

Portfolio Profile

Antares Dividend Builder



August 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 4.7% (net of fees) for the month of August 2021.¹ During the month, dividends were received from GPT, Metcash, Scentre Group and Transurban.

Australian shares delivered a strong return in August. Reporting season was generally positive. The Information Technology sector surged as Square launched a \$39b takeover bid for Afterpay. There were also strong gains for the healthcare and financial sectors given the Reserve Bank's guidance that low interest rates would be maintained. However, resource sector shares were down as iron ore prices slumped by 25% as the Chinese steel industry signaled lower demand.

Contributing to performance were overweight holdings in Suncorp (SUN) and Downer EDI (DOW) and an underweight position in CBA. Suncorp's FY21 result was ahead of expectations and reflected provision releases across the insurance and banking divisions and a stronger insurance margin. The prospect of upgrades and capital initiatives were viewed positively. DOW delivered a good result with underlying earnings up by 21% and strong cash generation. It increased the payout ratio to 60% in 2H plus announced a \$400m on-market buyback. CBA reported an increase in FY21 cash profit buoyed by strong housing demand. This was expected by the market as were dividend and buyback announcements.

Detracting from returns was the decision not to own Afterpay (APT) and overweight holdings in Orora (ORA) and Tabcorp (TAH). US tech giant Square's \$39b bid for Afterpay valued APT at \$126.21 per share - a premium of 25% to APT's previous undisturbed market valuation. ORA reported an increase in FY21 profit but flagged ongoing challenges with the decommissioning of its Petrie plant. It also announced dividends would be unfranked in the near to medium term. TAH reported in line with expectations but noted the impact of Covid related lockdowns in NSW and Victoria and to a lesser extent SA and Queensland in July 21 had adversely impacted wagering, gaming and keno revenue by approximately \$40-50m.

Australia's economic revival is being challenged by the extended lockdowns in New South Wales and Victoria. High frequency data for employment and mobility shows a sharp decline in activity. Business and consumer surveys have also fallen. Partly mitigating these signs of economic slowdown has been increased budget support from the Federal and State Governments. The Reserve Bank's monetary policy settings also remain supportive with guidance that the current low cash interest rates should remain until 2024. Uptake of vaccinations is accelerating with the focus turning to opening up economies once key targets are reached.

Portfolio facts

Inception date:	6 September 2005
Fund size at 31 August 2021:	\$124.2m
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 August 2021 (alphabetical order)

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

Investment returns as at 31 August 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 %	4.7	7.0	38.5	7.3	6.8	6.3	10.7	7.5
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 Aug 21
Australian shares	90%	100%	100%	97%
Cash and cash equivalents	0%	0%	10%	3%

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

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.

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