

Portfolio Profile

Antares Dividend Builder



February 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 4.0% (net of fees) for the month of February 2022.¹ During the month dividends were paid by GPT and Transurban.

Australian shares proved more resilient to the global share correction with a 2.1% return for the ASX 200 largely as a result of a generally positive reporting season where more companies beat earnings estimates than missed. The energy sector surged as oil prices spiked to over US\$100 per barrel with concerns over the Russia – Ukraine conflict. Grain prices also rocketed given both Russia and Ukraine are major producers. The resource sector also benefitted from the sharp gains in most prices in February. Consumer staples rebounded after a disappointing January given reassurances from the Reserve Bank that interest rates are likely to remain stable this year. However, there were some disappointments with the Information Technology sector continuing to weaken on concerns about rate rises in the US.

Contributing to performance were overweight positions in Woodside Petroleum (WPL) and Westpac (WBC) and not holding a position in Westfarmers (WES). WPL's share price reflected the surge in the oil price. Further, WPL's CY21 result, delivered during the month, revealed that 25% of its CY22 LNG sales will be priced at spot prices rather than long-term contract prices. The spot LNG price has spiked just like the oil price, hence the market is excited by WPL's exposure - its shares were keenly sought, rising by 19.8%. WBC shares were stronger as the company's December quarter update, which also flagged lower costs, was well received by the market. The company also announced the successful completion of its off-market share buyback. WES shares were weaker after delivering a result in line with guidance, but with Bunnings earnings below expectations. Inventory was higher in light of ongoing disruption to global supply chains.

Detracting from performance was an overweight position in Iress (IRE) and the decisions not to hold positions in South 32 (S32) and Newcrest (NCM). IRE shares were weaker despite the company providing a FY22 earnings guidance that was better than expected. There may be some scepticism that the company may not reach its longer-term 2025 targets. A well-received interim profit result coupled with its share buy-back program and buoyant prices for its key commodities saw continued strength in S32's share price. The hostilities between Russia and Ukraine saw investors reposition into "safe-haven" assets such as gold which resulted in a spike in the price of gold and gold producers – NCM shares rose by 19.6%.

Australia's economy appears to be improving judging by solid gains in business surveys and employment in January. Retail sales have been stronger yet surveys show a more cautious consumer apparently due to worries over the ongoing coronavirus threat as well as rising energy prices. The result of February's reporting season was an increase in consensus FY22 earnings forecasts and sentiment. However, debate continues as to whether inflation is likely to be temporary or not.

Portfolio facts

Inception date:	6 September 2005
Fund size at 28 February 2022:	\$108.0m
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 28 February 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 28 February 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 %	4.0	2.7	18.3	8.4	5.3	4.4	10.0	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). 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 28 Feb 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

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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.