

# PORTFOLIO UPDATE

## HNW Australian Equity Concentrated Portfolio

### Monthly Report July 2024

- In July, the key piece of news was the weaker Australian Dollar due to rate cuts being forecasted to start in the US in September, falling oil prices and the July quarter inflation number, which came in below market expectations and mitigated against the chance of a rate rise in August.
- The **Atlas Concentrated Australian Equity Portfolio** declined by +3% but was behind the benchmark's return.
- We are looking forward to the upcoming August profit season, which we expect will show the resilience in earnings and dividends of the companies we own in the Portfolio. In the last weeks of July, seven companies gave guidance on their upcoming results, all of which were positive

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	12m rolling	Incept annual
HNW Equity Concentrated Portfolio	-1.2%	-1.6%	-5.1%	4.1%	5.1%	3.4%	0.8%	3.6%	-4.5%	0.8%	-0.4%	3.0%	7.5%	6.4%
ASX 200TR	-0.7%	-2.8%	-3.8%	5.0%	7.3%	1.2%	0.8%	3.3%	-2.9%	0.9%	1.0%	4.2%	13.5%	10.0%
Active return	-0.5%	1.2%	-1.3%	-0.9%	-2.2%	2.2%	0.0%	0.3%	-1.6%	-0.1%	-1.4%	-1.2%	-6.0%	-3.6%

#### Portfolio Objective

Investments within the Australian Equity portfolio is selected based on highest conviction. This July 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 highlights during the month were the inflation level of 3.8%, which came in below market expectations and removed expectations of rate hikes in August. This change in expectations saw the Australian Dollar depreciate against the US Dollar, increasing earnings for companies that generate significant profits from overseas.

During July, commodities were softer, primarily iron ore (-4.5%) and oil (-7%), on concerns about Chinese demand falling due to worsening economic conditions. Due to ongoing Middle East concerns, Atlas expects the oil price to remain resilient in the coming months.

#### Top Ten Active Positions end July 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.	17.5	13.0
Dividend yield (net)	3.6%	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

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July 2024

### Portfolio Performance

In July, the **HNW Australian Equity Concentrated Portfolio** gained 3%.

Over the month, positions in Amcor (+9%), Commonwealth Bank (+8%), Transurban (+5%) and CSL (5%) added value. On the other side of the ledger, Woodside (-2%) and The Lottery Corporation (-2%) detracted value.

### 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