

Portfolio Profile

Antares Dividend Builder



January 2022

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 -4.1% (net of fees) for the month of January 2022.¹ During the month dividends were paid by Metcash.

Australian shares had a disappointing start to 2022 with sharp falls in January. Leading the decline was the Information Technology sector which struggled in the wake of Wall Street reassessing growth prospects. Healthcare and consumer staples were also under selling pressure given that future higher interest rates would reduce their appeal to investors. The few rays of sunshine came from the Resources sector. The energy sector surged given the rapid rise in the oil price towards US\$90 per barrel fueled by concerns over Russia – Ukraine political tensions. The big miners were also strongly supported as iron ore prices surged from US\$107 to US\$137 per tonne with reported shortages of Brazilian supply.

Contributing to performance were overweight positions in Woodside Petroleum (WPL), Suncorp (SUN) and BHP. The oil price rose by more than 17% during January. This was reflected in the price of oil stocks including WPL and STO. SUN and other financial stocks benefitted from rising real interest rates and investor appetite for companies considered to be "value" stocks. BHP and other iron ore producers including RIO performed well as the iron ore price rose on the reported supply shortages. Also significant was BHP's reunification and end of its London listing on the morning of 31 January which saw very high turnover as its weighting in various indices increased eg from a weighting of around 6% of the ASX 200 to approximately 10%. This means many index and benchmark-aware funds have been and will be buying more of the stock (and consequently have reduced or are reducing their exposure to others).

Detracting from performance were the decisions not to hold positions in Rio Tinto (RIO) and Santos (STO) together with an overweight holding in Metcash (MTS). Despite reporting a good start to FY22 in December, MTS and other consumer staples retailers were sold down as the impact of the omicron variant of covid on supply chains and absenteeism became apparent.

Australia's economy is once again struggling given the virus surge. As consumers and employees are reluctant to venture out, a 'shadow lockdown' has occurred across the eastern states. There have been large falls in consumer confidence and mobility in January which is likely to negatively impact spending. Also, Australia's annual inflation has accelerated to 3.5% in the December quarter 2021 as rising commodity prices and housing costs dent consumer' purchasing power. There is considerable pressure on the Reserve Bank to reconsider their "patient" stance on raising interest rates post this inflation surge.

Portfolio facts

Inception date:	6 September 2005
Fund size at 31 January 2022:	\$106.0m
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 January 2022 (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

Investment returns as at 31 January 2022¹

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 %	-4.1	-2.4	16.3	8.9	5.3	4.8	9.6	7.1
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.

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 Jan 22
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\$5.7 billion (at 31 December 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.

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.