

# PORTFOLIO UPDATE

## HNW Australian Equity Concentrated Portfolio

### Monthly Report May 2024

- The **Atlas Concentrated Australian Equity Portfolio** gained by +0.8% just behind the benchmark return of 0.9%, primarily driven by macroeconomic concerns rather than stock-specific news. Atlas is looking forward to the August reporting season, which will allow management teams to demonstrate how they continue to benefit from a higher inflationary and interest rate environment.
- May was an active month for the Portfolio, with three companies reporting profit results for the six months ending March 2024. Atlas was pleased with the May earnings season, with all companies in the Portfolio reporting solid results. Atlas views rising dividends as an earnings quality signal indicating that a company's business is in a solid position with no significant near-term issues such as major debt refinances or deteriorating profits.

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Apr	12m rolling	Incept annual
HNW Equity Concentrated Portfolio	0.3%	3.5%	-1.2%	-1.6%	-5.1%	4.2%	5.1%	3.1%	0.9%	3.6%	-4.5%	0.8%	8.7%	4.1%
ASX 200TR	1.8%	2.9%	-0.7%	-2.8%	-3.8%	5.0%	7.3%	1.2%	0.8%	3.3%	-2.9%	0.9%	12.9%	7.6%
Active return	-1.5%	0.6%	-0.5%	1.2%	-1.3%	-0.8%	-2.1%	1.9%	0.1%	0.3%	-1.6%	-0.1%	-4.3%	-3.5%

#### 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

May was a very volatile month, with the first week dominated by the banks' reporting season, which was overall positive, with low bad debts, higher dividends and large share buy-backs.

Throughout the month, the index was very volatile, with the largest stock on the ASX, attempting to make what would have been a terrible \$75 billion acquisition of Anglo American. We were happy to sit on the sidelines and avoid having an interest in mega multinational mining mergers, but this stance hurt us when the Anglo merger was called off.

#### 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

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May 2024

### Portfolio Performance

In May, the **HNW Australian Equity Concentrated Portfolio** gained by 0.8%, behind the benchmark's return of 0.9%.

Over the month, positions in Amcor (+9%), Incitec Pivot (+6%), Commonwealth Bank (+4%) and Macquarie (+4%) added value.

It was pleasing to see Amcor have a good month. Its very good third-quarter results beat market expectations, reflecting a slowing in destocking across the US and increasing volumes across the Amcor product offerings. Pleasingly, Amcor upgraded its earnings guidance for FY24 following a stronger outlook for its volumes in the last quarter.

### 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

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.