

Dividend Builder Fund



Monthly Performance Report October 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	1.8	5.9	4.7	4.8	5.8	5.7	5.9
Growth return ³ %	5.9	-0.3	-2.5	0.7	0.5	0.4	2.7	1.2
Total net return⁴ %	5.9	1.5	3.4	5.4	5.3	6.2	8.4	7.1
Benchmark return %	6.0	0.7	-2.0	5.0	6.8	7.6	9.8	7.5
Net excess return %	-0.1	0.8	5.4	0.4	-1.5	-1.4	-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

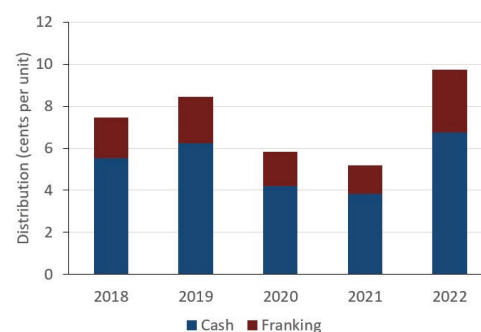
Australian shares made a strong recovery in October. The sharpest gains were in financial sector shares given solid credit demand and assurances from the Reserve Bank (RBA) that business and household balance sheets were in strong shape. The real estate and consumer discretionary sectors also made robust gains reflecting the comforting commentary from the RBA. There was also a favorable performance from the energy sector on continuing concerns about global supply. The resources sector was more subdued with a slight gain given worries about global economic activity prospects.

The annual distribution return to 31 October 2022 for the Antares Dividend Builder Fund was 5.9%. The fund delivered a total return of 5.9% (net of fees) for the month of October which compared to a return of 6.0% for the S&P/ASX200 Total Return Index. Dividends were received from CSL, Nine Entertainment, Orora and Woodside Energy during the month.

Contributing to the Fund's performance was an underweight position in CSL as well as overweight holdings in Westpac (WBC) and NAB. CSL shares - like others in the healthcare sector - finished down in October. This was despite a positive update on its Vifor business and an AGM speech by its CEO expressing confidence in CSL's fundamentals and diverse pipeline to build on its track record of sustainable growth for years to come. Attractive deposit pricing coupled with solid credit demand and some evidence that institutional investors were reducing their underweight to the sector saw double digit rises from the big 4 banks in October.

Detracting from performance were overweight holdings in Medibank (MPL) and BHP together with the decision not to own CBA. MPL shares finished the month down 19.0% after the company announced it was subject to a cyberattack. While the company expects a relatively small impact on its current half year earnings, costs relating to remediation and possible litigation are not included. Investors were also concerned about the potential for loss of customers and brand damage.

Distribution history*



Sector allocation

GICS ⁵	%
Financials Ex Reits	38.9
Metals & Mining	12.5
Communication Services	10.6
Energy	9.0
Industrials	7.4
Materials Ex Metals & Mining	5.1
Consumer Staples	3.7
Health Care	3.0
Consumer Discretionary	3.0
Information Technology	2.5
Real Estate	2.4
Utilities	2.0

BHP shares were weaker as the iron ore price fell sharply to US\$82/Mt in October. This was due to higher supply levels from Brazil which coincided with seasonally lower steel demand in China.

Australia's economy continues to appear resilient. September's data showed healthy business surveys and robust retail spending. However, the dramatic inflation acceleration is still concerning with annual CPI inflation at 7.3% in September. Strong annual price rises were recorded for fruit and vegetables, new housing construction and automotive fuels. The Reserve Bank raised the cash interest rate by a further 0.25% to 2.6% in October and also signaled the expectation to increase interest rates further over the months ahead. This played out on 1 November when the RBA raised rates by a further 0.25%.

Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- BHP Group
- Medibank Private
- Metcash
- National Australia Bank
- Suncorp Group
- Telstra Group
- 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 31 October 2022	\$100.9m
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 October 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
- 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\$4.9 billion (at 30 September 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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