

Portfolio Profile

Antares Dividend Builder



January 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 2020 for the Antares Dividend Builder Fund was 4.38% compared to the Benchmark's 3.21%. Recent company earnings guidance suggests the outlook for dividends is looking better in 2021 and we maintain our objective to deliver income in excess of our benchmark. The fund delivered a return of 0.6% (net of fees) for the month of January 2021.¹

Dividends were received from Metcash during January.

Australian shares made modest gains in January. There were solid gains for consumer discretionary, communication and financial sector shares with the view that the Australian consumer is now experiencing improving prospects. However, these gains were countered by weakness in real estate investment trusts and industrials.

Contributing to capital returns was the decision not to own CSL and overweight holdings in Westpac (WBC) and Telstra (TLS). Concerns that the strength of the second wave of the pandemic in the USA would see more declines in plasma collections weighed on CSL. The strong Australian dollar also impacts the translation of US dollar earnings into AUDs. The banking sector was buoyed by the spike in bond yields following the democrat wins in the US Senate election in Georgia. Also supportive have been recent earnings upgrades that have been mostly due to lower bad debts. WBC was the best performer. During January TLS provided prior performance figures based on its new product reporting framework. The new framework was flagged in November 20 and will provide greater transparency, especially as TLS moves to restructure into three legal entities – InfraCo Fixed, InfraCo Towers and ServeCo.

Detracting from returns was the decision not to own Afterpay (APT) and an overweight holding in Amcor (AMC). Buoyant retail sales and increasing consumer confidence combined with APT's entry into the S&P/ASX 20 in December – all seen as positive for APT's share price. Despite upgrading EPS guidance for FY21 and buying back more shares, AMC shares have underperformed. AMC doesn't hit sweet spots such as value or covid recovery and the relatively strong AUD doesn't help.

Australia's economic data continues to strengthen, suggesting encouraging prospects for the new year. Strong job gains as well as optimistic business and consumer surveys suggest that the Australian economic recovery is gathering pace. Signs that Sydney's virus outbreak is contained also provided a positive impulse. However new variants of the coronavirus and slow rollouts of vaccines globally have tempered this optimism.

Portfolio facts

Inception date:	6 September 2005
Fund size at 31 January 2021:	\$129.1m
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 January 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 January 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 %	0.6	13.7	-4.0	1.5	4.3	5.5	8.2	6.5
Income yield as at 30 June 2020								
Income yield ² %			4.38	5.05	4.80	4.46	4.45	4.13
Benchmark yield ³ %			3.21	3.90	3.99	3.92	3.94	-

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 Jan 21
Australian shares	90%	100%	100%	98%
Cash and cash equivalents	0%	0%	10%	2%

Franking levels

Year end	
30 June 2020	86.61%
30 June 2019	80.74%
30 June 2018	79.85%
30 June 2017	50.61%
30 June 2016	65.55%
30 June 2015	54.67%

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\$5.2 billion (at 31 December 2020) 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 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
30 June 2016	3.25
31 March 2016	1.21

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 2020

	1 year	3 years pa	5 years pa
Distribution yield⁷	4.38%	5.05%	5.86%

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.