Dividend Builder Fund

Monthly Performance Report
February 2023

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[1]

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	1.1	6.5	5.0	4.8	5.8	5.7	5.9
Growth return[3] %	-1.6	-0.6	0.3	4.9	1.7	1.7	1.4	1.4
Total net return[4] %	**-1.6**	**0.5**	**6.8**	**9.9**	**6.5**	**7.5**	**7.1**	**7.3**
Benchmark return %	-2.4	0.3	7.2	7.6	7.8	9.2	8.7	7.8
Net excess return %	**0.8**	**0.2**	**-0.4**	**2.3**	**-1.3**	**-1.7**	**-1.6**	**-0.5**

[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.

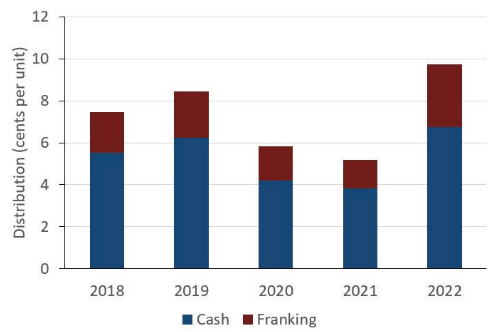
Investment commentary

Australian shares slipped into negative territory in February. The sharpest falls were in the resource sector with some disappointments over the profit reports of BHP and Rio. Financial shares fell with the banks being squeezed by lower net interest margins and concerns over falling house prices. Real estate sector shares were also negatively impacted by rising bond yields. There were some positives with Insurers performing well on positive news from Medibank Private together with a general sector lift as higher bond yields drive high investment income given asset class restrictions for insurers. Utilities also delivered solid gains on a higher than expected (albeit lower) revised bid for Origin from Brookfield. Information technology recovered some ground after the sector was savaged in 2022.

The annual distribution return to 28 February 2023 for the Antares Dividend Builder Fund was 6.5%. The fund delivered a total return of -1.6% (net of fees) for the month of February which compared to a return of -2.4% for the S&P/ASX200 Total Return Index. Dividends were received from Transurban during the month.

Contributing to the Fund's outperformance were overweight positions in Medibank (MPL) and Orora (ORA) together with not owning CBA. We have maintained our view that the market over-reacted to the potential impact on MPL's customer retention after its cyber security incident. This was partially vindicated in its half year result as policy numbers stabilised and began to grow again in February, whilst claims inflation was lower than expected. These factors helped support the stock. ORA shares jumped after the company announced a boost to interim net profit and dividend and indicated it expects continued growth in its North American business in the second half. Banks have generally underperformed on concerns about net interest margins peaking amid fierce competition for home mortgages and the prospect of higher bad debts as interest rates increase.

Distribution history*



Sector allocation

GICS[5]	%
Financials Ex Reits	35.6
Metals & Mining	17.7
Communication Services	10.0
Energy	8.9
Industrials	8.7
Materials Ex Metals & Mining	5.6
Consumer Discretionary	3.5
Consumer Staples	3.0
Health Care	2.9
Real Estate	2.1
Utilities	2.0
Information Technology	0.0

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Detracting from performance were overweight holdings in BHP, NAB, and Aurizon (AZJ). Disappointing profit reports from BHP and AZJ saw their share prices weaker. Of particular concern for AZJ was that the growth engine of the business, bulk haulage, struggled in the half, following a disappointing 2H FY 2022. On further investigation, we have concluded the market has made some incorrect assumptions about this business given the impact of weather down Australia's east coast. We also believe the market has overlooked the substantial progress being made in its transition away from bulk coal haulage with its major new contract win with Toll.

Australia's economy appears to be softening judging by more subdued retail spending and falling house prices. Consumers have become more cautious with high inflation and rising mortgage interest rates. Even the labour market is cooling after the strong jobs growth in 2022 with the unemployment rate edging up from 3.5% to 3.7% in January.

Top 10 share holdings

(alphabetical order)

- ANZ Group
- BHP Group
- Lottery Corporation
- Medibank Private
- 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 28 February 2023	$104.1m
Benchmark[6]	S&P/ASX 200 Total Return Index
Distribution	Quarterly
Management fee[7]	0.60% pa

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 28 February 2023
Australian shares	90%	100%	100%	98.6%
Cash and cash equivalents	0%	0%	10%	1.4%

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$5.0 billion (at 31 December 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