

PORTFOLIO UPDATE

HNW Australian Equity Concentrated Portfolio

Monthly Report August 2025

- Over the month of August, Australian markets saw significant volatility, with the average results day trading range of close to 8%. Overall, the reporting season was better than expected, suggesting that the domestic economy was in a stronger position than the global economy. Consumers are spending, and bank bad debts are still very low.
- The **HNW Australian Equity Concentrated Portfolio** gained 0.9%, underperforming the benchmark return of 3.0%, a disappointing outcome following an extremely volatile month.
- It was pleasing to see that portfolio companies, on a weighted average, increased dividends by 6% in the August reporting season, ahead of the wider ASX 200, which declined by 2%. We view dividends as a more accurate measure than earnings per share for gauging a company's actual financial health. While in the short term, the market is a voting machine, rewarding popular companies, in the long term, the market is a weighing machine and recognises companies that consistently pay dividends to shareholders. The Portfolio's cash yield of 4.9% (grossed up 6.4%) compares favourably with the ASX200's yield of 3.0%.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	12m rolling	Incept annual
HNW Equity Concentrated Portfolio	2.4%	-2.3%	2.7%	-2.6%	5.2%	-3.5%	-3.1%	0.7%	4.3%	1.4%	3.9%	0.9%	9.8%	7.0%
ASX 200TR	3.0%	-1.3%	3.8%	-3.2%	4.6%	-3.8%	-3.4%	3.6%	4.2%	1.4%	2.4%	3.0%	14.6%	11.5%
Active return	-0.6%	-1.0%	-1.1%	0.6%	0.7%	0.2%	0.3%	-2.9%	0.1%	0.0%	1.5%	-2.1%	-4.8%	-4.5%

Portfolio Objective

Investments within the Australian Equity portfolio is selected based on highest conviction. This August result in some GICs being over or underrepresented relative to the index.

Appropriate Investors

Accumulation for entities wanting higher conviction or that have more limited resources.

Portfolio Details

Benchmark	Not Aware
Number of Stocks	10-15
Asset Allocation	100% Equity
Inception Date	30 th November 2022
Security Target	within 5% of S&P ASX 200 weights

Performance Update

The key news over the month was the heightened volatility around earnings season, with both small positive and negative misses seeing large share price movements on results day.

The dominant themes of the August reporting season were increased volatility and share price movements on reporting day, with the banks remaining strong, interest rate cuts to support consumer spending, and weaker housing markets in Australia and the United States. Despite all the volatility, the ASX posted quite a strong result with the Australian economy remaining resilient and most companies increasing earnings over the last twelve months.

Top Dividend Gross Yield end August 2025

Company	Yield
Woodside	7.3%
ANZ Bank	6.9%
Ampol	6.2%
Transurban	5.0%
Atlas Arteria	7.5%

Estimated portfolio metrics for FY25

	ASX 200	HNW Con
PE (x) fwd.	21.7	14.8
Dividend yield (net)	3.0%	4.9%
Est Franking	67%	82%
Grossed Up Yield	3.8%	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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August 2025

Portfolio Performance

In August, the **HNW Australian Equity Concentrated Portfolio** gained by 0.9%, underperforming the benchmark return of 3% in an extremely volatile month.

Over the month, positions in Mineral Resources (+31%), ANZ (+10%), The Lotteries Corp (+10%), Ampol (+9%) and Deterra Royalties (+6%) added value.

On the negative side of the ledger, CSL (-21%), Sonic Healthcare (-13%), and Amcor (-11%) detracted value due to small earnings misses. All three companies provided solid results, raised dividends, and guided to >10% earnings per share growth in 2026, yet were sold off heavily

Portfolio Trading

Over the month, we took the prudent move to reduce weightings towards Macquarie Bank whose share price had rallied hard and topped up our position in CSL.

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

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