

Fund Profile

Antares Dividend Builder



October 2018

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 a rolling five-year period.

Fund commentary

Antares Dividend Builder delivered a return of -5.1% (net of fees) for the month of October 2018, outperforming its benchmark by 0.8%.¹

Australian shares posted a large negative return in October with the S&P/ASX 200 Accumulation Index falling by 6.1% for the month. All sectors were in the red, with the largest falls seen in information technology (-11.2%), energy (-10.5%) and consumer discretionary (-8%). Driving Australian markets lower were global share weakness as well as local concerns about the potential for tighter credit conditions in the wake of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and its intense scrutiny of financial institutions. The Australian dollar (AUD) depreciated against the US Dollar in October as higher US interest rates, weaker global risk appetites and softer commodity prices (particularly energy and metals) weighed on the currency.

High PE growth type stocks were most heavily marked down in the October sell-off while the real estate and utilities sectors fared best. Contributing to fund performance were overweight positions in Spark Infrastructure one of Australia's largest owners of electricity distribution assets, Scentre Group (SCG) and Aurizon (AZJ). Retail REITs were among the more favoured REITs by the market during October as investors seemed to shy away from the residential sector. As Australia's largest shopping centre owner, SCG was also favourably viewed. AZJ executed an agreement with Linfox to sell its loss-making Queensland intermodal business during the month and signed a 10 year contract for rail linehaul services.

AMP shares plunged after the company announced it was selling its ANZ Wealth Protection and Mature business to Resolution Life plus a planned IPO of its NZ Wealth business. It expects to raise A\$3.45b which will reduce debt, simplify the business and enable it to focus on its growth businesses but also reduces earnings. An overweight holding in AMP detracted from Fund performance. Stockland's (SGP) quarterly update indicated a noticeable slowing in residential sales. There was a modest increase in retail sales and the company maintained its earnings and dividend guidance but this did not appear to offset the generally negative sentiment around the softening housing market. An overweight holding in SGP detracted from fund performance. Despite its major competitor, Coles, releasing 5.1% Q1 comparable sales growth, Woolworths' (WOW) share price appeared to benefit from the market's risk-off sentiment as some investors moved from high growth stocks to the more defensive sectors such as consumer staples. Not owning WOW detracted from Fund performance.

Australia's economic data releases remain mixed. The labour market is performing solidly with both jobs growth and an unemployment rate edging down to 5.0%. The NAB business survey shows favourable results in terms of conditions and confidence. However as credit tightens and house prices continue to drift lower (particularly Sydney & Melbourne) housing turnover is also slowing. This is dampening consumer demand for household goods and other discretionary categories.

Investment returns as at 31 October 2018¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return ² %	-5.1	-6.8	-5.0	3.6	4.6	10.4	9.6	6.8
Gross return ³ %	-5.1	-6.7	-4.5	4.3	5.2	11.0	10.3	7.5
Benchmark return %	-5.9	-5.9	0.2	6.4	6.6	11.9	10.0	7.2
Net excess return %	0.8	-0.9	-5.2	-2.8	-2.0	-1.5	-0.4	-0.4
Gross excess return %	0.8	-0.8	-4.7	-2.1	-1.4	-0.9	0.3	0.3

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.

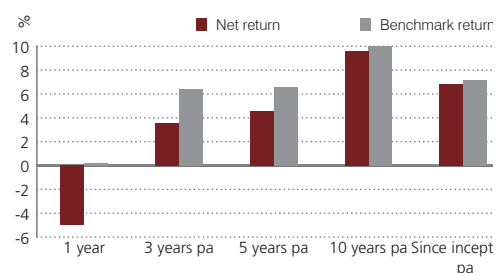
² Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

³ Gross returns are provided to show performance against the investment objective.

Fund facts

Inception date:	6 September 2005
Fund size at 31 October 2018:	\$206.2m
Benchmark:	S&P/ASX 200 Industrials Accumulation Index
Investment timeframe:	At least 5 years
Relative risk:	High
Relative return¹:	High

Net return² vs benchmark return



Top 10 share holdings

as at 31 October 2018 (alphabetical order)

- ANZ Banking Group
- Commonwealth Bank
- National Australia Bank
- Scentre Group
- Spark Infrastructure Group
- Stockland
- Sydney Airport
- Tabcorp Holdings
- Wesfarmers
- 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
Distribution:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee:⁴	0.60% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).

⁴ 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 31 Oct 18
Australian shares	90%	100%	100%	98%
Cash and cash equivalents	0%	0%	10%	2%

Franking levels

Year end	
30 June 2018	79.85%
30 June 2017	50.61%
30 June 2016	65.55%
30 June 2015	54.67%
30 June 2014	85.90%
30 June 2013	79.29%

About Antares

Antares is a dedicated asset management business managing more than \$36.1bn on behalf of Australian investors, with \$6.4bn in Australian equities and more than \$29.7bn in fixed income (as at 30 September 2018)

At Antares we are wholly focussed on delivering performance for investors through an investment approach underpinned by dedication, experience and discipline. We recognise and are ready for market uncertainty, and believe great performance is achieved through a focus on both risk and return. Antares consists of two divisions – Antares Equities (formerly Portfolio Partners and Aviva Investors) and Antares Fixed Income (formerly National Specialist Investment Management).

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 subsidiary of the National Australia Bank Limited group of companies ('NAB Group'). An investment in the Fund is not a deposit with or liability of National Australia Bank Limited ('NAB') or any other member of the NAB group of companies ('NAB Group') and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither ACP nor any other member of the NAB Group guarantees the repayment of your capital, payment of income or the performance of your investment. NAB does not provide a guarantee or assurance in respect of the obligations of ACP.

Distribution history⁵

Quarter end	Cents per unit
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
31 December 2015	1.65
30 September 2015	1.93
30 June 2015	4.35
31 March 2015	0.96
31 December 2014	2.09
30 September 2014	1.27

⁵ Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

Income yield as at 30 June 2018

	1 year	3 years pa	5 years pa
Income Yield⁶	5.34%	5.01%	4.74%
Benchmark⁷	4.49%	4.44%	3.43%

⁶ 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.

⁷ Calculated as the sum of the monthly returns of the S&P/ASX 200 Industrials Accumulation Index minus the monthly returns of the S&P/ASX 200 Industrials Index (price index).

Distribution yield as at 30 June 2018

	1 year	3 years pa	5 years pa
Distribution yield⁸	5.34%	6.95%	6.11%

⁸ 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.