

# PORTFOLIO UPDATE

## HNW Australian Equity Income Concentrated Portfolio

### Monthly Report May 2025

- May proved to be a stronger month for global markets after three negative months under Trump, and tariff fatigue was setting in amongst investors following positive talks between the US and China. Domestically, Australia saw the Reserve Bank cut rates following subdued inflation in the March quarter.
- The **HNW Australian Equity Income Concentrated Portfolio** gained by +3.9%, a satisfactory outcome from a lower beta portfolio in a strong up month.
- May was an active month for the Portfolio, with four companies reporting profit results for the six months ending March 2025. The month was also healthy for dividends in the Portfolio, with all four companies declaring dividends and Westpac and Dyno announcing share buy-backs.

	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	-2.7%	4.5%	-1.5%	2.2%	-3.0%	2.7%	-2.7%	4.2%	-3.2%	-0.9%	1.1%	3.9%	4.2%	3.4%

#### 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 <sup>th</sup> November 2022
Security Target	within 5% of S&P ASX 200 weights

#### Market Update

The key market news in May was that the United States had placed reciprocal tariffs on countries with which it had a trade deficit. Just as quickly as the tariffs were announced, President Trump changed course and released a 90-day pause on his "reciprocal" tariffs. This saw markets begin their rebound to finish in positive territory. Domestically, inflation continues to trend down, with the March quarter coming in at +2.4%. This paves the way for the RBA to cut the cash rate further in 2025.

#### Top Positions May 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 FY25

	ASX 200	HNW Con
PE (x) fwd.	18.8	13.1
Dividend yield (net)	3.4%	5.9%
Est Franking	67%	81%
<b>Grossed Up Yield</b>	<b>4.0%</b>	<b>7.5%</b>
Number of stocks	200	15
Avg mcap \$B	12	55
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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May 2025

### Portfolio Performance

In May, the **HNW Australian Equity Income Concentrated Portfolio** gained by +3.9%.

Over the month, positions in Dyno Nobel (+18%), Whitehaven Coal (+11%), Dexus Industrial (+10%), Ampol (+8%) and QBE Insurance (+7%) added value.

It was pleasing to see Dyno Nobel have a strong month following the delivery of solid half-year results. DNL announced the sale of its fertiliser distribution business and Gibson Island land, which will net DNL \$835 million, with most expected to be returned to shareholders in conjunction with the \$663 million outstanding share buyback.

On the negative side of the ledger Amcor (-1%), and Transurban (+1%) detracted value.

### Portfolio Trading

No trading was conducted during the month.

### 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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