Portfolio Profile

Antares Dividend Builder Model Portfolio
May 2020

antares

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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 May 2020[1,2,3]

Period	1 month	3 months	1 year	3 years pa	5 years pa	Since inception pa
Income yield %	**-**	**-**	**4.20**	**4.76**	**4.72**	**-**
Benchmark yield %	-	-	3.33	**3.93**	**4.00**	**-**
Gross return* %	**3.6**	**-13.6**	**-16.5**	**-3.1**	**-0.3**	**7.5**

Model Portfolio performance and attribution

The Antares Dividend Builder Model Portfolio's annual income yield to 31 May 2020 of 4.20% exceeded the Benchmark yield of 3.33%.

Contributing to performance was the decision not own CSL and overweight holdings in Viva Energy (VEA) and Amcor (AMC). CSL shares pulled back by more than 10% during May on news that April plasma collections were down 25-30% on the prior year, a continued rally in the AUD (vs USD) and market rotation as investors looked through the pandemic away from stocks that had held up well into more beaten up stocks like cyclicals. During May, VEA furthered its separation from the Viva Energy REIT and enjoyed share price support as the oil price continued to rise. AMC released its 3Q20 results which revealed it was benefitting from strong demand for packaged consumer goods. The company also increased its FY20 guidance.

Detracting from performance was an overweight holding in Scentre Group (SCG) and the decisions not to hold Afterpay (APT) and Goodman Group (GMG). After recovering some ground in April, SCG shares pulled back in May. The company announced it had priced a US$1.5 billion (A$2.3 billion) debt issue in the United States market. APT continued to find favour as investors better understood its pivotal position in the online retail sales and payment channel and Chinese social media giant Tencent revealed it had built a 5% share in the company. At the start of the month, Hong Kong listed Tencent Holdings announced that it had become a substantial shareholder in APT. Early in May, GMG announced that having reviewed the impact of the coronavirus, the group remained in a sound position and reaffirmed its earnings and distribution guidance for FY20.

Buys / Additions

Coca-Cola Amatil (CCL): CCL was purchased after coronavirus related downgrades resulted in sharp fall in the share price. We note that in February the company performed very well after reporting a return to volume growth. We expect that post the coronavirus slowdown, which saw shutdowns in Indonesia and the closure of hotels, restaurants and cafes in Australia, these restrictions will be gradually relaxed and we will see an eventual return to growth. Hence we have added a reasonably priced, strongly branded, consumer staple, with a good medium term yield into the portfolio.

Sales / Reductions

Treasury Wine Estates (TWE): TWE was sold as the unexpectedly quick deterioration in relations between Australia and China throws considerable uncertainty into TWE's profitability equation. China is a large market for premium, high margin wine, and as such it is fundamental to the investment case for TWE. We believe it is possible that demand may be impacted more than the market currently expects, leading us to revise down our yield expectations.

Top 10 share holdings
as at 31 May 2020 (alphabetical)

- Amcor
- ANZ Banking Group
- Aurizon Holdings
- Medibank Private
- Metcash
- National Australia Bank
- Scentre Group
- Tabcorp Holdings
- Telstra
- Westpac Banking Corporation

Sector allocation

GICS	%
Financials Ex Reits	33.92
Consumer Discretionary	13.07
Materials Ex Metals & Mining	11.62
Consumer Staples	10.58
Communication Services	9.04
Real Estate	8.98
Industrials	5.32
Energy	3.50
Utilities	2.00
Information Technology	1.99
Health Care	0.00

Source: Antares Equities; 31 May 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 May 20
Australian shares	90%	100%	100%	95%
Cash and cash equivalents	0%	0%	10%	5%

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 22
Years of Industry Experience 33

Vikrant Gupta
Investment Manager
Key Responsibilities
Vikrant is the Deputy Portfolio Manager of Dividend Builder.
Years with the group 7
Years of Industry Experience 10

Platform availability

ANZ Grow, Macquarie, Navigator, Netwealth and Praemium.

Ratings

Investment Grade Lonsec Research

Zenith Investment Partners Recommended

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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$4.2 billion (at 31 March 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