

Portfolio Profile

Antares Dividend Builder



December 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 2.9% (net of fees) for the month of December 2021.¹ During the month dividends were paid by Amcor, ANZ, Incitec Pivot, NAB and Westpac.

Australian shares made solid gains in December. The resources sector made a strong recovery with iron ore prices stabilising around US\$100 per ton. Utilities also made a comeback after an otherwise lacklustre 2021. Financial sector shares benefitted from the Reserve Bank's pledge to be patient on raising interest rates. However, the Information Technology sector fell sharply as the market re-assessed pricing for the Afterpay takeover. The Consumer Staples sector also disappointed given concerns that higher production and transport costs would adversely impact profit margins.

Contributing to performance was an underweight position in CSL, an overweight holding in Metcash (MTS) and the decision not to own Afterpay (APT). CSL shares were weaker as the company announced its plans to acquire Vifor Pharma, a global leader in renal disease and iron deficiency, for A\$16.4b. A \$6.3b placement and \$750m share purchase plan would be used together with debt and cash reserves. MTS released a strong result for the half year to October. While MTS's grocery business did well, the star performer was the hardware business, in particular the recent addition of Total Tools, a retail business that is delivering great leverage to strong sales numbers. Mid-month the market took a very decisive "risk off" turn which saw a rotation away from higher valuation sectors, such as tech, to the more "value" part of the market. Another factor impacting APT shares is that their price is now firmly linked to the price of Block (SQ US) in the United States given the merger of the two businesses that looms early in 2022. SQ US has been one of the worst performers in the recent tech sell-off in the US, being classified with other higher risk tech businesses. These businesses tend to be early in their life cycles and so requiring a heavier level of re-investment to create their longer-term value. As discount rates move up with inflationary expectations these stocks can suffer from temporary valuation adjustments. SQ's September quarterly missed revenue expectations and this also impacted its share price performance, thus dragging APT down with it.

Detracting from performance was the decision not to own CBA and overweight holdings in Medibank Private (MPL) and IAG. During December CBA and the broader banking sector regained some ground after releasing disappointing profit announcements in November. MPL shares continued to drift on no particular news. IAG shares have been weak since November when the company lowered its FY22 margin guidance following storm and hail activity across much of eastern Australia.

Australia's economy is showing more promising signs following 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. All state borders have re-opened with the exception of WA which is scheduled to re-open its border in early February. However, the new omicron variant and related surge in infection cases since the closing weeks of December are a troubling reminder of the continuing virus threat.

Investment returns as at 31 December 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 %	2.9	0.1	22.0	11.0	5.7	6.2	10.4	7.4
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). 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.

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

Portfolio facts

Inception date:	6 September 2005
Fund size at 31 December 2021:	\$111.8m
Benchmark: ^	S&P/ASX 200 Total Return Index
Investment timeframe:	At least 5 years
Relative risk:	High
Relative return¹:	High

Top 10 share holdings

as at 31 December 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

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 Dec 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 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

Distribution history⁶

Quarter end	Cents per unit
31 December 2021	0.82
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

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.