

PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report July 2024

- In July, the key piece of news was the weaker Australian Dollar due to rate cuts being forecasted to start in the US in September, falling oil prices and the July quarter inflation number, which came in below market expectations and mitigated against the chance of a rate rise in August.
- The **HNW Australian Equity Income Concentrated Portfolio** had a solid month up by +4.5%. As always, it is challenging in July to deviate significantly from the index unless you can dodge the companies that confess that they won't be able to make their guidance – something we were able to do.

| | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | June | 12m rolling | Incept annual |
|--|-------|-------|-------|------|------|------|------|------|-------|------|-------|------|-------------|---------------|
| HNW Equity Income Concentrated Portfolio | -0.8% | -1.5% | -3.3% | 3.7% | 5.1% | 2.1% | 2.5% | 4.0% | -4.0% | 0.3% | -2.6% | 4.5% | 9.8% | 4.8% |

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

The key highlights during the month were the inflation level of 3.8%, which came in below market expectations and removed expectations of rate hikes in August. This change in expectations saw the Australian Dollar depreciate against the US Dollar, increasing earnings for companies that generate significant profits from overseas.

During July, commodities were softer, primarily iron ore (-4.5%) and oil (-7%), on concerns about Chinese demand falling due to worsening economic conditions. Due to ongoing Middle East concerns, Atlas expects the oil price to remain resilient in the coming months.

Top Positions July 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. | 17.5 | 12.5 |
| Dividend yield (net) | 3.6% | 5.9% |
| Est Franking | 67% | 81% |
| Grossed Up Yield | 4.8% | 7.5% |
| Number of stocks | 200 | 15 |
| Avg mcap \$B | 14 | 55 |
| Beta (3mth rolling) | 1.0 | 0.91 |

Source: Bloomberg & UBS

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Portfolio Performance

In July, the **HNW Equity Income Concentrated Portfolio** gained by +4.5%.

Over the month, positions Wesfarmers (+13%), Charter Hall Retail (+11%), Westpac (+9%) and Amcor (+9%) added value. On the other side of the ledger, Woodside (-2%) detracted value, but this was the only stock in the Portfolio to post a negative return.

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