

# PORTFOLIO UPDATE

## HNW Australian Equity Concentrated Portfolio

### Monthly Report April 2024

- April saw global equity markets fell between -3% and -5% over the month on market views that rapid and deep interest rate cuts this year could be unlikely as inflation continues to remain sticky across most developed economies. Paradoxically, we are in an environment where positive (*or less negative than expected*) economic data puts downward pressure on equity markets, as it is seen to push out the time frame for interest rate cuts.
- The **HNW Australian Equity Concentrated Portfolio** fell by -3.6%, behind the benchmark return of -2.9%, due to macroeconomic concerns rather than stock-specific news. April was a very volatile month, with macroeconomic fears frustratingly outweighing solid trading updates from several companies in the Portfolio.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	12m rolling	Incept annual
HNW Equity Concentrated Portfolio	-1.6%	0.3%	3.5%	-1.2%	-1.6%	-5.1%	4.2%	5.1%	3.1%	0.9%	3.6%	-4.5%	6.1%	3.9%
ASX 200TR	-2.5%	1.8%	2.9%	-0.7%	-2.8%	-3.8%	5.0%	7.3%	1.2%	0.8%	3.3%	-2.9%	9.1%	7.4%
Active return	1.0%	-1.5%	0.6%	-0.5%	1.2%	-1.3%	-0.8%	-2.1%	1.9%	0.1%	0.3%	-1.6%	-2.9%	-3.4%

#### Portfolio Objective

Investments within the AE portfolio are selected based on highest conviction. This may result in some GICs being over or underrepresented relative to the index.

#### Appropriate Investors

Accumulation for entities wanting higher conviction or that have more limited resources.

#### Portfolio Details

Benchmark	Not Aware
Number of Stocks	10-15
Asset Allocation	100% Equity
Inception Date	30 <sup>th</sup> November 2022
Security Target	within 5% of S&P ASX 200 weights

#### Performance Update

The key market news in April was that inflation continues to fall in Australia, but not as fast as initially thought. Inflation over the first quarter of 2024 increased by 3.6% on last year, with service inflation (insurance and education) remaining challenging to remove in the economy.

The key news in April was BHP's \$60 billion takeover bid for miner Anglo-American, potentially the largest takeover bid ever by an Australian company. Historically large mining takeovers have invariably resulted in poor outcomes for shareholders.

Heightened global geopolitics tensions increased the Brent Oil price by 1% to US\$88.40 per barrel and sent gold to new all-time high prices of \$2,330 per ounce.

#### Top Ten Active Positions end April 2024

Company	Yield
Commonwealth Bank	4.7%
Woodside	6.3%
ANZ Bank	6.0%
Ampol	6.0%
Transurban	4.0%

#### Estimated portfolio metrics for FY24

	ASX 200	HNW Con
PE (x) fwd.	16.9	13.0
Dividend yield (net)	3.8%	5.2%
Est Franking	67%	81%
<b>Grossed Up Yield</b>	<b>4.8%</b>	<b>6.7%</b>
Number of stocks	200	13
Avg mcap \$B	14	55
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

# PORTFOLIO UPDATE

## HNW Australian Equity Concentrated Portfolio

April 2024

### Portfolio Performance

In April, the **HNW Australian Equity Concentrated Portfolio** fell by -4.5%, behind the benchmark's return of -2.9%.

Over the month, positions in Mineral Resources (+2%), and Deterra (+1%) added value. On the negative side of the ledger Ampol (-7%) and Woodside (-7%) and Macquarie (-6%) detracted value.

The falls came on no new news for Macquarie, with Woodside weaker on lower-than-expected realised oil prices. Given that the oil company prices cargo on a lagged basis, we expect a strong recovery in the June quarter, which has seen average oil prices rise by US\$20/barrel. During the month, Ampol provided a solid production update, which will see the company's profits remain steady compared to last year's record-high earnings.

### Portfolio Trading

No significant trading was done during the month.

### Performance Calculation Methodology

The following conventions have been adopted for calculating performance:

- Transaction expenses of 10bp are applied to Portfolio buy and sells. Transaction expenses are capitalised into the cost base. Rebalancing transactions incur transaction expenses.
- Cash-flow from dividends is credited on the ex-date rather than the pay date. Franking is not considered which is consistent with the calculation methodology of the benchmark. Cash-flow from dividends is assumed to be reinvested in issuer stock at the closing price on the ex-date.
- The Portfolio can participate in entitlement-based capital raisings, however, cannot participate in institutional raisings.
- The Portfolio must fund the required amount by the sale of the equivalent amount of equity. In the event of a subsequent scale-back the Portfolio will also record the pro-rata amount of script issued.
- Performance does not include consideration of taxation including capital gains tax.
- Performance numbers are presented on an unaudited basis