

PORTFOLIO UPDATE

HNW Australian Equity Income Portfolio

Monthly Report November 2024

- November was a strong month in global markets, with increases of +2% to +6%, boosted by Donald Trump's presidential election. This offset the losses seen in October when global markets fell between -1% and -3% as fear increased ahead of the US elections. Atlas holds several companies in the Portfolio with significant exposure to the USA; however, the demand for their non-discretionary goods and services produced by our companies is unlikely to change regardless of who sits in the Oval Office.
- The **HNW Australian Equity Income Portfolio** gained by +3.9%, ahead of its blended benchmark. The Portfolio had a solid November reporting season and positive AGM trading updates from companies held in the Portfolio.
- November was a good month for income in the Portfolio, with five companies declaring franked dividends (Macquarie Bank, Westpac, ANZ Bank, Amcor and Incitec Pivot) based on solid profits reported in early November. Westpac also announced a \$1 billion on-market share buy-back on top of the \$900 million from previous years to support share prices over the coming months.

	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	12m rolling	Incept annual
HNW Australian Equity Income Portfolio	5.7%	2.5%	2.7%	4.1%	-4.3%	0.6%	0.4%	4.3%	0.1%	2.4%	-1.3%	3.9%	22.6%	10.3%
ASX 200TR/RBA +3%	3.9%	0.9%	0.7%	1.9%	-1.2%	0.8%	0.8%	2.4%	0.5%	1.8%	-0.4%	2.2%	15.2%	7.4%
Active return	1.7%	1.6%	2.0%	2.2%	-3.1%	-0.2%	-0.4%	1.9%	-0.5%	0.6%	-1.0%	1.7%	7.3%	3.0%

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 October 2022
Security Target	within 5% of S&P ASX 200 weights
Sector Target	within 10% of S&P GICS sector weights

Performance Update

There was little stock-specific news in November, with global markets focused on the US election results. Since President Donald Trump was elected, US markets have rallied, driven by less competition for US business from higher tariffs and lower corporate taxes for US companies.

Domestically, the RBA kept interest rates at 4.35% for the 8th consecutive meeting, representing over a year since the last interest rate change. Over the month, oil and iron ore prices remained flat, whilst gold fell from all-time highs following the announcement of US election results.

Top Positions end November 2024 Yield (incl-franking)

Company	Yield
Woodside	9.1%
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.	18.1	13.5
Dividend yield (net)	3.5%	5.2%
Est Franking	67%	81%
Grossed Up Yield	4.6%	6.8%
Number of stocks	200	23
Avg mcap \$B	12	58
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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November 2024

Portfolio Performance

In November, the **HNW Australian Equity Income Portfolio** gained by +3.8%. The bank reporting season and trading updates across November have shown that the Portfolio is in a strong position heading into 2025.

Over the month, positions in QBE Insurance (+16%), Commonwealth Bank (+11%), JB Hi-Fi (+11%), Suncorp (+10%), and Wesfarmers (+7%) added value. On the negative side of the ledger, Mineral Resources (-15%), Whitehaven Coal (-3%), and Atlas Arteria (-2%) detracted value.

Banks Reporting Season

Overall, we are happy with the November financial results from the banks owned in the Portfolio. In 2024, the big four banks plus Macquarie's first half generated \$32.3 billion in net profit after tax, leading to them all increasing dividends over the year. Increasing dividends (along with share buy-backs) signal to Atlas that the banks are performing well. Atlas sees dividends as a better measure than earnings per share for a sense of a company's health, as earnings per share are open to some degree of manipulation.

A factor that has defied higher interest rates is the banks' ability to keep bad debts at all-time lows. All the banks have kept bad debts below 0.1% of gross loans, which has been a factor in Australia's stronger-than-expected employment. These bad debts are well below the 39% increase in corporate insolvencies ASIC reported for the 2024 financial year.

Portfolio Trading

No significant 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

HNW Guided Portfolios are managed by HNW Planning's Investment Committee which receives guidance from several expert asset consultants. Changes to the Guided Portfolios are put forward by HNW Planning [AFSL 225216] as its advice to you. Whilst HNW Planning is supported by external consultants in its advice to clients, HNW Planning, is responsible for the appropriateness of advice to clients, and its implementation and execution. Neither HNW nor its expert asset consultants guarantee returns, investment performance or the money you invest.

Sector Exposure November 2024

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%