

# PORTFOLIO UPDATE

## HNW Australian Equity Concentrated Portfolio

### Monthly Report October 2024

- October was a weak month, with global markets retreating between -1% and -3% due to concerns about the US election, with commodities volatile on opaque indications of what the purported Chinese stimulus plan may look like. Over the month, the Chinese central bank lowered interest rates again to boost consumption but stopped short of any stimulus that would increase the need to consume more iron ore.
- The **HNW Australian Equity Concentrated Portfolio** fell by -2.3%, underperforming the index return of -1.3%, mainly due to macroeconomic fears rather than the outlook for individual company profits in 2025. The October AGM season showed that companies in the Portfolio have had a solid start for 2025, with most companies showing an increase in sales.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	12m rolling	Incept annual
HNW Equity Concentrated Portfolio	4.1%	5.1%	3.1%	0.8%	3.6%	-4.5%	0.8%	-0.4%	3.0%	-0.7%	2.4%	-2.3%	15.5%	5.1%
ASX 200TR	5.0%	7.3%	1.2%	0.8%	3.3%	-2.9%	0.9%	1.0%	4.2%	0.5%	3.0%	-1.3%	24.9%	9.8%
Active return	-0.9%	-2.2%	1.9%	0.0%	0.3%	-1.6%	-0.1%	-1.4%	-1.2%	-1.2%	-0.6%	-1.0%	-9.4%	-4.8%

### Portfolio Objective

Investments within the Australian Equity portfolio is selected based on highest conviction. This October 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 news over the month was global equities pausing and bond yield rates increasing ahead of the United States election in November.

Over the month, the market took a much more conservative approach, which saw the price of gold increase by 6% to US\$2,777 per ounce ahead of the United States election. Similarly, Oil edged up 1% over the month to finish at US\$72.55.

### Top Dividend Gross Yield end October 2024

Company	Yield
Commonwealth Bank	5.2%
Woodside	9.6%
ANZ Bank	9.0%
Ampol	10.6%
Transurban	5.1%

### Estimated portfolio metrics for FY25

	ASX 200	HNW Con
PE (x) fwd.	18.8	13.8
Dividend yield (net)	3.5%	5.2%
Est Franking	67%	81%
<b>Grossed Up Yield</b>	<b>4.6%</b>	<b>6.7%</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

October 2024

### Portfolio Performance

In October, the **HNW Australian Equity Concentrated Portfolio** fell by -2.3%, underperforming the index based on macroeconomic speculation rather than company-specific news. The October AGM season showed that companies in the Portfolio have had a solid start for 2025, with most companies showing an increase in sales.

Over the month, positions in Commonwealth Bank (+5%), QBE Insurance (+4%), Amcor (+2%) and ANZ (+2%) added value. On the negative side of the ledger, Mineral Resources (-24%), Ampol (-9%) and Deterra (-8%) detracted value.

Mineral Resources' share price has been under pressure due to some tax decisions made by the CEO and founder Chris Ellison from 2003 to 2009. We see that this event currently has no bearing on the operation side of Mineral Resources and that the market will look past this once the dust settles, time passes and earnings from the Onslow mine come through. While CEO Ellison's actions have weighed on the company, he continues to make sensible business moves for shareholders such as 1) \$1.3 billion sale of 49% of a its Onslow Iron haul road to Morgan Stanley and 2) last weeks \$1.1 billion sale of undeveloped onshore gas assets to Gina Rinehart's Hancock. These assets were sold at prices well above Atlas' valuations and funds the development of the two new mines.

### 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

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