

PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report December 2024

- December was a volatile month, with hopes of a "Santa Claus" rally on the ASX dashed by the US Federal Reserve, which indicated on 18th December that 2025 would likely see fewer rate cuts than the market expected. This piece of macroeconomics saw the ASX200 sell-off and the Australian Dollar fall by -5%.
- The **HNW Australian Equity Income Concentrated Portfolio** declined by -2.7%, ahead of the index return of -3.2%. December was volatile, with share price movements dictated by macroeconomic concerns around interest rate cuts in the United States in 2025 rather than company profits.
- Income was very healthy over the month, with five companies in the Portfolio declaring distributions, which will hit investors' cash accounts in February.

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	1.9%	2.5%	4.0%	-4.0%	-0.1%	-2.3%	4.5%	-1.5%	2.2%	-3.0%	2.7%	-2.7%	3.7%	3.7%

Portfolio Objective

Investment decisions are determined by the ability of the companies to maintain or grow income to shareholders or that are likely to provide franking credits (including contemplation of possible off-market buybacks).

Appropriate Investors

Pensioners or otherwise low marginal tax rate investors who might have more limited resources or otherwise used with other investments as a diversifier.

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

Market Update

December is always a quiet month for stock-specific news, with most companies in blackout as they prepare their financial accounts for release in February. The key news in December was that the US Federal Reserve lowered its outlook for 2025 interest rate cuts from four cuts over the year to only two.

December marked another month in which the Chinese government pledged to boost the economy through a more proactive fiscal policy. Atlas remains sceptical that this will see China implementing steel-hungry policies that will add to their housing oversupply but instead focus on subsidies to stimulate demand for household goods.

Top Positions December 2024 Yield (incl-franking)

Position	Yield
Woodside	9.1%
ANZ Bank	8.2%
Transurban	5.0%
Westpac	6.2%
Ampol	6.2%

Estimated portfolio metrics for FY25

	ASX 200	HNW Con
PE (x) fwd.	18.1	13.1
Dividend yield (net)	3.5%	5.9%
Est Franking	67%	81%
Grossed Up Yield	4.6%	7.5%
Number of stocks	200	15
Avg mcap \$B	12	55
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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Portfolio Performance

In December, the **HNW Australian Equity Income Concentrated Portfolio** declined by -2.7%, slightly ahead of the wider ASX that declined -3.2%.

Over the month, positions in Transurban (+7%), Mineral Resources (+2%) and Woodside (+1%) added value.

On the negative side of the ledger, Amcor (-9%), ANZ (-8%), Incitec Pivot (-7%), and Charter Hall Retail (-5%) 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