at 31 August 2022</b>	\$103.1m
<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 31 August 2022
<b>Australian shares</b>	90%	100%	100%	98.6%
<b>Cash and cash equivalents</b>	0%	0%	10%	1.4%

## 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: 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

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\* 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 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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