

# PORTFOLIO UPDATE

## HNW Australian Equity Income 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 in the mid-teens.
- The **HNW Australian Equity Income Focus Portfolio** had a solid month up 1.9% and ahead of its the benchmark return of +1.0%, a pleasing outcome. There was minimal news due to companies being in blackout before releasing their six-month financial results in August, except for the last-minute earnings downgrades that crush the spirits of fund managers.
- 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	May	12m rolling	Incept annual
Australian Equity Income Portfolio	4.3%	0.1%	2.4%	-1.3%	3.9%	-1.7%	4.2%	-2.3%	-2.4%	2.5%	4.5%	1.9%	16.7%	10.0%
ASX 200TR/RBA +3%	2.4%	0.5%	1.8%	-0.4%	2.2%	-1.3%	2.6%	-1.6%	-1.4%	2.1%	2.4%	1.0%	10.8%	7.2%
Active return	1.9%	-0.5%	0.6%	-1.0%	1.7%	-0.4%	1.6%	-0.8%	-1.1%	0.4%	2.1%	0.8%	5.9%	2.8%

#### 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.

#### Top Positions end June 2025 Yield (incl-franking)

Company	Yield
Woodside	8.1%
Macquarie Bank	4.8%
Transurban	5.0%
Commonwealth Bank	3.5%
ANZ Bank	8.0%

#### Portfolio Details

Index	S&P ASX 200 Total Return/RBA +3%
Number of Stocks	15 - 30
Asset Allocation	100% Equity
Inception Date	30 <sup>th</sup> November 2022
Security Target	within 5% of S&P ASX 200 weights
Sector Target	within 10% of S&P GICS sector weights

#### Estimated portfolio metrics for FY25

	ASX 200	HNW EI
PE (x) fwd.	19.0	14.2
Dividend yield (net)	3.4%	5.4%
Est Franking	67%	81%
Grossed Up Yield	<b>4.0%</b>	<b>7.0%</b>
Number of stocks	200	23
Avg mcap \$B	12	58
Beta (3mth rolling)	1.0	0.91

#### Performance 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.

Source: Bloomberg & UBS

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June 2025

### Portfolio Performance

In June, the HNW Australian Equities Income Focus Portfolio had a solid month, gaining +1.9% ahead of its blended benchmark of +1.0%.

Over the month, positions in Macquarie Bank (+7%), Woodside (+6%), Medibank Private (+6%), Lotteries (+5%), and Suncorp Insurance (+5%) added value.

On the negative side of the ledger, Bapcor (-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 Commonwealth Bank (+5%), 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 to Sonic Healthcare (0%) and increased the Portfolio's cash weight.

### Sector Exposure June 2025

GICS Sector	ASX200	Income	ACTIVE
Consumer Disc	7.8%	10.5%	2.7%
Consumer Staples	4.8%	0.0%	-4.8%
Energy	7.0%	12.0%	5.0%
Banks	24.0%	26.0%	-2.0%
Diversified Fins	4.8%	10.0%	5.2%
Health Care	9.8%	2.0%	-7.8%
Industrials	5.6%	0.0%	-5.6%
Materials	22.8%	16.5%	-6.3%
Telco	2.5%	0.0%	-2.5%
Listed Property	5.6%	14.0%	8.4%
Utilities	1.3%	10.0%	8.7%

### 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