

PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report June 2024

- The **HNW Australian Equity Income Concentrated Portfolio** had a weak month falling by -2.6%. There was minimal stock-specific news in June, with companies in blackout prior to releasing their results in August. Overall, we are happy with the past year and the Portfolio finishing slightly ahead of the index not including franking credits. Over the month three companies paid dividends.
- Over the past twelve months, every company in the Portfolio has paid a dividend, with the majority of the companies increasing their dividends, a key metric for a company's financial health. Across the Portfolio, the average dividend increase was +7%, ahead of both inflation and the wider ASX 200, which saw dividends shrink by -8%.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	4.9%	-0.8%	-1.5%	-3.3%	3.7%	5.1%	2.1%	2.5%	4.0%	-4.0%	0.3%	-2.6%	10.3%	4.0%

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

June was a very volatile month, with the first week dominated by the banks' reporting season, which was overall positive, with low bad debts, higher dividends and large share buy-backs.

Throughout the month, the index was very volatile, with the largest stock on the ASX, attempting to make what would have been a terrible \$75 billion acquisition of Anglo American.

Top Positions June 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	12.5
Dividend yield (net)	3.8%	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 June, the **HNW Equity Income Concentrated Portfolio** gained by 0.6%.

Over the month, positions Westpac (+5%), Region (+2%) and Woodside (+2%) added value. Though this was offset by Mineral Resources (-25%) and Deterra (-14%).

It was disappointing to see Deterra down -14% for the month after announcing the acquisition of London-based Trident Royalties for A\$276 million. Trident is a diversified royalty company with 27 royalties, the largest of which is a 1.05% revenue royalty from the Thacker Pass lithium project in Nevada. The acquisition ultimately will diversify Deterra's revenue away from solely iron ore and provide earnings accretion.

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