

FORSYTHS AUSTRALIAN EQUITY INCOME

KEY FACTS

Investment Manager	Bellmont Securities
Inception Date	August 1, 2024
Structure	Managed Account
Availability	Macquarie Wrap
Objective	Gross yield >1% above ASX200 gross yield
Min. Timeframe	5 Years
Management Fee*	0.246% p.a.
Forecast Yield**	6.1%
Min. Investment	\$60,000
Risk Profile	Australian Equities (99% Equities / 1% Cash)

*Fee includes the Belmont investment management fee and RE fees. It does not include variable or platform specific fees such as transaction fees which are likely to occur to some degree but change from year to year.

**Estimated yield for the portfolio as at the date of this report based on Factset consensus analysts forecasts. Estimates include the benefit of franking.

PORTFOLIO SUMMARY

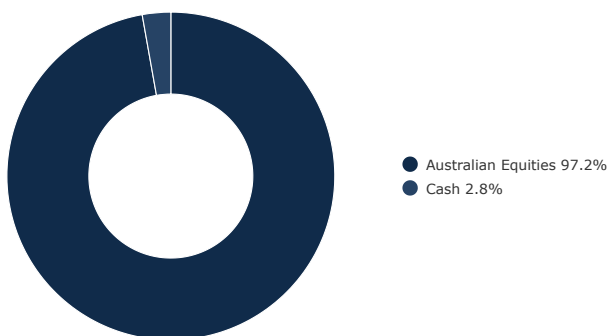
The objective of the Forsyths Australian Equity Income Portfolio is to target a high and stable source of income (incl. Franking) ~1% higher than the ASX200 yield, that can grow over the five year investment horizon. We aim to achieve this objective by investing in a moderately concentrated portfolio consisting of 15-30 stocks. Whilst the portfolio will be constructed from the ASX200 universe, the companies targeted will typically come from the larger end of town, with a heavy focus on the ASX 100. The portfolio is constructed mostly agnostic of the index, with a real focus on the companies that operate healthy balance sheets and have an ability to pay a sustained level of income over time. Primary holdings will be dividend paying Australian Equities, however some exposure to hybrid securities (<30% allocation) may be sought in market conditions where such an allocation provides a better opportunity to achieve the portfolio's key objective of high, stable and growing income.

ABOUT THE INVESTMENT MANAGER

The Investment Manager of the Forsyths Australian Equity Income Portfolio is Belmont Securities. Belmont is a boutique investment manager, with deep experience and expertise in Asset Allocation, Fund Manager Selection, Economics and Australian Equities. Belmont specialises in the construction and management of managed account portfolios for financial advisers, and their team collectively manage or advise on well over \$10b of funds. The Forsyths portfolios are overseen by the Belmont / Forsyths Investment Committee, which features representatives from both Belmont and Forsyths, providing strong investment expertise as well as a deep understanding of, and connection to the end client, ensuring the portfolios remain at all times 'fit for purpose'.

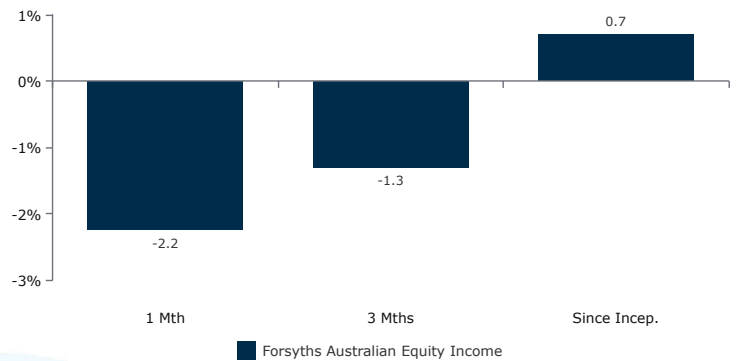
ASSET ALLOCATION

As at December 31, 2024

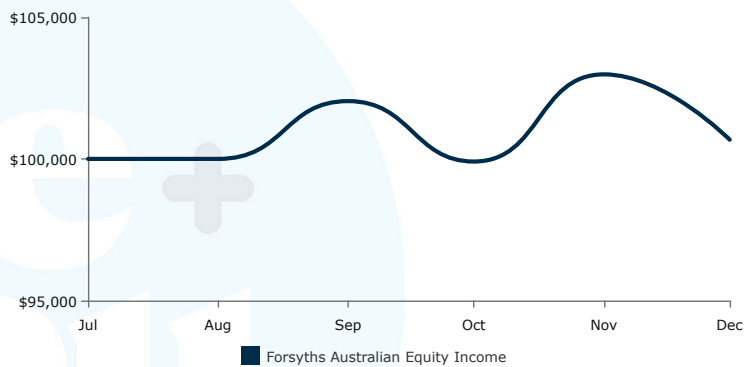


	Current	Neutral	Range
Australian Equities	97.2%	99.0%	70-99%
Cash	2.8%	1.0%	1-30%

PERFORMANCE SUMMARY



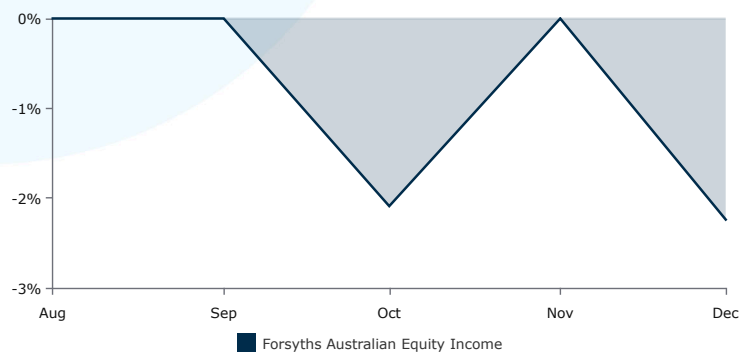
CUMULATIVE RETURNS



PERFORMANCE REPORT



DRAWDOWN



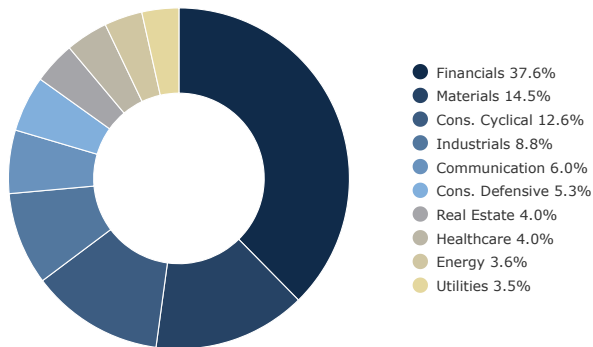
RISK REPORT



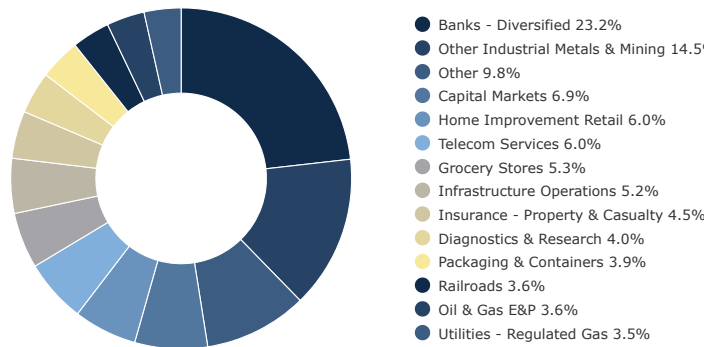
TRAILING RETURNS

	1 Mth	3 Mths	Since Incep.
Forsyths Australian Equity Income	-2.2%	-1.3%	0.7%

SECTOR EXPOSURE



INDUSTRY EXPOSURE



ECONOMIC & MARKET COMMENTARY

Rising interest rates, falling \$A and a buoyant US equity market were the key themes for the quarter ended 31 December 2025.

Not even the backdrop of rising geopolitical tensions, a plethora of elections including the EU, UK and USA and inflation concerns could dampen enthusiasm for equities and AI stocks in particular.

China introduced some much needed stimulus to improve the outlook for its economy as well.

The world now watches and waits to see the executive orders that President Trump will implement.

In terms of economic growth, it was a mixed bag. The United States economy continues to do very well, Australia OK and Europe is doing poorly.

As a result, there are some concerns that expected US rate cuts are less likely to eventuate. This is the opposite to Australia where the economy is doing ok but two rate cuts are expected by the market because economic growth is not strong enough to be inflationary.

Overall because earnings growth remains positive, we are optimistic about the future for equity prices even though some markets are at historically high levels.

PORTFOLIO COMMENTARY

In light of the PE expansion driven returns in the Australian share market, we believe the portfolio performed admirably in the December quarter. The excess yield we have been able to achieve since inception (~5 months) has been in the order of 0.5% (including franking), and we would never expect the stable dividend style companies to participate in this market exuberance (or at least to a much lesser extent anyway).

CBA and **WBC** experienced outperformance in the quarter. **WBC** released their FY25 result in the quarter showing a somewhat uninspiring -3% growth in full year profits (excluding notable items). On a more positive note, the second half result grew 4% compared to the first half, indicating that there has been an improving trend throughout the year. There was no news flow from **CBA** in the quarter, and yet the share price managed to rise an incredible 13.19% in a falling market. Whilst we certainly subscribe to the view that **CBA** deserves a premium to the other banks, the 43% return in the 2024 calendar year against a 4.4% decline in FY24 earnings and a 7% expected rise for FY25 is irrational and unsustainable in our opinion. For this reason we remain comfortable with our underweight position in **CBA** relative to the index weighting.

The big three iron ore producers (**BHP**, **RIO** and **FMG**) were down in the quarter despite the iron ore price averaging a higher price than the September quarter end price. With little in the way of earnings, the main driver of these stocks in the quarter was the constantly changing expectations around Chinese stimulus, and whether it would have a meaningful enough impact to revive the declining demand for steel (which utilises iron ore as a key ingredient).

There were no changes made in the December quarter. We are currently reviewing a few names on our watch list that may or may not be included in the near future. These would act as replacements for some of the companies which have performed strongly and no longer offer relatively attractive dividend yields as a result.

UNDERLYING INVESTMENTS

As at December 31, 2024

	Weight	3 Mth	1 Yr	3 Yr p.a
AUSTRALIAN EQUITIES	97.2%			
Arcor PLC	3.8%	-7.3%	10.7%	1.3%
APA	3.4%	-6.7%	-12.1%	-6.0%
Aurizon Holdings Ltd	3.5%	-7.9%	-10.4%	2.6%
Australia and New Zealand Banking Group Ltd	1.8%	-3.9%	16.3%	7.9%
BHP Group Limited	7.5%	-13.9%	-17.3%	10.2%
Coles Group Ltd	5.2%	4.6%	21.8%	5.6%
Commonwealth Bank Of Australia	7.1%	13.2%	42.2%	19.6%
Dexus Property Group	1.9%	-9.7%	-8.0%	-10.3%
Fortescue Ltd	2.5%	-11.8%	-31.1%	8.5%
JB Hi-Fi Ltd	2.7%	15.9%	81.0%	31.5%
Macquarie Group Ltd	4.6%	-3.5%	24.6%	6.4%
National Australia Bank Ltd	7.0%	1.5%	26.6%	14.5%
NIB Holdings	3.0%	-7.7%	-22.7%	-4.5%
Rio Tinto Ltd	4.1%	-9.0%	-8.4%	11.0%
Scentre Group Ltd	2.0%	-6.0%	20.9%	8.5%
Sonic Healthcare Ltd	3.9%	-0.8%	-12.6%	-13.8%
Suncorp Group Ltd	4.4%	5.1%	43.8%	24.9%
Telstra Corporation Ltd.	5.8%	3.4%	6.1%	2.4%
Transurban Group	5.0%	4.4%	2.6%	3.4%
Washington H Soul Pattinson&Co Ltd	2.1%	0.0%	7.4%	8.0%
Wesfarmers Ltd	5.8%	1.6%	29.2%	10.2%
Westpac Banking Corp	6.7%	4.3%	49.4%	21.7%
Woodside Energy Group Ltd	3.5%	-2.4%	-15.1%	13.4%
CASH	2.8%			
Platform Cash	2.8%	-	-	-

UNDERLYING INVESTMENTS



TOP CONTRIBUTORS

	3 Months
Commonwealth Bank Of Australia	0.93%
JB Hi-Fi Ltd	0.43%
Westpac Banking Corp	0.29%

TOP DETRACTORS

	3 Months
BHP Group Limited	-1.05%
Rio Tinto Ltd	-0.37%
Fortescue Ltd	-0.30%

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