

Portfolio Profile

Antares Dividend Builder



May 2021

Fund description and investment return objective

The Fund is an actively managed portfolio of high yielding equities listed (or expected to be listed) on the Australian share market which aims to deliver regular dividend income and moderate capital growth.

The Fund's primary objective is to regularly deliver higher levels of dividend income on a tax effective basis than the Benchmark. The Fund's other objective is to achieve moderate capital growth in a tax effective manner over rolling five-year periods.

Fund commentary

The annual income yield to 30 June 2020 for the Antares Dividend Builder Fund was 4.38% compared to the Benchmark's 3.21%. The fund delivered a return of 2.5% (net of fees) for the month of May 2021.¹

Australian shares made healthy gains in May. Bank shares delivered strong returns given solid profit results for the half year on low funding costs and declining debt impairment costs. Consumer discretionary and healthcare also made solid gains with consumer optimism on the Australian economic recovery. Sectors that disappointed included information technology which essentially reversed all of the previous month's gains. Utilities also fell sharply.

Contributing to performance were decisions not to own Afterpay (APT) and Macquarie Group (MQG) together with an overweight holding in Westpac (WBC). There was no particular news from APT but technology stocks were sold down heavily in early May, possibly in response to the market positioning for higher bond yields on the back of strong inflation data especially in the US. MQG released its FY21 results early in May. Although they were ahead of the prior year there was greater reliance on once-off or lumpy items. The company did not provide any guidance for FY22. All the major banks provided trading updates in May, with lower impairments driving earnings upgrades across the sector.

Detracting from returns was an underweight holding in CBA, the decision not to own CSL and an overweight position in APA Group (APA). After several months lagging the market, CSL shares gained ground in May as plasma collections began to pick up in the US. During May, the Federal and State Governments agreed to implement further changes to the regulatory framework and processes governing gas pipelines which will tighten the regulatory environment for APA and other participants. Also weighing on APA is the growing prominence of de-carbonisation and subsequent lack of support for gas.

Australia's economic data suggests promising prospects for 2021. Strong results for business and consumer surveys suggest that Australia's economic recovery has considerable momentum. Car sales and housing construction activity are showing exceptional strength. The Federal Budget announced a lower budget deficit for 2020/21 with better than expected economic activity. The Budget also provided extended tax benefits for low and middle income earners, incentives for business investment and increased spending measures for health care and infrastructure. The Reserve Bank's monetary policy settings also remain highly supportive with guidance that interest rates should remain steady until 2024. The latest spate of coronavirus cases in Victoria appears to have driven more widespread vaccine uptake.

Portfolio facts

Inception date:	6 September 2005
Fund size at 31 May 2021:	\$127.3m
Benchmark:	S&P/ASX 200 Industrials Total Return Index
Investment timeframe:	At least 5 years
Relative risk:	High
Relative return¹:	High

Top 10 share holdings

as at 31 May 2021 (alphabetical order)

- Amcor
- ANZ Banking Group
- Coles Group
- GPT Group
- Medibank Private
- National Australia Bank
- Suncorp Group
- Tabcorp Holdings
- Telstra Corporation
- Westpac Banking Corporation

Investment returns as at 31 May 2021¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return ⁴ %	2.5	10.2	33.6	7.1	5.6	6.0	9.4	7.2
Income yield as at 30 June 2020								
Income yield ² %			4.38	5.05	4.80	4.46	4.45	4.13
Benchmark yield ³ %			3.21	3.90	3.99	3.92	3.94	-

¹ Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document.

² Calculated as the sum of the income yields over the period where the yield is income distributed during the period divided by the unit price (before fees) at the start of the distribution period.

³ Calculated as the sum of the monthly returns of the S&P/ASX 200 Industrials Total Return Index minus the monthly returns of the S&P/ASX 200 Industrials Index (price index).

⁴ Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

Investor profile

Dividend Builder aims to provide investors with a stable, tax effective income stream through participating in the Australian sharemarket and investing in companies providing dividend growth. It may also act as an income stabiliser in investment portfolios, especially during shifting or uncertain markets.

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$5,000
Income treatment:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee:⁵	0.60% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).

⁵Certain 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.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 May 21
Australian shares	90%	100%	100%	97%
Cash and cash equivalents	0%	0%	10%	3%

Franking levels

Year end	
30 June 2020	86.61%
30 June 2019	80.74%
30 June 2018	79.85%
30 June 2017	50.61%
30 June 2016	65.55%
30 June 2015	54.67%

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\$5.3 billion (at 31 March 2021) under advice across a range of strategies including large capitalisation, concentrated, property, 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

Distribution history⁶

Quarter end	Cents per unit
31 March 2021	1.44
31 December 2020	0.83
30 September 2020	0.85
30 June 2020	0.54
31 March 2020	1.25
31 December 2019	1.07
30 September 2019	1.37
30 June 2019	1.82
31 March 2019	1.06
31 December 2018	1.13
30 September 2018	2.26
30 June 2018	1.07
31 March 2018	1.15
31 December 2017	1.39
30 September 2017	1.94
30 June 2017	4.55
31 March 2017	2.28
31 December 2016	2.36
30 September 2016	2.03
30 June 2016	3.25

⁶Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

Distribution yield as at 30 June 2020

	1 year	3 years pa	5 years pa
Distribution yield⁷	4.38%	5.05%	5.86%

⁷ Calculated as the sum of income and capital gains distributed over the period divided by the unit price (before fees) at the start of the distribution period. Please Note: This calculation is not designed to be compared to the benchmark.

Important information: Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), is the Responsible Entity of, and the issuer of units in, the Antares Dividend Builder ARSN 115 694 794 ('the Fund'). An investor should consider the current Product Disclosure Statement and Product Guide for the Fund ('PDS') in deciding whether to acquire, or continue to hold, units in the Fund and consider whether units in the Fund is an appropriate investment for the investor and the risks of any investment. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This communication contains general information and may constitute general advice. This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document. Any projection or other forward looking statement ('Projection') in this report is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by ACP constitute ACP's judgement at the time of writing and may change without notice. ACP is a part of the IOOF group of companies (comprising IOOF Holdings Ltd ABN 49 100 103 722 and its related bodies corporate) ('IOOF Group'). The capital value, payment of income and performance of the Fund are not guaranteed. An investment in the Fund is subject to investment risk, including possible delays in repayment of capital and loss of income and principal invested. Neither ACP nor any other member of the IOOF Group guarantees the repayment of your capital, payment of income or the performance of your investment.