

Dividend Builder Fund



Monthly Performance Report June 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 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 %	1.7	1.6	5.6	5.3	4.9	5.6	5.8	5.9
Growth return ³ %	0.6	0.1	5.8	9.5	1.7	1.1	1.7	1.3
Total net return⁴ %	2.3	1.7	11.4	14.8	6.6	6.7	7.5	7.2
Benchmark return %	1.8	1.0	14.8	12.0	7.4	8.2	8.8	7.7
Net excess return %	0.5	0.7	-3.4	2.8	-0.8	-1.5	-1.3	-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.

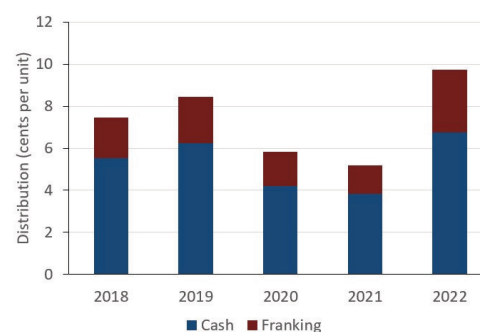
Investment commentary

Australian shares made mild gains in June given signs that inflation pressures were abating and hopes that China will pursue more stimulatory policy settings. The Resources sector surged on China growth hopes with strong gains in iron ore prices. The Information Technology sector also made strong gains on the back of investors' enthusiasm for anything remotely connected with AI. Financials rebounded, reversing May's weakness with signs of resilience in the Australian economy mitigating credit risks. Healthcare was weak as investors became more cautious about the sector's prospects.

The annual distribution return to 30 June 2023 for the Antares Dividend Builder Fund was 5.6%. The fund delivered a total return of 2.3% (net of fees) for the month of June which compared to a return of 1.8% for the S&P/ASX200 Total Return Index. Dividends were received from Aurizon, CBA, Region, Westpac and Woodside Energy during the month.

Contributing to the Fund's performance was an underweight CSL holding and overweight positions in Ventia Services (VNT) and Aurizon (AZJ). CSL provided a trading update indicating currency headwinds would impact its FY23 result. More significantly it noted margin recovery in its Behring plasma collection division would take longer than the market expected, as both donor fees and labour cost inflation remain higher than anticipated. This meant that CSL's FY24 guidance was below consensus and the stock was sold down. In June, VNT continued to win new business and extend its existing contracts. We have liked VNT for its contract risk management processes and its exposure to contracts in relatively economically insensitive areas, such as defence. AZJ benefitted from a realisation in the market that its Central Queensland Coal Network asset is a beneficiary of the higher inflationary environment. This led to several broker upgrades which took the stock higher as investors sought inflation havens.

Distribution history*



Sector allocation

GICS ⁵	%
Financials Ex Reits	35.6
Metals & Mining	17.3
Industrials	10.8
Communication Services	10.0
Energy	7.4
Materials Ex Metals & Mining	5.7
Consumer Discretionary	3.6
Consumer Staples	3.4
Health Care	2.9
Utilities	2.3
Real Estate	1.0
Information Technology	0.0

Not owning Fortescue Metals (FMG) detracted from performance as did overweight holdings in Region (RGN) and Viva Energy (VEA). Optimism that further stimulus would drive Chinese growth saw the iron ore price spike and so too FMG's share price. During June, mark-to-market valuation adjustments continued to weigh on the real estate sector. RGN was no exception, reporting June 2023 revaluations which saw a 1.7% decline in book values. VEA shares were weaker after the company announced a crane failure resulted in a compressor being dropped at its Geelong refinery. VEA flagged repairs could take approximately three months with negative impacts on production and margin.

Australia's economy has displayed more positive signs with strong jobs growth, a rebound in retail spending and inflation moderating. May saw Australia's employment expand by a robust +75,900 jobs and the unemployment rate edge down from 3.7% to 3.6%. Consumers were also more willing to raise their retail spending in May but this also reflected promotional activity and sales events according to the Australian Bureau of Statistics. Consumer price pressures moderated in May with annual inflation coming in at 5.6% compared to 6.8% for April. However, the looming strong rises in electricity costs and residential rents in the new financial year suggest a painful squeeze on consumer budgets. The Reserve Bank again surprised with another 0.25% interest rate hike in June taking the cash interest rate to 4.1% in the hope of returning inflation back to its 2% to 3% target range.

Top 10 share holdings

(alphabetical order)

- ANZ Group
- BHP Group
- Commonwealth Bank of Australia
- 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 30 June 2023	\$98.1m
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 30 June 2023
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: 26

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

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For further information please contact our Client Services Team - Toll free: 1800 671 849

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