

PORTFOLIO UPDATE

HNW Australian Equity Concentrated Portfolio

Monthly Report February 2024

- February proved to be a very eventful month, mainly dominated by Australian corporate earnings, which were much better than market expectations. It also revealed that many Australian companies are managing higher inflation pressures and interest rates well, with the Australian consumer remaining resilient.
- The **HNW Australian Equity Concentrated Portfolio** gained by +0.9%, marginally ahead of the benchmark return of +0.8%. It was pleasing to see the Portfolio post a strong result during the reporting season, demonstrating that our companies are in good health and mainly offer non-discretionary goods and services in the domestic market where consumers and the economy remain resilient.

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	12m rolling	Incept annual
HNW Equity Concentrated Portfolio	-2.7%	1.3%	-1.6%	0.3%	3.5%	-1.2%	-1.6%	-5.1%	4.2%	5.1%	3.1%	0.9%	5.8%	5.3%
ASX 200TR	-0.2%	1.8%	-2.5%	1.8%	2.9%	-0.7%	-2.8%	-3.8%	5.0%	7.3%	1.2%	0.8%	10.6%	8.1%
Active return	-2.5%	-0.6%	1.0%	-1.5%	0.6%	-0.5%	1.2%	-1.3%	-0.8%	-2.1%	1.9%	0.1%	-4.9%	-2.8%

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 th November 2022
Security Target	within 5% of S&P ASX 200 weights

Performance Update

As always, February is dominated by Australian corporate earnings and allows investors to closely examine the financial accounts of large companies that dominate the Australian economy. The February 2024 reporting season saw more divergence in the financial performance of Australian corporations than we have seen in recent years. Over the month, some companies reported falling profits and cut their dividends, whereas others reported record profits and confident outlooks. The divergence was seen in the share prices of the ASX 200, which ranged from Altium +30% to Whitehaven -17%!

Top Ten Active Positions end February 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	13.4
Dividend yield (net)	3.9%	4.9%
Est Franking	64%	81%
Grossed Up Yield	5.1%	6.5%
Number of stocks	200	23
Avg mcap \$B	14	55
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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Portfolio Performance

In February, the **HNW Australian Equity Concentrated Portfolio** gained by +0.9%, ahead of the benchmark's return of +0.8%. Atlas was very pleased with the Portfolio through the reporting season, with all companies profitable, paying dividends and increasing income to shareholders above the inflation rate.

Over the month, positions in Mineral Resources (+11%), QBE Insurance (+9%) and Ampol (+8) added value after reporting solid results in the February reporting season.

On the negative side of the ledger, Woodside (-6%) and Deterra (-8%) hurt performance despite the latter company reporting record profits and dividends.

Portfolio Trading

No Significant trading was done over 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