

Fiducian Imputation Managed Shares Portfolio



Monthly Report - February 2024

Portfolio performance

| | 1 m | 3 mths | 6 mths | 1 yr | 2 yrs | 3yrs | 4 yrs | 5yrs | 7yrs | 9yrs | 10yrs |
|---|-------------|-------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Total Portfolio Return | 1.9% | 9.8% | 7.2% | 9.6% | 6.8% | 8.7% | 5.3% | 5.3% | 5.0% | 4.6% | 6.1% |
| Income | 0.4% | 0.4% | 2.0% | 4.8% | 4.0% | 4.1% | 3.6% | 3.7% | 4.0% | 4.2% | 4.3% |
| S&P/ASX 100 Accumulation Index | 0.9% | 9.4% | 7.5% | 10.8% | 9.7% | 10.1% | 9.0% | 9.2% | 8.9% | 7.4% | 8.2% |

Note: Portfolio performance as set out in the table above is a notional value only. The total return calculation assumes re-investment of all dividends and rebalancing of the portfolio to equal stock weightings after each stock change. In practice, each investor's portfolio is distinct with its own price and return history, while dividends are fully distributed and not re-invested and rebalancing occurs only intermittently. Returns over a year are annualised and since 1 July 2017 have been net of an investment management fee of 0.4% per annum.

Portfolio commentary

The portfolio gained 1.9% in February, which was above the benchmark return (ASX 100 index) of 0.9%. The longer-term focus of the portfolio is on providing good diversification amongst blue-chip stocks with proven quality management and ability to provide a solid income stream.

The broad Australian share market (ASX200 index) rose by 0.8% during the month. Most companies reported financial results for the period ending 31 December 2023. For many companies, expenses have been growing faster than revenue. Over calendar year 2023, expenses increased by 6%, compared with revenue growth of only 3%. These challenging conditions had generally been anticipated, with approximately two-thirds of companies reporting results that were either in-line with, or above, market expectations.

The top contributors to performance over the month were Downer EDI (+18.3%), Harvey Norman (+12.0%) and Insignia Financial (+10.2%). Downer gained after providing a positive business outlook with operational improvements helping to increase profitability. Harvey Norman reported better than expected sales, and also noted positive growth in sales through January. Insignia upgraded its profit forecast for the current financial year.

The main detractors from performance during the month were Qantas Airways (-7.7%), Perpetual (-7.6%) and Rio Tinto (-6.9%). Qantas was lower despite announcing a positive demand outlook and a \$400 million share buyback. Perpetual announced profits that were in line with expectations, but the lack of an update on strategic initiatives disappointed the market.

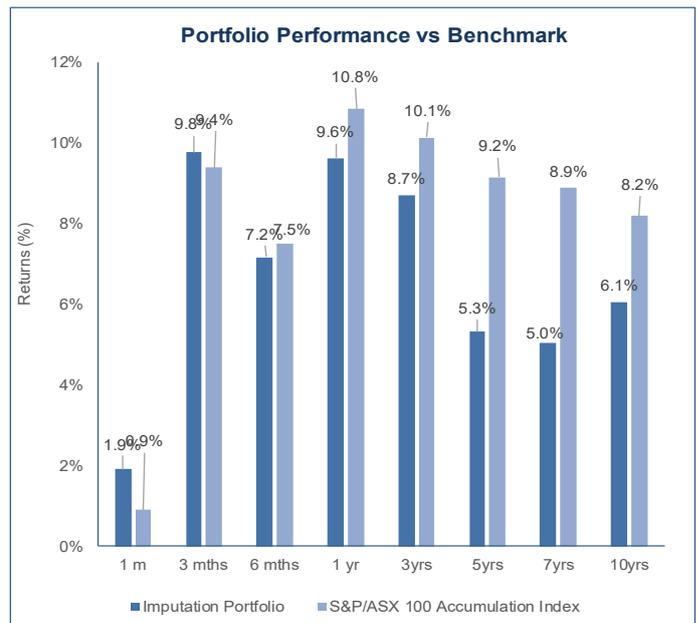
As at the end of February, the portfolio is forecast to provide investors with a prospective yield of around 5.2% for the 2024-25 financial year, before the consideration of franking credits. With an average franking level of around 83%, the portfolio currently provides investors with an estimated grossed-up yield of around 7.1% per annum.

Portfolio holdings

| Shares | P/E | Yield |
|-----------------------------|-------------|-------------|
| Rio Tinto | 11.7 | 5.1% |
| Ampol | 13.5 | 5.3% |
| Challenger | 11.8 | 4.2% |
| Commonwealth Bank | 20.8 | 3.9% |
| Downer EDI | 13.1 | 4.8% |
| Washington H Soul Pattinson | 13.6 | 4.8% |
| Harvey Norman Holdings | 16.0 | 4.8% |
| Insignia Financial | 11.3 | 8.0% |
| Medibank Private | 17.5 | 4.7% |
| Perpetual Limited | 14.9 | 6.1% |
| Qantas Airways | 5.3 | 4.5% |
| Bank of Queensland | 11.7 | 6.3% |
| Westpac | 14.5 | 5.5% |
| Woodside Energy Group | 15.0 | 5.0% |
| Average | 13.6 | 5.2% |

*FY25 estimated price to earnings ratios and yields at end February 2024
Source: www.marketscreener.com

Portfolio performance



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