

Portfolio Profile

Antares Dividend Builder Model Portfolio

February 2021



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Model Portfolio description and investment return objective

The Antares Dividend Builder Model Portfolio is an actively managed model portfolio of high yielding equities listed on the Australian share market which aims to deliver regular dividend income and moderate capital growth. The primary investment objective is to regularly generate higher levels of dividend income on a tax-effective basis than the S&P/ASX200 Industrials Total Return Index (Benchmark) and moderate capital growth over rolling five year periods.

Investment returns as at 28 February 2021¹²³

| Period | 1 month | 3 months | 1 year | 3 years pa | 5 years pa | 7 years pa | 10 years pa | Since inception pa |
|-----------------------------|------------|------------|------------|------------|------------|------------|-------------|--------------------|
| Income Yield % | 1.0 | 1.2 | 3.5 | 4.4 | 4.5 | 4.4 | 3.9 | 4.4 |
| Benchmark Income Yield % | 0.5 | 0.7 | 2.4 | 3.5 | 3.8 | 3.7 | 3.8 | 0 |
| Gross return ³ % | 2.4 | 3.1 | 4.2 | 2.8 | 5.9 | 5.5 | 8.6 | 8.9 |

Model Portfolio performance and attribution

The Antares Dividend Builder Model Portfolio's annual income yield to 28 February 2021 of 3.5% exceeded the Benchmark yield of 2.4%. 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. During February, dividend income was received from GPT, Scentre Group and Transurban.

Contributing to capital returns were overweight holdings in Nine Entertainment (NEC), Tabcorp (TAH) and Orora (ORA). NEC shares were stronger following an announcement by Google that it will pay for news content and after the company posted a 40% increase in first half profits. Higher advertising revenue and continued growth in its subscription and digital business together with lower costs boosted profits. TAH shares surged when the company announced they were considering two takeover proposals - with one apparently interested in the entire TAH business and the other only interested in the wagering business. The company's interim results revealed the latter performed surprisingly well during 1H21 although gaming was adversely affected by covid-related venue restrictions. ORA delivered a strong 1H21 result with profit after tax up by 19% (and above consensus) driven by stronger sales in Australasian and North American Beverage divisions. Although ORA did not provide earnings guidance the company did indicate that FY21 expectations are higher than FY20.

Detracting from returns were overweight holdings in Coles (COL) and Medibank (MPL) and the decision not to own Macquarie Group (MQG). Coles shares were sold down after the company revealed a significant moderation in sales during January, which indicated that they have lost market share to competitors including Woolworths and independent supermarket operators. In early February the market was speculating that volumes of elective surgeries had been accelerating as Covid restrictions eased and consequently MPL would see claims normalising from the low levels of 2020. MPL's 1H20 result was very good and lead indicators for the business (e.g. policyholder growth) look positive. But this did not translate to an increase in MPL's share price because at the same time MPL's highly respected MD, Craig Drummond announced he will retire on 30 June 2021. In early February MQG provided an operational update for its 3Q21 (to 31 Dec 20) noting improved trading conditions and upgraded guidance boosted by increased profits from energy trading in the USA. The company also indicated it was in a sound financial position.

Buys / Additions

Nil

Sales / Reductions

Nil

Top 10 share holdings

as at 28 February 2021 (alphabetical)

- Amcor
- ANZ Banking Group
- GPT Group
- Medibank Private
- Metcash
- National Australia Bank
- Scentre Group
- Suncorp
- Telstra
- Westpac Banking Corporation

Sector allocation

| GICS | % |
|------------------------------|-------|
| Financials Ex Reits | 43.49 |
| Consumer Staples | 11.31 |
| Communication Services | 10.23 |
| Real Estate | 8.87 |
| Materials Ex Metals & Mining | 6.67 |
| Consumer Discretionary | 5.45 |
| Industrials | 5.39 |
| Information Technology | 2.54 |
| Utilities | 2.27 |
| Metals & Mining | 2.15 |
| Energy | 1.63 |
| Health Care | 0.00 |

Source: Antares Equities; 28 Feb 2021

Note: GICS - Global Industry Classification Standard
% are absolute ie sector proportion of portfolio

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. The value of an investment may rise or fall with the changes in the market. ² Investment returns for the Model Portfolio are based on a notional model portfolio constructed by Antares and are gross of administration (platform) and investment management fees, net of estimated transaction costs, and assume all dividends remain in the Model Portfolio. ³ Performance is based on the income and market value of the notional Model Portfolio. ³ Inception date for the Model Portfolio is 22 November 2010.

Investment guidelines and ranges

| | Minimum | Benchmark Allocation | Maximum | As at 28 Feb 21 |
|---------------------------|---------|----------------------|---------|-----------------|
| Australian shares | 90% | 100% | 100% | 94.1% |
| Cash and cash equivalents | 0% | 0% | 10% | 5.9% |

Portfolio managers

Glenn Hart

Co-Head of Equities

Key Responsibilities

Glenn is the Co-Head of Equities responsible for leading the Australian Equities team and is the Portfolio Manager of Dividend Builder

Years with the group 23

Years of Industry Experience 33



Vikrant Gupta

Investment Manager

Key Responsibilities

Vikrant is the Deputy Portfolio Manager of Dividend Builder.

Years with the group 8

Years of Industry Experience 11



Investor profile

The Dividend Builder Model Portfolio is designed for investors seeking a stable, tax effective income stream through participating in the Australian share market and investing in companies providing dividend growth. It may also act as an income stabiliser in investment portfolios, especially during shifting or uncertain markets..

Model Portfolio facts

| | |
|---------------------------------------|--|
| Inception date: | 22 November 2010 |
| Benchmark: | S&P/ASX 200 Industrials Total Return Index |
| Investment timeframe: | At least 5 years |
| No of shares: | 13 to 25 |
| Indicative portfolio turnover: | 20% to 30% p.a. |
| Relative risk: | High |
| Relative return¹: | High |

Platform availability

ANZ Grow, BT Panorama, Macquarie, Navigator, Netwealth and Praemium.

Ratings



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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).

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