

PORTFOLIO UPDATE

HNW Australian Equity Income Portfolio

Monthly Report September 2025

- After an unusual five consecutive months of solid gains since Trump's "Liberation Day", in September, the ASX200 posted its first negative month since March. Returns on the ASX in September were skewed by the gold and base metal mining sectors, with all other sectors averaging a 3% decline over the month. September has historically been a weaker month for markets, as investors receive dividends from the August reporting season, with reinvestment beginning in October.
- The **HNW Australian Equity Income Focus Portfolio** fell 2.6%, underperforming the benchmark return of -0.1%. This disappointing outcome was driven by macroeconomic fears and the absence of gold stocks in the Portfolio, rather than concerns about individual company profits in 2026. Structurally, the HNW Income Portfolio is unlikely to own any gold stocks, as the yields of the gold companies are all significantly below the Portfolio's minimum yield threshold.
- September was a very active month for dividends, with seven companies paying dividends during the month, and four more companies are expected to pay dividends in the first two weeks of October. During October, eight companies are expected to provide trading updates and production results at their AGMs, which will give investors a look at how the businesses have performed since their August reports.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	12m rolling	Incept annual
Australian Equity Income Portfolio	-1.3%	3.9%	-1.7%	4.2%	-2.3%	-2.4%	2.5%	4.5%	1.9%	2.0%	3.5%	-2.6%	12.2%	10.1%
ASX 200TR/RBA +3%	-0.4%	2.2%	-1.3%	2.6%	-1.6%	-1.4%	2.1%	2.4%	1.0%	1.5%	1.8%	-0.1%	9.2%	7.8%
Active return	-1.0%	1.7%	-0.4%	1.6%	-0.8%	-1.1%	0.4%	2.1%	0.8%	0.5%	1.6%	-2.5%	3.0%	2.4%

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.

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

Performance Update

The key news over the month was the gold price continuing to rise due to concerns about governments debasing currencies and escalating geopolitical tensions. Across the ASX 200, gold miners gained +24% and added nearly a full percentage point to index returns following a 12% increase in the metal to US\$3,825 per ounce. On the other hand, oil prices decreased by 1.6% to US\$67 per barrel following the announcement of increased production by OPEC countries and Trump's Gaza peace plan.

Oil stocks were weaker after Abu Dhabi National Oil Co. walked away from its \$36 billion takeover offer for Santos (-14%). This would have been the largest all-cash takeover in Australian history.

Top Positions end September 2025 Yield (incl-franking)

Company	Yield
Woodside	8.1%
Macquarie Bank	4.8%
Transurban	5.0%
Commonwealth Bank	3.5%
ANZ Bank	8.0%

Estimated portfolio metrics for FY25

	ASX 200	HNW EI
PE (x) fwd.	19.5	16.1
Dividend yield (net)	3.3%	5.2%
Est Franking	67%	81%
Grossed Up Yield	4.0%	6.8%
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 September, the **HNW Australian Equities Income Focus Portfolio** fell by 2.6%, underperforming the benchmark return of -0.1% due to global macroeconomic fears, rather than stock-specific news, and not owning any red-hot gold stocks.

Structurally, the HNW Equity Income Portfolio was unlikely to own any gold stocks in 2025, as the highest-yielding gold miners, Northern Star (2.2% yield) and Newmont (1.17% yield), fell below the Portfolio's minimum yield threshold of more than 3% excluding franking.

Over the month, positions in Dexus Industrial (+2%), Dalrymple Bay Infrastructure (+7%), Ampol (+2%), Dyno Nobel (+2%), and Westpac (+1%) added value.

On the negative side of the ledger, Woodside Energy (-13%), Sonic Healthcare (-9%), and Transurban (-5%) detracted value on no new news.

Portfolio Trading

Over the month, we added a new position, Dalrymple Bay Infrastructure (+7%), a coal export terminal in Queensland, with take-or-pay contracts, which trades on an attractive 6% dividend yield. Dalrymple Bay Infrastructure has been on our radar for several months, and the exit of Brookfield provided an attractive entry point. This was funded by reducing the weight to the Lotteries Corporation.

Sector Exposure September 2025

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 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