

# PORTFOLIO UPDATE

## HNW Australian Equity Income Concentrated Portfolio

### Monthly Report February 2025

- February was very eventful, mainly dominated by Australian corporate earnings, which were quite mixed across the economy. Share price volatility over the month was compounded by Trump's erratic trade policies, imposing and then reversing tariffs dented market confidence.
- The **HNW Australian Equity Income Concentrated Portfolio** fell by -3.2%, better than the overall ASX 200 which declined by -3.8%. It was pleasing to see the Portfolio post a solid 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.
- Three companies declared dividends in February.

	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	3.7%	-4.0%	-0.1%	-2.3%	4.5%	-1.5%	2.2%	-3.0%	2.7%	-2.7%	4.2%	-3.2%	-0.1%	2.6%

#### 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 reporting season saw a large divergence in the financial performance of Australian corporates compared to recent years. Over the month, some companies reported falling profits and cut their dividends, whereas others reported record profits and confident outlooks. Across the wider ASX200, dividends declined by -6%, mainly due to the cuts from miners who scaled back distributions due to weaker commodity prices and large future capital expenditures.

#### Top Positions February 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.	18.1	13.1
Dividend yield (net)	3.3%	5.9%
Est Franking	67%	81%
<b>Grossed Up Yield</b>	<b>4.3%</b>	<b>7.5%</b>
Number of stocks	200	15
Avg mcap \$B	12	55
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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February 2025

### Portfolio Performance

In February, the **HNW Australian Equity Income Concentrated Portfolio** fell by -3.2%. Overall, we were pleased with the Portfolio throughout the reporting season.

Over the month, positions in Amcor (+4%), Charter Hall Retail (+3%), and QBE Insurance (+3%) added value. On the negative side of the ledger, Mineral Resources (-35%), Deterra (-10%), and Ampol (-9%) 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