

PORTFOLIO UPDATE

HNW Australian Equity Income Portfolio

Monthly Report September 2026

- September 2026 was a weaker month, with global bond yields rising to Global Financial Crisis levels, driven by macroeconomic concerns about higher inflation and higher oil prices. Higher interest rates weighed on both bond-proxy stocks and high-P/E growth companies.
- The **HNW Australian Equity Income Focus Portfolio** remained flat for the month, outperforming the benchmark return of -0.9%, a pleasing outcome that demonstrated the portfolio's defensive characteristics. Performance was driven by the Portfolio's exposure to energy, healthcare and insurance as well as solid dividend flows.
- September was a very active month for income in the Portfolio, with seven companies declaring dividends, which will flow into our investors' accounts over the next few weeks. In October, six companies are expected to provide trading updates and production results at their AGMs, giving investors a look at how the businesses have performed since their August results.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	12m rolling	Incept annual
HNW Income Portfolio	1.0%	-1.6%	1.1%	-0.2%	3.6%	-1.3%	2.8%	0.2%	2.2%	2.8%	-3.8%	0.0%	6.6%	8.2%
ASX 200TR/RBA +3%	0.5%	-1.1%	0.9%	1.2%	2.1%	-3.3%	1.4%	0.9%	0.6%	1.4%	1.1%	-0.9%	4.8%	6.7%
Active return	0.5%	-0.6%	0.2%	-1.4%	1.5%	2.0%	1.4%	-0.7%	1.6%	1.4%	-4.9%	0.9%	1.8%	1.6%

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 September 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 this month was the rise in global bond yields, driven by higher oil prices and persistent inflation pressures. Globally, central banks, including the US, ECB and Japan, raised interest rates to combat rising inflation fears. Domestically, the RBA also raised interest rates for the fourth time this year to 4.6%, with expectations of one more hike before the end of the year.

Lower commodity prices drove down the ASX, with iron ore finishing below US\$95/t, copper falling by 4% and gold falling due to high bond yields. These commodity moves saw the wider materials sector down -6% for the month.

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

PORTFOLIO UPDATE

HNW Australian Equity Income Portfolio

September 2026

Portfolio Performance

In August, the **HNW Australian Equities Income Focus Portfolio** remained flat. Over the month, positions in Dyno Nobel (+9%), Dalrymple Bay Infrastructure (+8%), Ampol (+7%), Suncorp (+6%) and QBE Insurance (+5%) added value.

On the negative side of the ledger, Transurban (-7%), Charter Hall Retail (-8%) and Whitehaven (-9%) weighed on performance. All three companies gave positive updates during the August reporting season but were impacted by higher interest rates and lower commodity prices during the month.

Higher Interest Rates for Longer

In September, we saw uniform selling in equities due to risks around rising interest rates and uncertainty about how higher rates will affect different companies.

However, some companies actually benefit from higher interest rates. In the Portfolio, we have significant exposures to insurers QBE, Suncorp, and Medibank Private, all of which have an insurance float of billions to tens of billions that they can invest because of the timing of receiving premiums and paying claims. Further, debt-free companies are indifferent to higher interest rates, such as JB Hi-Fi and Medibank, both of which have a net cash position and earn interest income on their cash.

Portfolio Trading

During the month, the Portfolio added to positions in Dalrymple Bay Infrastructure, Suncorp, Lotteries and Arena REIT.

Sector Exposure September 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