

Dividend Builder Fund



Monthly Performance Report July 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 %	0.0	1.7	5.6	5.4	5.0	5.5	5.8	5.9
Growth return ³ %	3.5	1.8	6.2	11.7	2.0	0.8	1.6	1.5
Total net return⁴ %	3.5	3.5	11.8	17.1	7.0	6.3	7.4	7.4
Benchmark return %	2.9	2.0	11.7	13.2	7.7	7.7	8.7	7.8
Net excess return %	0.6	1.5	0.1	3.9	-0.7	-1.4	-1.3	-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

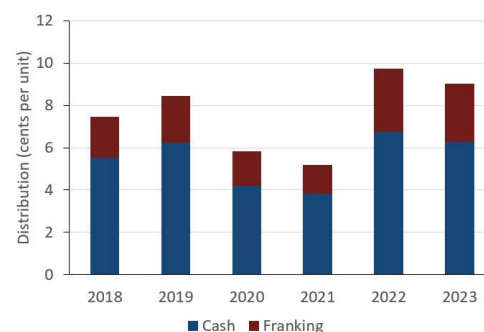
Australian shares made strong gains on lower inflation and hopes that China will pursue more stimulatory policy settings. The energy sector led the market gains as oil prices surged. Financial shares also rebounded with optimism that the Reserve Bank interest rate hiking cycle was coming to an end. Information Technology continued to perform well, fuelled by the mania for AI related shares. Resources shares gained on China stimulus hopes. But there was some weakness in the Consumer Staples and Health Care sectors given concerns that the Australian consumer is struggling.

The annual distribution return to 31 July 2023 for the Antares Dividend Builder Fund was 5.6%. The fund delivered a total return of 3.5% (net of fees) for the month of July which compared to a return of 2.9% for the S&P/ASX200 Total Return Index. Dividends were received from ANZ, CSR and NAB during the month.

Contributing to the Fund's performance were overweight holdings in CSR and Nine Entertainment (NEC) as well as an underweight holding in CSL. CSR shares benefitted as sentiment towards building product manufacturers has become more positive on expectations that the housing market appears to have bottomed. Despite weaker ad market data, NEC shares rallied in July in line with the broader consumer discretionary sector ahead of August reporting season as investors are increasingly pricing in a soft landing. CSL's share price has continued to languish since issuing disappointing FY24 guidance in June following news that margin recovery in its Behring plasma collection division would take longer than the market expected.

Detracting from performance were overweight holdings in Ventia Services (VNT), Aurizon (AZJ) and Telstra (TLS). VNT shares were relatively weaker in July, having performed strongly over the past months. This was despite being included in the S&P/ASX200 from 24 July. AZJ shares finished the month weaker. Late in the month the company held an investor day where it provided FY23 EBITDA guidance

Distribution history*



Sector allocation

GICS ⁵	%
Financials Ex Reits	36.3
Metals & Mining	17.2
Communication Services	9.9
Industrials	9.7
Energy	7.8
Materials Ex Metals & Mining	6.0
Consumer Discretionary	3.5
Health Care	3.2
Consumer Staples	3.1
Utilities	2.3
Real Estate	1.0
Information Technology	0.0

towards the bottom end of its previous target range of \$1.42-1.47bn due to the impact of wet weather, production issues and labour shortages. In addition, the company provided FY24 EBITDA guidance of \$1.59-1.68bn. At the investor day, Aurizon announced bullish FY30 targets for its Bulk business and containerised freight strategy, which the market is not yet giving the company credit for as it is early days on execution. Having earlier enjoyed investor support on news of its post-paid mobile price increases, TLS shares lagged the broader market in July. During the month, its rival Optus announced it had struck a deal with Elon Musk's Starlink for Mobile to Satellite services. This increases Optus' coverage which has always been one of TLS' competitive advantages. This followed the previous month's decision by the Australian Competition Tribunal to disallow TLS' proposed network sharing agreement with TPG.

Australia's economy is giving mixed signals with robust jobs growth and moderating inflation being countered by weak retail spending. There were strong employment gains in June as the unemployment rate edged down to 3.5% - essentially a 50-year low. Consumer price pressures also moderated in the June quarter with annual inflation coming in at 6.0%. However, the looming price rises for electricity and residential rents in the new financial year still suggest that inflation is a concern. For consumers, the squeeze on budgets from high inflation and rising int

Top 10 share holdings

(alphabetical order)

- ANZ Group
- BHP Group
- Commonwealth Bank of Australia
- Medibank Private
- National Australia Bank
- Nine Entertainment
- Suncorp Group
- Telstra 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 July 2023	\$101.2m
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 July 2023
Australian shares	90%	100%	100%	99.2%
Cash and cash equivalents	0%	0%	10%	0.8%

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: 19

Key Responsibilities:

Jennifer is the Deputy Portfolio Manager of the Dividend Builder Model Portfolio and Managed Fund.



Platform availability

- BT Panorama
- Macquarie Wrap
- PowerWrap
- eXpand Extra
- MLC Wrap / Navigator
- Rhythm
- Findex / Centric
- North
- uXchange
- Hub 24
- 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 June 2023) 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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