

PORTFOLIO UPDATE

HNW Australian Equity Portfolio

Monthly Report June 2025

- June proved to be a volatile month, with concerns in the Middle East driving the oil price up and global markets down. As the spectre of a major war in the Middle East fizzled out, equity markets rallied towards the end of the month to finish in the green. Despite a range of negative news flows over the past twelve months, including the unwind of the Japan carry trade, Trump tariffs, and sharply increasing tensions in the Middle East, global equity markets all posted above-average mid-teens returns.
- The **HNW Australian Equity Portfolio** gained 1.4% matching the benchmark's return. There was minimal news due to companies being in blackout before releasing their six-month financial results in August, except for the last-minute earnings downgrades that crush the spirits of fund managers. Thankfully, the Portfolio avoided the June downgrades from companies such as Domino's (-18%), IDP Education (-53%), and Reece (-8%).
- We are looking forward to the upcoming August reporting season. We expect the reporting season will continue to show the resilience of company earnings from the companies held in the Portfolio and that management will guide to higher profits and dividends over the coming year.

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	12m rolling	Incept annual
HNW Australian Equity Portfolio	4.6%	-0.2%	1.7%	-1.8%	3.8%	-2.7%	4.1%	-2.7%	-3.2%	2.0%	3.9%	1.4%	10.9%	8.9%
ASX 200 TR	4.2%	0.5%	3.0%	-1.3%	3.8%	-3.2%	4.6%	-3.8%	-3.4%	3.6%	4.2%	1.4%	13.8%	10.4%
Active return	0.4%	-0.7%	-1.3%	-0.5%	0.0%	0.5%	-0.5%	1.1%	0.2%	-1.6%	-0.3%	0.0%	-2.9%	-1.5%

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	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 in June was the growing concerns in the Middle East, with oil prices spiking. Over the month, the oil price was very volatile, with oil peaking at US\$79 a barrel due to US airstrikes, up from US\$64 at the start of the month. However, prices retreated to finish at US\$68 following a de-escalation and a tepid response from Iran.

Inflation continues to fall, with the May 2025 print coming in at 2.1% which is likely to open the door to continued rate cuts throughout 2025.

Top Ten Active Positions end June 2025

Positive

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

Negative

Estimated portfolio metrics for FY25

	ASX 200	HNW AE
PE (x) fwd.	19.0	14.0
Dividend yield (net)	3.3%	4.6%
Est Franking	67%	82%
Grossed Up Yield	4.1%	6.2%
Number of stocks	200	23
Avg mcap \$B	11	69
Beta (3mth rolling)	1.0	0.93

Source: Bloomberg & UBS

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June 2025

Portfolio Performance

In June, the **HNW Australian Equity Portfolio** gained by +1.4% matching the benchmark.

Over the month, positions in Macquarie Bank (+7%), Woodside (+6%), Medibank Private (+6%), Lotteries (+5%), and Suncorp Insurance (+5%) added value.

On the negative side of the ledger, Bapcor (-4%), CSL (-3%), and Whitehaven Coal (-2%) detracted value, albeit on no news flow.

Year in Review

The past twelve months have been very volatile for equity investors, with significant falls in August, due to the Japanese Yen carry trade, as well as March and April, following the announcement of tariffs on goods entering the United States. Despite a volatile 12 months for investors, the ASX 200 has enjoyed a relatively strong year, up 10% or 13.8% with dividends included.

In the Portfolio, we have seen significant gains from positions in JB HI-FI (+86%), Medibank Private (+40%), QBE Insurance (+40%), and Wesfarmers (+33%). Commonwealth Bank (+49%) has been consistently reduced in the Portfolio on valuation grounds, only to see its share price go higher. Australia's largest bank (and the world's most expensive) is now a significant underweight in the Portfolio and has negatively impacted its relative performance.

Portfolio Trading

Over the month, we reduced our positions in JB Hi-Fi (+2%), Wesfarmers (+2%) and QBE (+1%). While Atlas remains positive about these businesses' outlooks, we believe there are more attractive opportunities elsewhere in the Portfolio to invest cash, with all three seeing their share prices run ahead of our valuation.

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.

In June, we added to Dyno Nobel (+1%) and Amcor (-1%). These moves increased the yield of the Portfolio and reduced its aggregate price-to-earnings ratio.

Sector Exposure June 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 does not include consideration of taxation including capital gains tax.
- Performance numbers are presented on an unaudited basis