

## Monthly Performance Report November 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	1.9	6.2	4.8	4.9	5.9	5.7	6.0
Growth return <sup>3</sup> %	4.4	2.6	3.0	2.1	1.0	0.8	3.0	1.4
<b>Total net return<sup>4</sup> %</b>	<b>4.4</b>	<b>4.5</b>	<b>9.2</b>	<b>6.9</b>	<b>5.9</b>	<b>6.7</b>	<b>8.7</b>	<b>7.4</b>
Benchmark return %	6.6	6.0	5.0	6.2	7.9	8.4	10.3	7.9
<b>Net excess return %</b>	<b>-2.2</b>	<b>-1.5</b>	<b>4.2</b>	<b>0.7</b>	<b>-2.0</b>	<b>-1.7</b>	<b>-1.6</b>	<b>-0.5</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

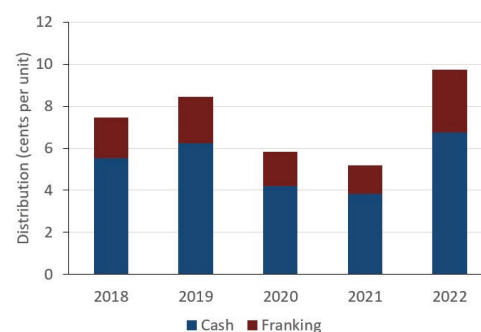
Australian shares delivered strong gains in November. The sharpest gain was in the Utilities sector given signs that inflation and interest rate pressures were moderating. The Resources sector also surged given the strong rally in iron ore and base metal prices on hopes that China's economic growth should revive with a less restrictive Covid strategy. There were also solid gains for healthcare, industrials and real estate given lower bond yields.

The annual distribution return to 30 November 2022 for the Antares Dividend Builder Fund was 6.2%. The fund delivered a total return of 4.4% (net of fees) for the month of November which compared to a return of 6.6% for the S&P/ASX200 Total Return Index. Dividends were received from ANZ, Insurance Australia Group, Metcash, South32, Suncorp, Telstra and Transurban during the month.

Contributing to the Fund's performance was an overweight position in BHP and decisions not to own CBA or James Hardie Industries (JHX). Measures introduced by the Chinese government to rescue its ailing property sector as well as a softening of its COVID-Zero policy and an uptick in credit growth are constructive for Australia's miners. Given property makes up around 25-35% of steel demand, it was not surprising to see iron ore prices rise by over 30% in November. As a producer of iron ore and copper, BHP shares performed well. CBA posted a solid first quarter update and expressed confidence in the medium to longer term while citing some near-term challenges such as cost of living. The company did not disclose its net interest margin (NIM) and some sell side analysts cautioned that any improvements in NIM could be offset by rising costs. The shares rose but underperformed the overall market. JHX shares slumped after the company lowered its FY23 guidance on concerns that the outlook for housing is deteriorating.

Detracting from performance were overweight holdings in NAB and Iress (IRE) together with no holding in Fortescue Metals (FMG). NAB released its FY22 result in November with higher cash profits and dividend. However, the company flagged

### Distribution history\*



### Sector allocation

GICS <sup>5</sup>	%
Financials Ex Reits	35.7
Metals & Mining	17.5
Communication Services	9.9
Energy	8.9
Industrials	7.1
Materials Ex Metals & Mining	5.1
Consumer Staples	3.1
Consumer Discretionary	3.1
Health Care	3.0
Real Estate	2.3
Information Technology	2.3
Utilities	2.0

that competition in housing lending was likely to intensify and that funding costs were expected to rise. Its shares finished down for the month. IRE's share price was weaker after finishing its on-market buyback in late October. There was no stock specific news. As an iron ore producer, FMG's share price rose strongly.

Australia's economy seems resilient judging by the solid results for business surveys and retail spending. There are also some early signs that inflation pressures are starting to peak with CPI annual inflation edging down from 7.3% in September to 6.9% in October. However, looming increases in retail electricity and gas prices as well as higher rents and wages suggest that the inflation threat is still troubling. The Reserve Bank raised the cash interest rate by a further 0.25% to 2.85% in November and signaled the expectation to increase interest rates further over the period ahead.

## Top 10 share holdings

(alphabetical order)

- ANZ Banking Group
- BHP Group
- Medibank Private
- National Australia Bank
- Nine Entertainment
- 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

<b>Inception date</b>	6 September 2005
<b>APIR Code</b>	PPL0002AU
<b>Fund size as at 30 November 2022</b>	\$104.9m
<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 November 2022
<b>Australian shares</b>	90%	100%	100%	98.7%
<b>Cash and cash equivalents</b>	0%	0%	10%	1.3%

## 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>

<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\$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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