

PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report January 2025

- The Santa Claus Rally came late this year, with January 2025 being the best month for Australian Equities since January 2023. This saw a reversal of December's sharp falls on expectations of rate cuts with inflation continuing to ease, a weak Australian Dollar and optimism of an economic bump from the second coming of Trump.
- The **HNW Australian Equity Income Concentrated Portfolio** gained +4.2%. Share price movements in January are driven by macroeconomic events rather than actual company earnings, with swings both positive and negative amplified by low trade volumes on the ASX.
- No dividends were declared in January.

	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	2.5%	4.0%	-4.0%	-0.1%	-2.3%	4.5%	-1.5%	2.2%	-3.0%	2.7%	-2.7%	4.2%	6.1%	4.3%

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

There was minimal news flow in January, with companies in a "blackout" before releasing their financial results in February 2024. During January, a few mining and toll road companies within the Portfolio provided second-quarter trading updates and production, all of which were within expectations.

The critical global news in January was the inauguration of US President Donald Trump, which came with threats of global tariffs, with the major tariff threats being placed against Canada, Mexico, and China.

Top Positions January 2025 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.	18.4	13.1
Dividend yield (net)	3.3%	5.9%
Est Franking	67%	81%
Grossed Up Yield	4.3%	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 January, the **HNW Australian Equity Income Concentrated Portfolio** gained by +4.2%. As always, in January, it is tough to outperform the index, with the majority of companies blackout before the February reporting season. January also has low trade volumes, with most institutional fund managers sitting on their hands and not making significant changes before reporting season.

Over the month, positions in Deterra (+9%), QBE Insurance (+9%), and ANZ Bank (+7%) added value. On the negative side of the ledger, Woodside (0%) and Transurban (0%) 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