PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report December 2025

HNW NEXUS Planning
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- December turned out to be a quieter month, albeit with no “Santa Claus” end-of-year rally, a muted end to what had been a stressful and volatile year for investors. 2025 delivered almost everything from sharp drawdowns on macroeconomic shifts to rampaging bull markets for risk assets, and then a November sell-off on the prospect of interest rate rises.
- The **HNW Australian Equity Income Focus Portfolio** gained by 0.94%, demonstrating its expected defensive characteristics in a volatile month and was aided by positive trading updates from several Portfolio companies and capping off a solid year for the Portfolio. Income was also solid over the month with seven Portfolio companies declaring dividends.
- Atlas is looking forward to the February profit season. We expect the reporting season will continue to show the resilience of company earnings from the companies held in the Portfolio and that management will guide to higher profits and dividends over the coming year.

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	4.2%	-3.2%	-0.9%	1.1%	3.9%	0.4%	3.8%	3.8%	-2.8%	1.8%	0.4%	0.9%	14.0%	5.4%

Portfolio Objective

Investment decisions are determined by the ability of the companies to maintain or grow income to shareholders or that are likely to provide franking credits (including contemplation of possible off-market buybacks).

Appropriate Investors

Pensioners or otherwise low marginal tax rate investors who might have more limited resources or otherwise used with other investments as a diversifier.

Portfolio Details

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

Market Update

December is always a quiet month for stock-specific news, with most financial companies in blackout as they prepare their financial accounts for release in February. The key news over the month was the Federal Reserve continuing its interest rate-cutting cycle, marking the third time the Fed has cut interest rates in 2025. Domestically, the prospect of rate cuts in 2026 is looking unlikely with inflation remaining higher than expected.

Over the month, precious metals gold and silver continued their rally, each returning 4% and 24% for December and finishing the year up 65% and 141%, respectively. On the other hand, oil fell 4% amid continued oversupply and President Trump’s push for lower oil prices.

Top Positions December 2025 Yield (incl-franking)

Position	Yield
Woodside	9.1%
ANZ Bank	8.2%
Transurban	5.0%
Westpac	6.2%
Ampol	6.2%

Estimated portfolio metrics for FY26

	ASX 200	HNW Con
PE (x) fwd.	18.3	14.8
Dividend yield (net)	3.5%	5.2%
Est Franking	67%	81%
Grossed Up Yield	**4.1%**	**6.8%**
Number of stocks	200	15
Avg mcap $B	11	55
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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Portfolio Performance

In October, the **HNW Australian Equities Income Concentrated Portfolio** gained by 0.9%.

Over the month, positions in Dalrymple Bay Infrastructure (+12%), Whitehaven Coal (+12%), ANZ (+5%), Ampol (+4%), and QBE Insurance (+3%) added value. We were very pleased with Dalrymple Bay restructuring the company's debt at much lower rates and increasing the quarterly dividend. This action confirmed our investment thesis on the stock and validated the switch out from Bapcor in early September.

On the negative side of the ledger, Woodside (-5%), Amcor (-4%), and Sonic Healthcare (-3%) detracted value, on no news.

2025 in Review

Whilst 2025 proved to be a solid year for Australian equity investors, with another year of double-digit returns, it certainly was not without its volatility.

Investors were frequently subjected to breathless headlines around short-term market corrections and predictions of upcoming recessions from ever-changing US trade policy. While this creates drama and sells newspapers, investors who didn't panic and stayed the course haven't lost anything and saw the value of their investments increase over 2025.

Indeed, the situation looked grim in early April 2025; it provided the best buying opportunities of the year and, conversely, the very worst time for investors to give in to fears and liquidate portfolios to cash.

A lesson we have taken from 2025 is to try to tune out the sturm und drang of markets, as most company profits are not affected by geopolitical noise. A portfolio constructed conservatively, populated by companies paying stable and growing dividends with low gearing, will bounce back from even the blackest nights of doom and gloom.

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 sell. 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