(Income Series) Portfolio Update: Purchase of Whitehaven Coal (ASX: WHC)

Purchase of Whitehaven Coal (ASX: WHC)

Across the Australian Equity component of your portfolio, we have bought Whitehaven Coal (ASX: WHC).

Whitehaven Coal is a high-quality coal producer servicing the Asian seaborne market for inputs into steel production and power generation. The company operates in the Gunnedah Basin of NSW producing thermal coal used for electricity generation and in the Bowen Basin of QLD following its recent acquisition of Blackwater & Daunia from BHP producing metallurgical coal which used in the production of steel. Approximately 70% of Whitehaven's revenue expected to come from metallurgical coal and 30% from thermal coal.

We are attracted to Whitehaven Coal for the following reasons:

- Strong cash flow generation
- Strong full franked dividends
- Improving balance sheet strength as acquisition financing is paid down

Whitehaven has three key levers for value creation that we would like to highlight:

- The acquisition of Daunia and Blackwater have allowed the business to double production and diversify mining operations from 2 producing mines to 4. This shift also sees greater customer diversification and introduces a new outlook for the business servicing a growing sales channel into India and Malaysia, markets which Whitehaven previously didn't have significant exposure to;
- Existing operations are complemented by two near-term and large-scale development assets being Vickery in NSW and Winchester South in QLD as well as the existing Narrabri extension projects;
- High levels of cash generation provide the company with numerous options to return capital back to shareholders through share-buybacks, special dividends, debt repayment and highly accretive M&A opportunities.

We have funded the purchase of Whitehaven Coal via the de-weighting of several portfolio holdings.

Australian Equity Sleeve Weighting Change Breakdown:

- WHC: +2.50%
- BXB: -1.00%
- TCL: -0.50%
- TLS: -0.50%

Your financial well-being is our top priority, we want to ensure that you feel fully informed and confident about your investment portfolio. Please do not hesitate to reach out with any questions or concerns you may have. We are here to provide personalized guidance and support every step of the way. Looking forward to assisting you further.