

PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report May 2024

- In May, the two main themes were excitement around artificial intelligence (AI) and tech stocks, along with inflation remaining sticky across many developed economies. The investor excitement around AI looks very similar to the enthusiasm around the "dot com" boom seen in 1999/2000, with many unlikely companies making tenuous claims that their business will benefit from AI.
- The **HNW Australian Equity Income Concentrated Portfolio** gained by 0.6% behind the benchmark return of 0.9%, primarily driven by macroeconomic concerns rather than stock-specific news. Atlas is looking forward to the August reporting season, which will allow management teams to demonstrate how they continue to benefit from a higher inflationary and interest rate environment.

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	-0.2%	4.9%	-0.8%	-1.5%	-3.3%	3.7%	5.1%	1.8%	2.5%	4.0%	-4.0%	0.6%	13.0%	4.4%

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

May 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 buybacks.

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 May 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 May, the **HNW Equity Income Concentrated Portfolio** gained by 0.6%.

Over the month, positions in Amcor (+9%), Incitec Pivot (+6%), Westpac (+4%) and ANZ Bank (+3%) added value.

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