

Portfolio Profile

Antares Dividend Builder



December 2020

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 rolling five-year periods.

Fund commentary

The annual income yield to 30 June 2020 for the Antares Dividend Builder Fund was 4.38% compared to the Benchmark's 3.21%. While recent dividends have been lower than last year, with some cancelled, we reiterate that it is our objective to deliver income in excess of our benchmark. The fund delivered a return of -0.1% (net of fees) for the month of December 2020.¹

Dividends were received from APA Group, Metcash, Pental and Transurban during December.

Australian shares recorded more modest gains than most global equities markets. While news of a virus outbreak in Sydney in late December served as a dampener, some sectors ended December on a very positive note including Information Technology which reflected the robust gains on Wall Street. The Resources sector also performed strongly as the iron ore price surged by more than 20% on news of lower Brazilian production. Oil and gold prices also rallied. Utilities and health care sectors declined during the month.

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.

Australia's economic data continues to strengthen, suggesting a sustainable recovery provided the Sydney virus outbreak is contained. Strong job gains and retail spending were recorded in November with the ending of Melbourne's virus lockdown. Business and consumer surveys show very positive responses given the Federal Budget's investment allowance initiatives as well as income tax cuts. With coronavirus vaccines being rolled out across the northern hemisphere, the imminent inauguration of President-elect Biden in the US and completion of Brexit, the global outlook is positive, although a shadow remains over Australia's relationship with China.

Portfolio facts

Inception date:	6 September 2005
Fund size at 31 December 2020:	\$130.5m
Benchmark:	S&P/ASX 200 Industrials Total Return Index
Investment timeframe:	At least 5 years
Relative risk:	High
Relative return¹:	High

Top 10 share holdings

as at 31 December 2020 (alphabetical order)

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

Investment returns as at 31 December 2020¹

Period	1 month	3 months	1 year	3 years pa	5 years pa	7 years pa	10 years pa	Since inception pa
Net return ⁴ %	-0.1	17.7	-2.2	0.6	3.3	4.9	8.3	6.5
Income yield as at 30 June 2020								
Income yield ² %			4.38	5.05	4.80	4.46	4.45	4.13
Benchmark yield ³ %			3.21	3.90	3.99	3.92	3.94	-

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 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.

³ Calculated as the sum of the monthly returns of the S&P/ASX 200 Industrials Total Return Index minus the monthly returns of the S&P/ASX 200 Industrials Index (price index).

⁴ Investment returns are based on exit prices, and are net of management fees and assume reinvestment of all distributions.

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
Income treatment:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee:⁵	0.60% per annum of the Fund's net asset value (including GST net of Reduced Input Tax Credit).

⁵Certain 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 Dec 20
Australian shares	90%	100%	100%	96%
Cash and cash equivalents	0%	0%	10%	4%

Franking levels

Year end	
30 June 2020	86.61%
30 June 2019	80.74%
30 June 2018	79.85%
30 June 2017	50.61%
30 June 2016	65.55%
30 June 2015	54.67%

About Antares

Antares is a dedicated asset management business managing more than \$31.0bn on behalf of Australian investors, with \$4.0bn in Australian equities and more than \$27.0bn in fixed income (as at 30 September 2020).

At Antares we are wholly focused 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 history⁶

Quarter end	Cents per unit
31 December 2020	0.83
30 September 2020	0.85
30 June 2020	0.54
31 March 2020	1.25
31 December 2019	1.07
30 September 2019	1.37
30 June 2019	1.82
31 March 2019	1.06
31 December 2018	1.13
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

⁶Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

Distribution yield as at 30 June 2020

	1 year	3 years pa	5 years pa
Distribution yield⁷	4.38%	5.05%	5.86%

⁷ 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.