

# PORTFOLIO UPDATE

## HNW Australian Equity Concentrated Portfolio

### Monthly Report March 2025

- March saw volatility continues with uncertainty from Trump's erratic trade policies, resulting in a broad-based sell-off on the ASX. The ASX200 was a relative outperformer in the month, falling -3.4%, less than Europe -4% or the USA -5.9%. At the start of April, tariff talk was again seen at a fever pitch in the financial press. While Trump's tariffs dramatically impact valuations, most of the companies held in the Portfolio will see no impact on earnings and dividends from US tariffs.
- The **HNW Australian Equity Concentrated Portfolio** fell by -3.11%, slightly outperforming the benchmark return of -3.39%. The usual rally at the end of March and the start of April, as the February dividends hit investors' bank accounts, did not materialise, with macroeconomic fears around tariffs and global growth dominating markets.
- March was another solid month for income for our investors, with five positions held by the Portfolio paying dividends. These cash flows swelled the Portfolio's cash weight. Atlas is looking forward to the banks' reporting season in May, which may shift the market's attention away from vague macroeconomic fears and back to actual company earnings and dividends

	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	12m rolling	Incept annual
HNW Equity Concentrated Portfolio	-4.5%	0.8%	-0.4%	3.0%	-0.7%	2.4%	-2.3%	2.7%	-2.6%	5.2%	-3.5%	-3.1%	-3.6%	3.4%
ASX 200TR	-2.9%	0.9%	1.0%	4.2%	0.5%	3.0%	-1.3%	3.8%	-3.2%	4.6%	-3.8%	-3.4%	2.8%	7.0%
Active return	-1.6%	-0.1%	-1.4%	-1.2%	-1.2%	-0.6%	-1.0%	-1.1%	0.6%	0.7%	0.2%	0.3%	-6.4%	-3.6%

#### Portfolio Objective

Investments within the Australian Equity portfolio is 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

There is always very little stock-specific news in March, following directly after the February reporting season. The month was dominated by macroeconomic fears of the possible global slowdown driven by tariffs placed on goods entering the United States. Australia has run a trade deficit with the USA since the Korean War in the 1950s and there are very few listed Australian companies that export to the USA.

#### Top Dividend Gross Yield end March 2025

Company	Yield
Commonwealth Bank	4.1%
Woodside	7.3%
ANZ Bank	6.9%
Ampol	6.2%
Transurban	5.0%

#### Estimated portfolio metrics for FY25

	ASX 200	HNW Con
PE (x) fwd.	16.7	13.8
Dividend yield (net)	3.6%	5.5%
Est Franking	67%	81%
<b>Grossed Up Yield</b>	<b>4.1%</b>	<b>7.0%</b>
Number of stocks	200	13
Avg mcap \$B	12	55
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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## HNW Australian Equity Concentrated Portfolio

March 2025

### Portfolio Performance

In March, the **HNW Australian Equity Concentrated Portfolio** fell by -3.11%, outperforming the benchmark return of -3.39%. A frustrating outcome, as the February 2025 reporting season showed that the companies owned by the Portfolio were in good shape, increasing dividends by an average of +6%. However, stock prices in March were influenced by fear rather than company fundamentals.

Over the month, positions in Mineral Resources (+6%), QBE Insurance (+5%) and Transurban (+2%) added value. On the negative side of the ledger, Macquarie Group (-13%), Ampol (-11%), and Bapcor (-11%) detracted value.

It was frustrating to see Macquarie down (-13%) for the month after providing a solid trading update in February. The update showed that its annuity-style businesses (Asset Management and Retail Banking) earnings were substantially up on last year, driven by an increase in market share in Australian mortgages.

### US Tariffs

Over the coming months, we will have an election in Australia and impacts from tariffs on global goods entering the United States. Whilst there is a lot of noise in the market, the companies we own in Portfolio primarily sell non-discretionary goods and services that are in demand across varying political or macroeconomic environments.

The Portfolio owns companies with operations in the United States, namely Amcor, CSL, QBE, Dyno Nobel, and Woodside. However, their earnings are largely unaffected by the announcements of new tariffs. Their operations in the USA sell goods and services created in the USA with limited or no inputs that need to cross international borders.

### Portfolio Trading

No 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

HNW Guided Portfolios are managed by HNW Planning's Investment Committee which receives guidance from several expert asset consultants. Changes to the Guided Portfolios are put forward by HNW Planning [AFSL 225216] as its advice to you. Whilst HNW Planning is supported by external consultants in its advice to clients, HNW Planning, is responsible for the appropriateness of advice to clients, and its implementation and execution. Neither HNW nor its expert asset consultants guarantee returns, investment performance or the money you invest.