

PORTFOLIO UPDATE

HNW Australian Equity Portfolio

Monthly Report April 2025

- April proved to be the most volatile month for many years, with the ASX collapsing by -6.5% on the 7th of April on tariff concerns, before recovering over the back end of the month predominantly due to offshore inflows into the ASX attracted Australia's "safe haven" status and isolation from the vagaries of US trade policy. Indeed, the ASX was the top-performing developed market in April. The high degree of volatility saw the Portfolio's relative performance against the index swing around daily.
- The **HNW Australian Equity Portfolio** gained by +2.04%, underperforming the benchmark return of +3.43%. Whilst it is pleasing to post a positive return in such a volatile month, it was frustrating with macroeconomic conditions dictating massive moves in markets rather than earnings.
- The start of 2025 has been very volatile, with gains in January offset by falls driven by variations in US trade policy rather than actual Australian company profits. The Portfolio remains populated by companies with 1) low levels of gearing or, in the case of several Portfolio companies, no debt, 2) pricing power to pass on inflation if Australia sees a resurgence, and critically, 3) established companies rather than "concept stocks" that have navigated and survived through a range of market cycles and conditions.

	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	12m rolling	Incept annual
HNW Australian Equity Portfolio	0.2%	1.2%	4.6%	-0.2%	1.7%	-1.8%	3.8%	-2.7%	4.1%	-2.7%	-3.2%	2.0%	6.9%	7.4%
ASX 200 TR	0.9%	1.0%	4.2%	0.5%	3.0%	-1.3%	3.8%	-3.2%	4.6%	-3.8%	-3.4%	3.6%	9.8%	8.6%
Active return	-0.7%	0.2%	0.4%	-0.7%	-1.3%	-0.5%	0.0%	0.5%	-0.5%	1.1%	0.2%	-1.6%	-2.9%	-1.3%

Portfolio Objective

The objective is to build a portfolio of high-quality companies that will provide returns for a client in increased value and or dividends over time.

Portfolio Details

Index	S&P ASX 200 Total Return
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

The key market news in April 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 Ten Active Positions end April 2025

Positive

Negative

Ampol	BHP
Transurban	NAB
Amcor	Rio Tinto
ANZ Bank	Fortescue
QBE Insurance	Telstra

Estimated portfolio metrics for FY25

	ASX 200	HNW AE
PE (x) fwd.	18.0	14.2
Dividend yield (net)	3.4%	4.9%
Est Franking	67%	82%
Grossed Up Yield	4.0%	6.4%
Number of stocks	200	23
Avg mcap \$B	11	69
Beta (3mth rolling)	1.0	0.93

Source: Bloomberg & UBS

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April 2025

Portfolio Performance

In April, the **HNW Australian Equity Portfolio** gained by +2.04%, underperforming the benchmark return of +3.43% in a highly volatile month.

Over the month, positions in Bapcor (+13%), JB Hi-Fi (+12%), The Lotteries Corp (+10%), Atlas Arteria (+7%) and Transurban (+5%) added value, with the latter two toll roads giving solid quarterly updates. On the negative side of the ledger, Mineral Resources (-14%), Dyno Nobel (-11%), Woodside (-10%), Amcor (-5%) and Macquarie Bank (-2%) detracted value.

Commonwealth Bank (+10%) also hurt performance due to the Portfolio's underweight position increasing during the month, with the bank's share price hitting an all-time high of \$167. Atlas decided to trim the CBA position on valuation grounds following offshoring buying that pushed the stock higher to trade on 28 times earnings and a forward yield of 2.7%. This is a significant premium to CBA's peers that trade on an average of 15 times earnings.

Portfolio Trading

In conjunction with trimming our CBA (+10%) position, we put those cash proceeds towards Mineral Resources (-14%), Atlas Arteria (+7%), Macquarie and Sonic Healthcare (1%).

Sector Exposure April 2025

GICS Sector	ASX200	AEP	ACTIVE
Consumer Discretionary	7.7%	10.7%	3.1%
Consumer Staples	4.8%	0.0%	-4.8%
Energy	6.9%	9.3%	2.5%
Banks	24.7%	26.7%	2.0%
Diversified Fins	4.7%	12.7%	7.9%
Health Care	9.6%	12.7%	3.0%
Industrials	5.5%	8.4%	2.9%
Materials	22.4%	14.6%	-7.9%
Telecommunication Services	2.5%	0.0%	-2.5%
Listed Property	5.5%	2.0%	-3.5%
Utilities	1.3%	3.9%	2.6%

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