

# PORTFOLIO UPDATE

## HNW Australian Equity Concentrated Portfolio

### Monthly Report May 2026

- May was a tedious month watching markets predictably see-saw in Trump's 'Deal-or-No-Deal' negotiations, which still remain in limbo. Oil fell by 17% over the month, mainly in the last week, amid optimism about a solution. However, oil prices have rallied in June with new air strikes from Israel and the USA and signs that a peace deal remains elusive.
- The **HNW Australian Equity Concentrated Portfolio** gained 0.5%, underperforming the benchmark return of 1%, mainly due to falling oil prices in the last week of May, driven by unfounded optimism that a deal with Iran had been reached.
- May was an active month for the Portfolio, with four companies reporting profit results for the six months ending March 2026. Atlas was pleased with the May earnings season, as all companies in the Portfolio reported solid results. The month was also healthy for dividends in the Portfolio, with four companies declaring dividends, and Dyno announcing an on-market share buy-back.

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	12m rolling	Incept annual
HNW Equity Concentrated Portfolio	1.4%	3.9%	0.9%	-3.2%	2.1%	-0.6%	1.0%	1.1%	3.8%	-1.0%	2.5%	0.5%	12.8%	7.1%
ASX 200TR	1.4%	2.4%	3.1%	-0.8%	0.4%	-2.7%	1.3%	1.8%	4.1%	-7.1%	2.2%	1.1%	6.9%	9.0%
Active return	0.0%	1.5%	-2.2%	-2.5%	1.7%	2.0%	-0.3%	-0.7%	-0.3%	6.2%	0.3%	-0.7%	5.9%	-1.8%

### Portfolio Objective

Investments within the Australian Equity portfolio are selected based on the highest conviction. This may 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 <sup>th</sup> November 2022
Security Target	within 5% of S&P ASX 200 weights

### Performance Update

The dominant theme was again confusion surrounding the Iran conflict, with energy prices gyrating wildly daily amid proclamations from Trump that the Iranians had already agreed to American terms and later fuming that they had not.

May is always an important month for investors, with the first week dominated by the banks' reporting season, which was overall positive, with low bad debts, higher dividends, and strong capital positions.

Domestically, the RBA hiked interest rates again for the third meeting in a row to 4.35%, an increase of 0.25%.

### Top Dividend Gross Yield end May 2026

Company	Yield
Commonwealth Bank	4.1%
Woodside	7.3%
ANZ Bank	6.9%
Ampol	6.2%
Transurban	5.0%

### Estimated portfolio metrics for FY26

	ASX 200	HNW Con
PE (x) fwd.	17.5	14.8
Dividend yield (net)	3.4%	4.9%
Est Franking	67%	82%
<b>Grossed Up Yield</b>	<b>4.3%</b>	<b>6.4%</b>
Number of stocks	200	17
Avg mcap \$B	11	69
Beta (3mth rolling)	1.0	0.93

Source: Bloomberg & UBS

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### Portfolio Performance

In May, the **HNW Australian Equity Concentrated Portfolio** gained 0.5%, slightly underperforming the benchmark return, in a volatile month driven by events in the Middle East, the banks' reporting season, and some sweeping taxation changes proposed in the Federal Budget.

Over the month, positions in Mineral Resources (+14%), Dyno Nobel (+14%), Deterra (+9%), Transurban (+7%), and Amcor (+5%) added value.

On the negative side of the ledger, energy positions Woodside (-8.5%) and Ampol (-5%) hurt performance. CSL (-22%) was weaker after earnings were rebased and a large non-cash asset write-off.

Atlas remains happy to have a large weight on energy, as we see that the full impacts of restricted energy flows are yet to be felt in global economies, and that a lasting peace process is unlikely to be achieved quickly.

### Banks Reporting Season

Overall, we are satisfied with the financial results from the banks owned by the Atlas Australian Equity Portfolio in May. Westpac and Macquarie increased their dividends, albeit by less than we expected. Increasing provisioning on the balance sheet looks prudent as of May 2026, though we may see this written back and boost profits in future years if losses from rising energy prices do not eventuate.

All banks showed solid net interest margins, low bad debts, and good cost control, particularly ANZ Bank and Westpac. In 2026, the banks will all have cleaner loan books, more consistent earnings, and a greater margin of safety than in the past. In a turbulent world with weekly changes in a volatile geopolitical environment, Australia's major banks are likely to pleasantly surprise the market, operating in a small, oligopolistic fishpond, sheltered from both new competition and global storms.

### Portfolio Trading

No major trading was done over the month.

### 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-

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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