

Portfolio Profile

Antares Dividend Builder



July 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 2021 for the Antares Dividend Builder Fund was 4.35% compared to the Benchmark's 2.77%. The fund delivered a return of 0.4% (net of fees) for the month of July 2021.¹ During the month, dividends were received from ANZ Banking Group and National Australia Bank.

Australian shares made slight gains in July. The resources sector performed well given higher metal prices and a weaker Australian Dollar. The industrial sector, utilities and consumer staples also performed solidly given RBA's guidance of low interest rates. However, the information technology sector lost ground after a strong June.

Contributing to performance were overweight holdings in Iress (IRE) and Medibank Private (MPL) and not owning Afterpay (APT). Late in July IRE announced it had received a conditional takeover offer of between \$15.30-\$15.50 per share from EQT Funds Management and advised shareholders to take no action. IRE also held an investor day where it announced an on-market share buyback of up to \$100m. MPL outperformed the market in July because lockdowns in Sydney and Melbourne should lead to fewer elective surgeries (again). There were also several broker earnings forecast upgrades. While there was no new news, the market's preference for value oriented stocks, driven especially by M & A appeal, saw a rotation away from longer duration growth stocks such as APT.

Detracting from returns were decisions not to own Sydney Airport (SYD) and Goodman Group (GMG) and an overweight holding in GPT. Early in the month a conditional non-binding takeover offer was made by a consortium of infrastructure investors for SYD at an indicative price of \$8.25 per stapled security. GMG shares were stronger following strong reports by international logistics peers during the month, with expectations of a lift in FY21 guidance. GPT withdrew its earnings and distribution guidance for the year to 31 Dec 2021 due to uncertainty surrounding the impacts of the Covid-19 driven lockdowns in both Sydney and Melbourne.

Australia's economic revival is being challenged by the extended lockdown in Sydney and recent outbreaks in Melbourne and Brisbane. Business and consumer surveys have softened while weekly payroll data shows that employment has stagnated. Mitigating this slowdown risk has been increased budget support from the Federal and State Governments. The Reserve Bank's monetary policy settings also remain highly supportive with guidance that cash interest rates should remain steady until 2024.

Portfolio facts

Inception date:	6 September 2005
Fund size at 31 July 2021:	\$121.8m
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 July 2021 (alphabetical order)

- ANZ Banking Group
- Coles Group
- GPT Group
- Medibank Private
- Metcash
- National Australia Bank
- Suncorp Group
- Telstra Corporation
- Transurban Group
- Westpac Banking Corporation

Investment returns as at 31 July 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 %	0.4	4.7	36.1	5.9	5.4	5.8	10.2	7.3
Income yield as at 30 June 2021								
Income yield ² %			4.35	4.75	4.65	4.42	4.33	4.02
Benchmark yield ³ %			2.77	3.37	3.63	3.68	3.76	3.58

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 Jul 21
Australian shares	90%	100%	100%	99%
Cash and cash equivalents	0%	0%	10%	1%

Franking levels

Year end	
30 June 2021	79.73%
30 June 2020	86.61%
30 June 2019	80.74%
30 June 2018	79.85%
30 June 2017	50.61%

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\$5.5 billion (at 30 June 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

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Distribution history⁶

Quarter end	Cents per unit
30 June 2021	0.74
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

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 2021

	1 year	3 years pa	5 years pa
Distribution yield⁷	4.36%	4.76%	5.38%

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.