Portfolio Profile

Antares Dividend Builder Model Portfolio
October 2020

antares

For Adviser use only
This report is intended only for financial advisers. It must not be distributed or communicated to any third party and must be kept confidential. The Model Portfolio performance information in this report is based on Antares' construction of the notional Model Portfolio which is not available for direct investment. It is not a guarantee or an indication of the actual performance of a client's portfolio. Advisers need to consider the relevant disclosure documents of providers or platforms that offer the Model Portfolio for investment before recommending the Model Portfolio to their client.

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 31 October 2020[1,2,3]

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception pa
Income Yield[6] %	**0.2**	**1.0**	**3.7**	**4.6**	**4.6**	**4.4**
Benchmark Income Yield[7] %	0.0	0.8	2.8	3.7	3.9	0
Gross return[3] %	3.8	3.8	-16.6	-2.2	2.1	7.6

Model Portfolio performance and attribution

The Antares Dividend Builder Model Portfolio's annual income yield to 31 October 2020 of 3.7% exceeded the Benchmark yield of 2.8%. During October, dividend income was received from Coca Cola Amatil, Nine Entertainment, Suncorp, Viva Energy and Wesfarmers.

Contributing to capital returns were overweight positions in Coca Cola Amatil (CCL) and Nine Entertainment (NEC) and the decision not to own CSL. Coca-Cola European Partners (CCEP) announced a conditional bid for CCL at $12.75 per share by Scheme of Arrangement, representing a 28%+ premium to the one month volume weighted average CCL share price. NEC's share price has continued to rise post delivering its results in August. The market is recognising NECs success in transforming a large proportion of its business to a digital subscription model. CSL held an investor briefing in mid-October which saw a subsequent fall in the share price.

Detracting from returns were overweight positions in Aurizon (AZJ) and Amcor (AMC) as well as an underweight holding in CBA. AZJ provided an update on its quarterly rail volumes that were weaker than the market may have expected, although at its full year results in August, AZJ had flagged that it anticipated a slow start to the year. The coal market is weak, with diminished demand in South East Asia as industrial production has struggled to accelerate post the COVID-induced disruptions. Further, while AZJ is trading at a substantial discount to its traditional earnings multiples, many investors are assessing the sustainability of its coal-linked business model. After a strong run, AMC securities pulled back in October on no particular news. The banking sector rose strongly in October with the prospect of a loosening in the responsible lending laws and some hope that bad debts could be not as bad as feared.

Buys / Additions

Orora (ORA) – Orora owns world class packaging assets in Australia, with a lower quality business in America, which is likely through the worst. Assets include glass and aluminium packaging, which are oligopoly assets in Australia, and play to the sustainability theme as Orora is a large scale recycler. It also has a very strong balance sheet, attractive cashflow characteristics, good yield and given that it is trading at reasonable multiples it also may attract corporate interest.

Sales / Reductions

Nil

Top 10 share holdings

as at 31 October 2020 (alphabetical)

- Amcor
- ANZ Banking Group
- Aurizon
- Coca Cola Amatil
- GPT Group
- Medibank Private
- Metcash
- National Australia Bank
- Telstra
- Westpac Banking Corporation

Sector allocation

GICS	%
Financials Ex Reits	34.99
Consumer Staples	14.25
Communication Services	10.76
Materials Ex Metals & Mining	9.32
Consumer Discretionary	8.56
Real Estate	8.29
Industrials	4.48
Energy	2.89
Information Technology	2.55
Metals & Mining	2.17
Utilities	1.73
Health Care	0.00

Source: Antares Equities; 31 Oct 2020

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.* 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 31 Oct 20
Australian shares	90%	100%	100%	95.0%
Cash and cash equivalents	0%	0%	10%	5.0%

Portfolio managers

Glenn Hart
Co-Head of Equities
Key Responsibilities
Glenn is the Co-Head of Equit 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

Platform availability

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

Ratings

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 return[1]:	High

The rating issued 08/2020 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2020 Lonsec. All rights reserved.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating assigned 18 June 2020 referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at http://www.zenithpartners.com.au/RegulatoryGuidelines

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$4.9 billion (at 30 June 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