

PORTFOLIO UPDATE

HNW Australian Equity Concentrated Portfolio

Monthly Report June 2024

- In June, the key piece of news impacting the ASX over the month was the spike in inflation to 4%, which raises the spectre of an interest rate rise in August rather than the cuts that some market participants were forecasting. Despite this negative news, the market was able to finish up in the green for the month.
- The **Atlas Concentrated Australian Equity Portfolio** declined by -0.4%, behind the benchmark's return. There was minimal stock-specific news in June, with companies in blackout prior to releasing their results in August. While every company in the Portfolio has solid prospect and is delivering growing dividends, this does not show on the scoreboard.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	12m rolling	Incept annual
HNW Equity Concentrated Portfolio	3.5%	-1.2%	-1.6%	-5.1%	4.2%	5.1%	3.1%	0.9%	3.6%	-4.5%	0.8%	-0.4%	8.0%	3.8%
ASX 200TR	2.9%	-0.7%	-2.8%	-3.8%	5.0%	7.3%	1.2%	0.8%	3.3%	-2.9%	0.9%	1.0%	12.1%	7.2%
Active return	0.6%	-0.5%	1.2%	-1.3%	-0.8%	-2.1%	1.9%	0.1%	0.3%	-1.6%	-0.1%	-1.4%	-4.1%	-3.4%

Portfolio Objective

Investments within the Australian Equity portfolio is selected based on highest conviction. This June 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

June was a very volatile month, driven primarily by concerns about higher inflation in the Australian economy and whether an interest rate increase would be needed at the August monetary policy meeting. There was minimal company specific news with companies in black-out prior to reporting their profit results in August.

Over the month, oil continued to climb by 6% to US\$86 per barrel, driven by higher consumption during the northern hemisphere summer break.

Top Ten Active Positions end June 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%
Grossed Up Yield	4.8%	6.7%
Number of stocks	200	13
Avg mcap \$B	14	55
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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Portfolio Performance

In June, the **HNW Australian Equity Concentrated Portfolio** declined by -0.4%, behind the benchmark's return of 1.0%.

Over the month, positions in Macquarie Group (+7%), Commonwealth Bank (+7) and CSL (+5%) added value. On the negative side of the ledger, Mineral Resources (-25%), and Deterra (-14%) detracted from value

It was disappointing to see Deterra down -14% for the month after announcing the acquisition of London-based Trident Royalties for A\$276 million. Trident is a diversified royalty company with 27 royalties, the largest of which is a 1.05% revenue royalty from the Thacker Pass lithium project in Nevada. The acquisition ultimately will diversify Deterra's revenue away from solely iron ore and provide earnings accretion.

Portfolio Trading

During June, we made the decision to trim our Commonwealth Bank exposure, at \$128, back to market weight due to its current PE ratio of 22 times, diverging from its long-run average of 16 times. Atlas still believes that CBA will have a good result in August, but the current share price is pricing in perfection. The proceeds of this reduction were deployed to increase holdings in WhiteHaven (-5%) and Bapcorp (+21%).

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