

PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report March 2024

- March saw the equity market rebound that started in November continue, with forecasted economic recessions in Australia and the US now looking unlikely. This was reinforced by positive economic data from the RBA released over the month, which showed that households are well placed to handle 'higher-for-longer' periods of interest rates, along with the ABS releasing positive March retail sales.
- The **HNW Australian Equity Portfolio** had a good month, gaining +4.0%. In March, the ASX saw inflows from Asian institutional investors seemingly impressed by the March reporting season, which showed stronger-than-expected profits for Australian corporates. This was understandably positive for Australian shares over the month.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	1.8%	-1.9%	-0.2%	4.9%	-0.8%	-1.5%	-3.3%	4.1%	5.1%	1.9%	2.5%	4.0%	17.4%	8.2%

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

There is always very little stock-specific news in March, coming directly after the March reporting season. Domestically, the key news over the month was that the RBA continued to hold interest rates at 4.35%, and oil prices increased by +5% on rising tensions in the Middle East. Conversely, iron ore fell by 15% due to weak demand from China, though this fall was not reflected in the share prices of the iron ore miners.

The ASX appeared to benefit from capital inflows from Asian investors and \$23 billion of \$34 billion of dividends reinvested in the market. Globally, markets performed stronger on the view that there would not be a hard landing in Australia and the US.

Top Positions March 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.	17.3	13.0
Dividend yield (net)	3.8%	5.5%
Est Franking	67%	81%
Grossed Up Yield	4.8%	7.2%
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

The **HNW Equity Income Concentrated Portfolio** had a solid month and gained by +4.0%.

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

On the negative side of the ledger, Transurban (-2%) hurt performance.

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