

Dividend Builder Fund

antares

Monthly Performance Report September 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 %	1.7	1.8	5.5	4.6	4.8	5.8	5.7	6.0
Growth return ³ %	-7.2	-3.0	-9.4	-1.7	-0.3	0.0	2.4	0.8
Total net return⁴ %	-5.5	-1.2	-3.9	2.9	4.5	5.8	8.1	6.8
Benchmark return %	-6.2	0.4	-7.7	2.9	6.4	7.3	9.5	7.2
Net excess return %	0.7	-1.6	3.8	0.0	-1.9	-1.5	-1.4	-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.

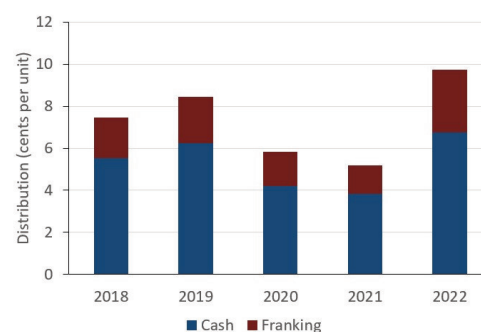
Investment commentary

Australian shares proved sensitive to the global market turmoil as well as the Reserve Bank (RBA) raising interest rates. The ASX's sharp decline was spread across the board, with all industry sectors recording falls. The weakest performances came from the utilities and real estate sectors given their acute sensitivity to rising interest rates and bond yields. Other sectors hit hard included information technology where valuations are also rate sensitive, industrials and consumer discretionary. More resilient but still in the red was the Resources sector which benefitted from the lower Australian Dollar counteracting the slide in key commodity prices such as iron ore and metals.

The annual distribution return to 30 September 2022 for the Antares Dividend Builder Fund was 5.5%. The fund delivered a total return of -5.5% (net of fees) for the month of September which compared to a return of -6.2% for the S&P/ASX200 Total Return Index. Dividends were received from Alumina, Ansell, Aurizon, APA Group, BHP, IAG, Iress, Medibank Private, Suncorp, Telstra and Viva Energy during the month.

Contributing to the Fund's outperformance were decisions not to own Macquarie Group (MQG) or Goodman Group (GMG) and an overweight position in ANZ. MQG's heavy capital markets exposure combined with the adverse impact on investment banking/advisory activity as mergers & acquisition and new listings activity slows has seen the stock out of favour in September. GMG like the rest of the AREIT sector was impacted by higher bond yields and broader uncertainty in global markets. Concerns that demand could be softening in the US and beyond were fuelled after FedEx issued a profit warning and said it would be shutting offices as a result of weaker volumes globally. ANZ's share price has lagged the other majors in calendar 2022 but did considerably better in September. The company described its 3Q result as pleasing with improved margins across all businesses and tight cost management.

Distribution history*



Sector allocation

GICS ⁵	%
Financials Ex Reits	38.1
Metals & Mining	13.8
Communication Services	10.6
Energy	8.6
Industrials	7.4
Materials Ex Metals & Mining	5.3
Consumer Staples	3.7
Consumer Discretionary	3.1
Health Care	3.1
Information Technology	2.3
Real Estate	2.2
Utilities	1.9

Detracting from performance were overweight positions in Iress (IRE) and Alumina (AWC) and an underweight position in CSL. IRE struggled in September after issuing disappointing near-term profit guidance. This announcement was coupled with confirmation that IRE had been appointed as Administrator of the Commonwealth Superannuation Scheme. While the guidance downgrade was disappointing albeit short term in nature, the concurrent announcement of IREs admin win is supportive of its longer-term strategy (and profit targets) of the company. AWC's share price weakness during September was likely due to ongoing concerns about the cost performance of its Spanish asset (due to its exposure to high European natural gas prices) and the weakening of aluminium prices during the month (albeit alumina futures prices actually increased). Large cuts in alumina price forecasts also saw some broker downgrades. CSL shares performed relatively well as investors looked to more defensive sectors such as healthcare.

Australia's economy continues to appear resilient judging by the solid results for business surveys, the labour market and retail spending. August recorded solid job gains, healthy business surveys and robust retail spending. However, the dramatic acceleration in inflation is concerning with the CPI showing 6.8% annual inflation in August. Strong annual price rises were recorded for new housing construction (20.7%), fruit and vegetables (18.6%) and automotive fuels (15.0%). The Reserve Bank raised the cash interest rate by a further 0.5% to 2.35% in September and also signaled the expectation to increase interest rates further over the months ahead.

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
APIR Code	PPL0002AU
Fund size as at 30 September 2022	\$95.5m
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 September 2022
Australian shares	90%	100%	100%	99.5%
Cash and cash equivalents	0%	0%	10%	0.5%

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\$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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