

PORTFOLIO UPDATE

HNW Australian Equity Income Portfolio

Monthly Report March 2025

- March saw volatility continues with uncertainty from Trump's erratic trade policies, resulting in a broad-based sell-off on the ASX. The ASX200 was a relative outperformer in the month, falling -3.4%, less than Europe -4% or the USA -5.9%. At the start of April, tariff talk was again seen at a fever pitch in the financial press. While Trump's tariffs dramatically impact valuations, most of the companies held in the Portfolio will see no impact on earnings and dividends from US tariffs.
- The **HNW Australian Equity Income Portfolio** fell by -2.44%, underperforming the blended benchmark return of -1.39%. The usual rally at the end of March and the start of April, as the February dividends hit investors' bank accounts, did not materialise, with macroeconomic fears around tariffs and global growth dominating markets.
- March was another solid month for income for our investors, with seven positions held by the Portfolio paying dividends. These cash flows swelled the Portfolio's cash weight. Atlas is looking forward to the banks' reporting season in May, which may shift the market's attention away from vague macroeconomic fears and back to actual company earnings and dividends.

	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	12m rolling	Incept annual
Australian Equity Income Portfolio	-4.3%	0.6%	0.4%	4.3%	0.1%	2.4%	-1.3%	3.9%	-1.9%	4.2%	-2.3%	-2.4%	3.2%	7.5%
ASX 200TR/RBA +3%	-1.2%	0.8%	0.8%	2.4%	0.5%	1.8%	-0.4%	2.2%	-1.3%	2.6%	-1.6%	-1.4%	5.3%	5.6%
Active return	-3.1%	-0.2%	-0.4%	1.9%	-0.5%	0.6%	-0.9%	1.7%	-0.6%	1.6%	-0.8%	-1.1%	-2.1%	1.9%

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.

Portfolio Details

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

Performance Update

There is always very little stock-specific news in March, following directly after the February reporting season. The month was dominated by macroeconomic fears of the possible global slowdown driven by tariffs placed on goods entering the United States. Australia has run a trade deficit with the USA since the Korean War in the 1950s, and there are very few listed Australian companies that export to the USA.

Top Positions end March 2025 Yield (incl-franking)

Company	Yield
Woodside	8.1%
Macquarie Bank	4.8%
Transurban	5.0%
Commonwealth Bank	4.1%
ANZ Bank	8.2%

Estimated portfolio metrics for FY25

	ASX 200	HNW EI
PE (x) fwd.	16.7	13.8
Dividend yield (net)	3.6%	5.4%
Est Franking	67%	81%
Grossed Up Yield	4.1%	7.0%
Number of stocks	200	23
Avg mcap \$B	12	58
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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March 2025

Portfolio Performance

In March, the **HNW Australian Equity Income Portfolio** fell by -2.44%, outperforming the benchmark return of -1.39%. This was a frustrating outcome, as the February 2025 reporting season showed that the companies owned by the Portfolio were in good shape.

Positions in Charter Hall Retail (+7%), QBE (+5%), Medibank Private (+4%) and Transurban (+2%) assisted performance. On the negative side of the ledger, Macquarie Bank (-13%), Ampol (-11%), Dyno Nobel (-11%) and Arena REIT (-5%) hurt performance all on no new news.

Income was a factor over the month, with seven positions declaring dividends – this will see our cash position swell in April to 3%, with this moving to 4% in the HNW Income concentrated Portfolio.

US Tariffs

Over the coming months, we will have an election in Australia and impacts from tariffs on global goods entering the United States. Whilst there is a lot of noise in the market, the companies we own in Portfolio primarily sell non-discretionary goods and services in demand across varying political or macroeconomic environments.

The Portfolio owns companies with operations in the United States, namely Amcor, CSL, Sonic Healthcare, QBE, Dyno Nobel, and Woodside. However, their earnings are largely unaffected by the announcements of new tariffs. Their operations in the USA sell goods and services created in the USA with limited or no inputs that need to cross international borders.

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.

Portfolio Trading

Over the month, we added to Macquarie Bank, Dyno Nobel, Atlas Arteria and Ampol. Mineral Resources was removed from the Portfolio due to uncertainty surrounding dividends.

Sector Exposure March 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	25.2%	26.0%	0.8%
Diversified Fins	4.8%	10.0%	5.2%
Health Care	9.8%	0.0%	-9.8%
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 does not include consideration of taxation including capital gains tax.
- Performance numbers are presented on an unaudited basis