PORTFOLIO UPDATE

HNW Australian Equity Income Concentrated Portfolio

Monthly Report August 2025

HNW NEXUS Planning
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- 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 Income Concentrated Portfolio** had a solid month, up +3.8%, a pleasing outcome following an extremely volatile month.
- It was pleasing to see that portfolio companies, on a weighted average, increased dividends by 4% 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. Four companies in the Concentrated Portfolio paid dividends in August, with more to come in September.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	12m rolling	Incept annual
HNW Equity Income Concentrated Portfolio	2.2%	-3.0%	2.7%	-2.7%	4.2%	-3.2%	-0.9%	1.1%	3.9%	0.4%	3.8%	3.8%	12.5%	5.9%

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

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 Positions August 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.	21.7	14.8
Dividend yield (net)	3.0%	5.2%
Est Franking	67%	81%
Grossed Up Yield	**3.8%**	**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 August, the **HNW Australian Equities Income Concentrated Portfolio** gained by 3.8% a solid month.

Over the month, positions in Westpac (+14%), Arena REIT (+10%), ANZ (+10%), Ampol (+9%) and Charter Hall Retail (+8%) added value.

On the negative side of the ledger, Sonic Healthcare (-13%), and QBE Insurance (-5%) detracted value.

Dividends signal the health of a company

When a company reports a result, one of the first things we look at is the dividend paid, as this is the best indication of the actual health of a company. A company's board is unlikely to raise dividends if business conditions are worsening. Also, earnings per share can be restated later due to "accounting opinions" or financial shenanigans from the CFO. However, once dividends are paid into bank accounts, they can never be taken back.

In August, the Portfolio increased dividends by +6%, with the help of Wesfarmers and QBE Insurance, increasing dividends by 81% and 29% respectively. The 4% increase compares favourably with the ASX 200, which saw dividends fall by -2% as the index was dragged down by index heavyweights BHP and Woolworths, which saw dividends fall by -25% and -42% respectively.

Portfolio Trading

Over the month, the Portfolio topped up its position in Sonic Healthcare following a solid earnings update. The Portfolio also trimmed positions in Westpac and Wesfarmers on valuation grounds, with Westpac trading on 19x earnings and Wesfarmers trading on 40x earnings.

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