

# Portfolio Profile

## Antares Dividend Builder



November 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 -1.2% (net of fees) for the month of November 2021.<sup>1</sup>

Australian shares recorded a slight fall in November with mixed performance across sectors. There were strong gains for the resources sector given the benefit of a lower Australian dollar and signs that iron ore prices were stabilising around US\$100 per ton. Communication services and consumer staples also benefitted from investors taking a more defensive stance. However, these gains were offset by sharp falls in financials with some poor results and concerns that interest rate margins would be squeezed by future interest rate rises. The energy sector also disappointed with the slump in oil prices.

Contributing to performance was the decision not to own CBA and overweight holdings in Telstra (TLS) and APA Group (APA). CBA shares fell after the release of its September quarter trading update. Operating income was down and net interest margin was lower, reflecting the competitive housing loan market and consumer switching to lower margin fixed rate loans. TLS shares continued to rise following the announcement that the company would operate and buy Digicel Pacific in partnership with the Australian government. The company also continued its share buy-back program during November. APA shares climbed in November in a relief rally as it became apparent that Brookfield's higher offer for AusNet would trump its bid which had been of concern to APA shareholders.

Detracting from performance were overweight holdings in Westpac (WBC) and Suncorp (SUN) and the decision not to own Fortescue Metals (FMG). WBC announced its FY21 results in November which included very disappointing second half earnings. Net interest margin was lower and costs were higher than expected.

Other bank shares were also weaker. Also negative for SUN was its announcement that declared weather events between 1 July 21 and 31 October 21, would cost between \$600-\$700m. This means that its expected FY22 natural hazard costs will exceed the company's allowance by \$125m to \$150m (assuming the balance of the year remains in line with SUN's allowances). FMG shares bounced back in November despite the price of iron ore falling by more than 21%. The lower Australian dollar and the prospect that iron ore prices may have bottomed were positives as was the company's upbeat AGM that emphasised FMG's focus on sustainability and new energy.

Australia's economy is showing more promising signs with the end of lockdowns in New South Wales and Victoria. Job advertisements and retail spending have recorded sharp gains which signal a recovery has started in the two largest states. The early reopening of the Queensland border also suggests confidence despite the new omicron variant.

Investment returns as at 30 November 2021<sup>1</sup>

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return <sup>4</sup> %	-1.2	-2.3	18.4	9.6	5.9	6.1	10.2	7.3
<b>Income yield as at 30 June 2021</b>								
Income yield <sup>2</sup> %			4.35	4.75	4.65	4.42	4.33	4.02
Benchmark yield <sup>3</sup> %			2.77	3.37	3.63	3.68	3.76	3.58

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> ^ 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). 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.

<sup>4</sup> Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

### Portfolio facts

<b>Inception date:</b>	6 September 2005
<b>Fund size at 30 November 2021:</b>	\$111.2m
<b>Benchmark:</b> ^	S&P/ASX 200 Total Return Index
<b>Investment timeframe:</b>	At least 5 years
<b>Relative risk:</b>	High
<b>Relative return<sup>1</sup>:</b>	High

### Top 10 share holdings

as at 30 November 2021 (alphabetical order)

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

^ From 1 October 2021 the Fund's Benchmark changed from the S&P/ASX200 Industrials Total Return Index to the S&P/ASX200 Total Return Index. Yields in this report are at 30 June 2021 hence relate to the benchmark at that time.

## 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

<b>Minimum investment:</b>	\$20,000
<b>Minimum additional investment:</b>	\$5,000
<b>Income treatment:</b>	Quarterly
<b>Entry fee:</b>	Nil
<b>Exit fee:</b>	Nil
<b>Management fee:<sup>5</sup></b>	0.60% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).

<sup>5</sup>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.

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 30 Nov 21
<b>Australian shares</b>	90%	100%	100%	99%
<b>Cash and cash equivalents</b>	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%

## Distribution history<sup>6</sup>

Quarter end	Cents per unit
30 September 2021	1.74
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

<sup>6</sup>Distribution 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
<b>Distribution yield<sup>7</sup></b>	4.36%	4.76%	5.38%

<sup>7</sup> 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.

## 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 September 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**

**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.