

# PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report February 2024

- February proved to be a very eventful month, mainly dominated by Australian corporate earnings, which were much better than market expectations. It also revealed that many Australian companies are managing higher inflation pressures and interest rates well, with the Australian consumer remaining resilient.
- The **HNW Australian Equity Income Concentrated Portfolio** gained by +3.2%. It was pleasing to see the Portfolio post a strong result during the reporting season, demonstrating that our companies are in good health and mainly offer non-discretionary goods and services in the domestic market where consumers and the economy remain resilient.

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	-2.2%	1.8%	-1.9%	-0.2%	4.9%	-0.8%	-1.5%	-3.3%	4.1%	5.1%	1.8%	3.2%	11.0%	6.1%

## 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 <sup>th</sup> November 2022
Security Target	within 5% of S&P ASX 200 weights

## Market Update

As always, February is dominated by Australian corporate earnings and allows investors to closely examine the financial accounts of large companies that dominate the Australian economy. The February 2024 reporting season saw more divergence in the financial performance of Australian corporations than we have seen in recent years. Over the month, some companies reported falling profits and cut their dividends, whereas others reported record profits and confident outlooks. The divergence was seen in the share prices of the ASX 200, which ranged from Altium +30% to Whitehaven -17%!

## Top Positions February 2024 Yield (ex franking)

Position	Yield
Woodside	6.3%
ANZ Bank	6.0%
Transurban	4.0%
Westpac	5.8%
Ampol	6.0%

## Estimated portfolio metrics for FY24

	ASX 200	HNW Con
PE (x) fwd.	16.9	13.0
Dividend yield (net)	3.9%	5.5%
Est Franking	64%	81%
<b>Grossed Up Yield</b>	<b>5.1%</b>	<b>7.2%</b>
Number of stocks	200	15
Avg mcap \$B	14	55
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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## HNW Australian Equity Income Concentrated Portfolio

February 2024

### Portfolio Performance

The **HNW Equity Income Concentrated Portfolio** had a solid month and gained by +3.2%.

Over the month, positions in Mineral Resources (+11%), QBE Insurance (+9%) and Ampol (+8%).

On the negative side of the ledger, Woodside (-6%) and Deterra (-8%) hurt performance despite the latter company reporting record profits and dividends.

### Portfolio Trading

No 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