# Portfolio Profile

## Antares Dividend Builder Model Portfolio

December 2020

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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 31 December 2020[1,2,3]

| Period | 1 month | 3 months | 1 year | 3 years pa | 5 years pa | 10 years pa | Since inception pa |
|---|---|---|---|---|---|---|---|
| **Income Yield%** | **0.3** | **0.8** | **3.3** | **4.4** | **4.5** | **3.9** | **4.4** |
| Benchmark Income Yield% | 0.2 | 0.5 | 2.4 | 3.6 | 3.8 | 3.8 | na |
| Gross return[3] % | 0.1 | 16.4 | -2.9 | 0.7 | 3.6 | 8.7 | 8.7 |

## Model Portfolio performance and attribution

The Antares Dividend Builder Model Portfolio's annual income yield to 31 December 2020 of 3.3% exceeded the Benchmark yield of 2.4%. During December, dividend income was received from APA Group, Metcash, Pendal and Transurban.

Contributing to capital returns were overweight positions in Metcash (MTS) and Medibank Private (MPL) and the decision not to own CSL. Metcash posted solid gains after delivering a robust set of results with strong sales and operating leverage coming through the business. Investor focus began to move away from Covid testing related healthcare stocks to the rest of the sector including MPL which has enjoyed a resurgence of member growth in its Medibank brand, something that has been absent over the last few years. CSL shares were weaker as the share market became concerned that the second wave of the pandemic in the USA would see another significant decline in plasma collections. The strong Australian dollar also impacts the translation of US dollar earnings into AUDs.

Detracting from returns were the decision not to own Afterpay (APT), an underweight holding in CBA and an overweight holding in Aurizon (AZJ). The change in market direction helped some of the "COVID-winners" including APT recover their momentum. An upbeat trading update in November by APT and the company's entry into the S&P/ASX 20 in December also aided positive sentiment. In late November, APRA signalled it would likely remove the caps on bank dividend payout ratios which was positive for the bank sector. This news built on a positive trading update by CBA. Despite receiving approval to sell its Acacia Ridge terminal to Pacific National, AZJ's share price declined on concerns about China's cancellation of Australian coal shipments.

### Buys / Additions

**Transurban (TCL)** - Transurban had underperformed the market by over 20% in the first two months of the quarter, and has underperformed the market over a rolling 12 months. In light of looking better value relative to the market, we decided to take a slightly more defensive approach to the portfolio late in the quarter after the market had such a strong rally taking many previously attractively valued stocks to quite high multiples. TCL had been left behind in the reopening trade rally, while at the same time Australian traffic numbers have been improving substantially, restoring much improved dividend prospects, and leaving reasonable valuation upside.

### Sales / Reductions

**Nil**

## Top 10 share holdings

as at 31 December 2020 (alphabetical)

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

## Sector allocation

| GICS | % |
|---|---|
| Financials Ex Reits | 41.97 |
| Consumer Staples | 12.05 |
| Communication Services | 9.64 |
| Real Estate | 9.20 |
| Materials Ex Metals & Mining | 6.92 |
| Industrials | 5.30 |
| Consumer Discretionary | 5.16 |
| Information Technology | 2.99 |
| Metals & Mining | 2.48 |
| Utilities | 2.40 |
| Energy | 1.90 |
| Health Care | 0.00 |

Source: Antares Equities; 31 Dec 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 Dec 20 |
|---|---|---|---|---|
| **Australian shares** | 90% | 100% | 100% | 94.6% |
| **Cash and cash equivalents** | 0% | 0% | 10% | 5.4% |

## 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

## Platform availability

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

## Ratings

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## 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 |

## 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**