PORTFOLIO UPDATE

HNW Australian Equity Income Portfolio

Monthly Report October 2026

HNW Planning Pty Ltd | ABN 42 083 745 055

- Global equity markets in October were dominated by three main themes: rising bond yields, a sharp rise in oil prices, and a global sell-off in artificial intelligence and tech stocks. Government bond yields hit their highest levels in 15-20 years because of rising government deficits and competition for capital from a new source: AI hyperscalers and tech companies.
- The **HNW Australian Equity Income Focus Portfolio** had a strong month, up 3.7%, ahead of the benchmark return of 1.0%. %. The key themes driving markets over the month played well to the current portfolio positioning, with a large weight to energy and insurance and no tech exposure.
- As expected, no Portfolio companies declared dividends in October, which is a "dead" month coming between the mid-year reporting season and the November banks reporting season. This will change in November, with healthy dividends expected from Portfolio companies reporting profit results.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	12m rolling	Incept annual
HNW Income Portfolio	-1.6%	1.1%	-0.2%	3.6%	-1.3%	2.8%	0.2%	2.2%	2.8%	-3.8%	0.0%	3.7%	9.4%	9.0%
ASX 200TR/RBA +3%	-1.1%	0.9%	1.2%	2.1%	-3.3%	1.4%	0.9%	0.6%	1.4%	1.1%	-0.9%	1.0%	5.3%	6.5%
Active return	-0.6%	0.2%	-1.4%	1.5%	2.0%	1.4%	-0.7%	1.6%	1.4%	-4.9%	0.9%	2.7%	4.0%	2.5%

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.

Portfolio Details

Index	S&P ASX 200 Total Return/RBA +3%
Number of Stocks	15 - 30
Asset Allocation	100% Equity
Inception Date	30th 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 this month was the rise in global bond yields, driven by higher oil prices, inflation and large debt issuance to fund AI hyperscalers. Governments globally that need to refinance ever-increasing amounts of debt now have a competitor for capital that did not exist a few years ago. In 2026, tech and AI companies are expected to raise between US$300 and $570 billion in debt, rising to US$1 trillion in 2027.

Oil posted strong gains in October 2026, up +16% to US$113/bl, marking its fourth consecutive monthly increase driven by supply concerns and increasing tensions with Iran.

Top Positions end October 2026 Yield (incl-franking)

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

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** gained 3.7%, significantly ahead of the benchmark's return.

Positions in *former problem child* Arena REIT (+25%), QBE Insurance (+12%), Lotteries (+11%) and Medibank (+10%) added value. On the negative side of the ledger, Ampol (-13%) hurt performance, along with Dyno Nobel (-3%), but the portfolio had few issues in October.

We were very pleased to see Arena REIT's management move so swiftly to find alternative childcare operators to take over the leases from Edge Early Learning as the troubled company slipped into administration.

In hindsight, the HNW Investment Committee's decision to add to Arena REIT and Lotteries in early September was prescient.

Sector Exposure October 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%

Portfolio Trading

No trading was done during 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 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

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