PORTFOLIO UPDATE

HNW Australian Equity Portfolio

Monthly Report August 2025

HNW NEXUS Planning
HNW Planning Pty Ltd | ABN 42 083 745 055

- 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 Portfolio** gained 1.53%, underperforming the benchmark return of 3.0%, a disappointing outcome following an extremely volatile month.
- It was pleasing to see that portfolio companies, on a weighted average, increased dividends by 6% 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. The Portfolio's cash yield of 4.7% (grossed up 6.2%) compares favourably with the ASX200's yield of 3.0%.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	12m rolling	Incept annual
HNW Australian Equity Portfolio	1.7%	-1.8%	3.8%	-2.7%	4.1%	-2.7%	-3.2%	2.0%	3.9%	1.4%	2.7%	1.5%	10.8%	10.0%
ASX 200 TR	3.0%	-1.3%	3.8%	-3.2%	4.6%	-3.8%	-3.4%	3.6%	4.2%	1.4%	2.4%	3.0%	14.6%	11.9%
Active return	-1.3%	-0.5%	0.0%	0.5%	-0.5%	1.1%	0.2%	-1.6%	-0.3%	0.0%	0.4%	-1.5%	-3.8%	-1.9%

Portfolio Objective

The objective is to build a portfolio of high-quality companies that will provide returns for a client in increased value and or dividends over time.

Portfolio Details

Index	S&P ASX 200 Total Return
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

Performance 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 Ten Active Positions end August 2025

Positive	Negative
Transurban	BHP
QBE Insurance	NAB
Amcor	CBA
Macquarie Bank	Telstra
ANZ	Rio Tinto

Estimated portfolio metrics for FY25

	ASX 200	HNW AE
PE (x) fwd.	21.7	15.6
Dividend yield (net)	3.0%	4.7%
Est Franking	67%	82%
Grossed Up Yield	**3.8%**	**6.2%**
Number of stocks	200	23
Avg mcap $B	11	69
Beta (3mth rolling)	1.0	0.94

Source: Bloomberg & UBS

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Portfolio Performance

In August, the **HNW Australian Equity Portfolio** gained by 1.5%, underperforming the benchmark return of 3% in an extremely volatile month.

Over the month, positions in Mineral Resources (+31%), Westpac (+14%), The Lotteries Corp (+10%), Ampol (+9%) and Deterra Royalties (+6%) added value.

On the negative side of the ledger, CSL (-21%), Sonic Healthcare (-13%), and Amcor (-11%) detracted value due to small earnings misses. All three companies provided solid results, raised dividends, and guided to >10% earnings per share growth in 2026, yet were sold off heavily. Additionally, not owning BHP (+10%) hurt relative performance, as the market was excited about the steel consumption of a mega dam on the Yarlung Tsangpo River in Tibet. We find this curious, given that the expected 2.4 million tonnes of steel needed for the dam is a rounding error in China's annual 1.3 billion tonnes of steel production and will likely be made with iron ore sourced from China's new mines in Guinea.

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 6% 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, Atlas took the prudent move to reduce weightings towards Westpac and Wesfarmers and add to the position in CSL.

Sector Exposure August 2025

GICS Sector	ASX200	AEP	ACTIVE
Consumer Discretionary	7.7%	10.7%	3.1%
Consumer Staples	4.8%	0.0%	-4.8%
Energy	6.9%	9.3%	2.5%
Banks	24.7%	26.7%	2.0%
Diversified Fins	4.7%	12.7%	7.9%
Health Care	9.6%	12.7%	3.0%
Industrials	5.5%	8.4%	2.9%
Materials	22.4%	14.6%	-7.9%
Telecommunication Services	2.5%	0.0%	-2.5%
Listed Property	5.5%	2.0%	-3.5%
Utilities	1.3%	3.9%	2.6%

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