

Dividend Builder Fund



Monthly Performance Report December 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 %	1.1	1.2	6.3	4.9	4.8	5.7	5.7	6.0
Growth return ³ %	-3.5	6.7	-2.8	2.4	0.4	0.1	2.4	1.2
Total net return⁴ %	-2.4	7.9	3.5	7.3	5.2	5.8	8.1	7.2
Benchmark return %	-3.2	9.4	-1.1	6.1	7.0	7.4	9.7	7.6
Net excess return %	0.8	-1.5	4.6	1.2	-1.8	-1.6	-1.6	-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.

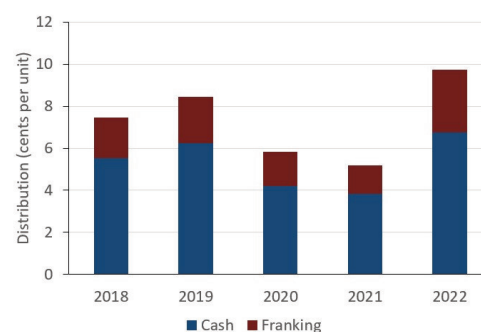
Investment commentary

The annual distribution return to 31 December 2022 for the Antares Dividend Builder Fund was 6.3%. The fund delivered a total return of -2.4% (net of fees) for the month of December which compared to a return of -3.2% for the S&P/ASX200 Total Return Index. Dividends were received from ANZ, CSR, NAB and Westpac during the month.

Contributing to the Fund's performance were overweight positions in Suncorp (SUN), Medibank (MPL) and Telstra (TLS). SUN's share price has performed well following a confident trading update in November that reaffirmed its general insurance margin target for FY23 and confirmed its bank was trading well. The ACCC also announced it has commenced the investigation into the sale of SUN's banking business to ANZ – a positive outcome would be welcomed by SUN. Having been heavily sold down following a cyber-attack in October, MPL shares regained a little ground during the month. TLS shares performed relatively well in December albeit the price was largely unchanged. This was despite the ACCC blocking the company's proposed regional mobile network deal with competitor TPG.

Detracting from performance was an overweight holding in Nine Entertainment (NEC) and the decisions not to hold Rio Tinto (RIO) or Fortescue Metals (FMG). NEC shares have been weaker after Domain Holdings (60% owned by NEC) provided a disappointing trading update and 1H23 earnings guidance that was much weaker than expected, driven by a large decline in property listings. Iron ore prices continued to rise in December following a large spike in November after the Chinese government moved to rescue its ailing property sector and then radically softened its Covid-Zero policy. This was supportive for RIO and FMG shares.

Distribution history*



Sector allocation

GICS ⁵	%
Financials Ex Reits	35.9
Metals & Mining	18.0
Communication Services	9.7
Energy	8.8
Industrials	6.8
Materials Ex Metals & Mining	5.0
Consumer Discretionary	3.1
Health Care	3.0
Consumer Staples	3.0
Real Estate	2.3
Information Technology	2.3
Utilities	2.0

Australia's economy appears resilient judging by solid results for business surveys and the labour market. Australia's unemployment rate remained at multi decade lows of 3.4% after the strong job gains in November. However, the dramatic inflation acceleration is concerning with annual inflation running at 6.9% in November. Expected sharp increases in retail electricity and gas prices as well as higher rents and wages suggest that the inflation threat should continue in 2023. The Reserve Bank raised the cash interest rate by a further 0.25% to 3.1% in December and signaled the expectation of further interest rate increases.

Top 10 share holdings

(alphabetical order)

- ANZ 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

Inception date	6 September 2005
APIR Code	PPL0002AU
Fund size as at 31 December 2022	\$101.3m
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 December 2022
Australian shares	90%	100%	100%	98.9%
Cash and cash equivalents	0%	0%	10%	1.1%

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\$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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