

PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report June 2025

- June proved to be a volatile month, with concerns in the Middle East driving the oil price up and global markets down. As the spectre of a major war in the Middle East fizzled out, equity markets rallied towards the end of the month to finish in the green. Despite a range of negative news flows over the past year, including the unwind of the Japan carry trade, Trump tariffs, and sharply increasing tensions in the Middle East, global equity markets all posted above-average returns.
- The **HNW Australian Equity Income Concentrated Portfolio** gained by +0.4%.
- Income was healthy in June, with Dyno, Transurban, Charter Hall Retail, Arena REIT, Dexs Industrial, and Region all declaring dividends – these will be credited to our investors' accounts in mid-to-late August.

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	4.5%	-1.5%	2.2%	-3.0%	2.7%	-2.7%	4.2%	-3.2%	-0.9%	1.1%	3.9%	0.4%	7.5%	3.3%

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

The key news in June was the growing concerns in the Middle East, with oil prices spiking. Over the month, the oil price was very volatile, with oil peaking at US\$79 a barrel due to US airstrikes, up from US\$64 at the start of the month. However, prices retreated to finish at US\$68 following a de-escalation and a tepid response from Iran.

Inflation continues to fall, with the May 2025 print coming in at 2.1% which is likely to open the door to continued rate cuts throughout 2025.

Top Positions June 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 FY26

	ASX 200	HNW Con
PE (x) fwd.	19.0	13.1
Dividend yield (net)	3.4%	5.9%
Est Franking	67%	81%
Grossed Up Yield	4.0%	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 June, the **HNW Australian Equity Income Concentrated Portfolio** gained by +0.4%.

Over the month, positions in Woodside (+6%), Westpac (+4%) and Wesfarmers (+2%) added value.

On the negative side of the ledger, Atlas Arteria (-4%), Region (-4%), and Dexus Industrial (-4%) detracted value, albeit on no news flow.

Income was solid, with six positions in the Portfolio declaring dividends.

Portfolio Trading

Over the month, we reduced our positions in Westpac (+4%), Wesfarmers (+2%) and QBE (+1%). While Atlas remains positive about these businesses' outlooks, we believe there are more attractive opportunities elsewhere in the Portfolio to invest cash, with all three seeing their share prices run ahead of our valuation.

In June, we added a new position, Arena REIT, to the Portfolio. Arena REIT is the second-largest childcare centre landlord in Australia, with 279 childcare centres and 10 medical centres. ARF benefits from long triple-net lease terms, with the average lease term being 18.5 years. ARF currently trades on a dividend yield of 5% paid quarterly

Performance Calculation Methodology

The following conventions have been adopted for calculating performance:

- Transaction expenses of 10bp are applied to Portfolio buy and sell. 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

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