

Dividend Builder Fund



Monthly Performance Report August 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	5.4	5.2	4.9	5.5	5.8	5.9
Growth return ³ %	-1.6	2.5	3.1	10.1	1.6	0.8	1.3	1.4
Total net return⁴ %	-1.6	4.2	8.5	15.3	6.5	6.3	7.1	7.3
Benchmark return %	-0.7	3.9	9.6	11.7	6.9	7.9	8.4	7.7
Net excess return %	-0.9	0.3	-1.1	3.6	-0.4	-1.6	-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

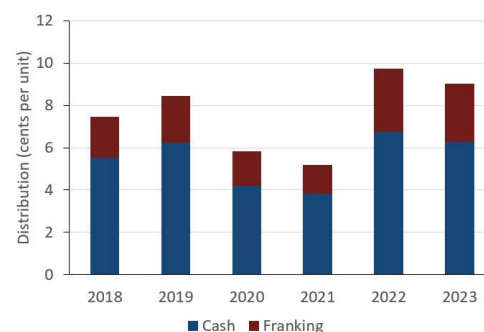
Australian shares disappointed in August with a mild decline given concerns over China's prospects as well as the Australian consumer. The Utilities and Consumer Staples sectors led the market declines given concerns about the consumer's ability to absorb higher electricity & gas prices as well as rising mortgage interest rates and rents. Information Technology declined in line with a more cautious view after their recent strong gains. Despite a rebound in the iron ore price to above US\$110 per ton, the Resources sector posted a -1.8% negative return with concerns over China's prospects. There were some positives with surprisingly strong gains for Consumer Discretionary and Real Estate on hopes that the Reserve Bank has ceased raising interest rates.

August is also reporting season for most Australian companies and while results were largely in line with expectations, the prospect of rising costs and a slowing economy saw reasonably soft guidance for the FY24 year which flowed through to earnings downgrades.

The annual distribution return to 31 August 2023 for the Antares Dividend Builder Fund was 5.4%. The fund delivered a total return of -1.6% (net of fees) for the month of August which compared to a return of -0.7% for the S&P/ASX200 Total Return Index. Dividends were received from Metcash, Region and Transurban during the month.

Contributing to the Fund's performance was an overweight Medibank Private (MPL) holding and decisions not to own Resmed (RES) or Wisetech (WTC). MPL delivered a strong profit result for FY23 and a higher dividend. As well as a boost to investment income, the company reported an increase in net policy holders which it attributed to its customer focus. RES' 4Q result was below market expectations, driven by lower margins and higher costs. There is also some concern that the increased use of Ozempic for weight loss could reduce the prospect of sleep apnoea and subsequent demand for RES' machines.

Distribution history*



Sector allocation

GICS ⁵	%
Financials Ex Reits	37.2
Metals & Mining	17.0
Communication Services	9.7
Industrials	9.4
Energy	7.9
Materials Ex Metals & Mining	6.3
Consumer Discretionary	3.5
Consumer Staples	3.4
Health Care	3.4
Utilities	2.3
Real Estate	0.0
Information Technology	0.0

Compounding this was the release of clinical trial results by Novo Nordisk, the manufacturer of Ozempic that indicated another of its weight loss products, Wegovy, could reduce the risk of serious heart problems and heart-related death by 20%. Although WTC's FY23 results were in line with expectations, the company's FY24 guidance was below consensus. While forecast growth is still strong it appears to be moderating.

Detracting from performance was an overweight holding in South 32 (S32) and the decisions not to own Wesfarmers (WES) or Goodman Group (GMG). S32 reported a mixed FY23 result, with profits impacted by cost headwinds. These costs are expected to remain more elevated in FY24 than the market had been expecting, resulting in further profit downgrades and a lower share price. WES' result revealed its retail businesses have enjoyed consumer demand that has persisted beyond expectations. Kmart was a major beneficiary, posting a strong performance and Bunnings also delivered revenue growth. The company also boosted its final dividend by 3%. GMG reported 16% EPS growth and guided for a further 9% EPS growth in FY24 under conservative assumptions. Yet even these positives were surpassed by the extent of GMG's data centre (DC) pipeline, which is being driven by significant growth in data storage and AI, and includes a 3GW power allocation capacity within their land bank for DC development and the potential to increase it to 4GW in the near term. Other operational metrics for GMG also remain very solid.

Australia's economy is showing significant signs of slowing down with real retail spending declining over the past nine months to June. Essentially consumers are struggling to keep spending as the squeeze from higher goods and services prices, rising mortgage interest rates and rents take their toll. Employment also fell marginally in July with the unemployment rate edging up from 3.5% to 3.7%. There was some mild relief as annual consumer inflation moderated from 5.4% in June to 4.9% in July according to the new ABS monthly measure. The Reserve Bank again held the cash interest rate steady at 4.1% but maintained guidance that further interest rate rises may be required to get inflation back to their 2% to 3% target range.

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.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 August 2023
Australian shares	90%	100%	100%	98.5%
Cash and cash equivalents	0%	0%	10%	1.5%

Portfolio facts

Inception date	6 September 2005
APIR Code	PPL0002AU
Fund size as at 31 August 2023	\$101m
Benchmark⁶	S&P/ASX 200 Total Return Index
Distribution	Quarterly
Management fee⁷	0.60% pa

Portfolio managers

ANDREW HAMILTON

Head of Implementation

Years with the group: 23

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

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 Fund 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 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 Insignia Financial Group of companies (comprising Insignia Financial Ltd ABN 49 100 103 722 and its related bodies corporate) ('Insignia Financial 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 Insignia Financial Group guarantees the repayment of your capital, payment of income or the performance of your investment.