

PORTFOLIO UPDATE

HNW Australian Equity Income Portfolio

Monthly Report August 2026

- Over August, Australian markets saw significant volatility, with the average daily trading range closing at close to 8%. Overall, the reporting season was solid, with healthcare, copper and gold miners offsetting concerns about consumer spending.
- The **HNW Australian Equity Income Focus Portfolio** declined by -3.8% underperforming the benchmark return of 1.1%, a disappointing outcome given what was a positive reporting season and reflecting the Income Portfolio's weighting towards banks and Listed Property Trusts.
- It was pleasing to see that portfolio companies, on a weighted-average basis, increased dividends by 37% in the August reporting season. We view dividends as a more accurate measure than earnings per share for gauging a company's actual financial health. While the market is a voting machine in the short term, rewarding popular companies, in the long term it is a weighing machine that recognises companies that consistently pay dividends to shareholders.

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Jul	12m rolling	Incept annual
HNW Income Portfolio	-2.6%	1.0%	-1.6%	1.1%	-0.2%	3.6%	-1.3%	2.8%	0.2%	2.2%	2.8%	-3.8%	3.8%	8.5%
ASX 200TR/RBA +3%	-0.1%	0.5%	-1.1%	0.9%	1.2%	2.1%	-3.3%	1.4%	0.9%	0.6%	1.4%	1.1%	5.6%	7.1%
Active return	-2.5%	0.5%	-0.6%	0.2%	-1.4%	1.5%	2.0%	1.4%	-0.7%	1.6%	1.4%	-4.9%	-1.8%	1.4%

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.

Top Positions end August 2026 Yield (incl-franking)

Company	Yield
Macquarie Bank	5.0%
Ampol	8.0%
Commonwealth Bank	4.0%
Woodside	6.5%
ANZ Bank	6.8%

Portfolio Details

Index	S&P ASX 200 Total Return/RBA +3%
Number of Stocks	15 - 30
Asset Allocation	100% Equity
Inception Date	30 th November 2022
Security Target	within 5% of S&P ASX 200 weights
Sector Target	within 10% of S&P GICS sector 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 concerns about consumer confidence and the dramatic slowdown in bank loan applications resulting from major tax changes announced in the May budget. Conversely, the beaten-up healthcare sector was stronger, along with gold and copper miners.

Estimated portfolio metrics for FY27

	ASX 200	HNW EI
PE (x) fwd.	17.5	13.5
Dividend yield (net)	3.4%	4.7%
Est Franking	67%	81%
Grossed Up Yield	4.3%	6.2%
Number of stocks	200	23
Avg mcap \$B	11	58
Beta (3mth rolling)	1.0	0.91

Source: Bloomberg & UBS

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Portfolio Performance

In August, the **HNW Australian Equities Income Focus Portfolio** declined by -3.8%. Positions in Whitehaven (+22%) and Ampol (+8%) added value. On the negative side of the ledger, Arena (-27%), Sonic Healthcare (-10%), and Westpac (-9%) weighed on performance.

Dividends signal the health of a company

When a company reports results, one of the first things we look at is the dividend paid, as it best indicates a company's actual health. 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 37%, with help from Ampol and Suncorp, which increased dividends by 363% and 27%, respectively. Excluding Ampol, dividends across the Portfolio were up 6%.

Portfolio Trading

No trading was done this month

Sector Exposure August 2026

GICS Sector	ASX200	Income	ACTIVE
Consumer Disc	7.8%	10.5%	2.7%
Consumer Staples	4.8%	0.0%	-4.8%
Energy	7.0%	12.0%	5.0%
Banks	24.0%	26.0%	-2.0%
Diversified Fins	4.8%	10.0%	5.2%
Health Care	9.8%	2.0%	-7.8%
Industrials	5.6%	0.0%	-5.6%
Materials	22.8%	16.5%	-6.3%
Telco	2.5%	0.0%	-2.5%
Listed Property	5.6%	14.0%	8.4%
Utilities	1.3%	10.0%	8.7%

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 benchmark's calculation methodology. 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, it 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