

PORTFOLIO UPDATE

HNW Australian Equity Portfolio

Monthly Report October 2025

- Global markets posted solid gains in October, with investor optimism back on track after a slight wobble in October. Domestically, the key news over the month was the quarterly trading updates that many companies provided at their Annual General Meetings, which were generally positive. This was overshadowed by a spike in inflation for the October quarter that took the expected Melbourne Cup Day rate cut off the table.
- The **HNW Australian Equity Portfolio** gained by 0.93%, outperforming the benchmark return of 0.36%. A pleasing outcome, with mostly positive trading updates offsetting CSL news about newly vaccine-hesitant Americans.
- 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 companies in the Portfolio with October year ends reporting results.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	12m rolling	Incept annual
HNW Australian Equity Portfolio	3.8%	-2.7%	4.1%	-2.7%	-3.2%	2.0%	3.9%	1.4%	2.7%	1.5%	-2.7%	0.9%	9.0%	8.8%
ASX 200 TR	3.8%	-3.2%	4.6%	-3.8%	-3.4%	3.6%	4.2%	1.4%	2.4%	3.1%	-0.8%	0.4%	12.5%	11.0%
Active return	0.0%	0.5%	-0.5%	1.1%	0.2%	-1.6%	-0.3%	0.0%	0.4%	-1.6%	-1.9%	0.5%	-3.4%	-2.3%

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 over the month was the "hot" inflation print in late October that has almost certainly taken a Melbourne Cup Day rate cut off the table. The September quarter CPI number of 3.2% was the highest since June 2024, driven by a 9% increase in electricity prices, which was significantly influenced by the end of state electricity subsidies.

Top Ten Active Positions end October 2025

Positive

Transurban
QBE Insurance
Amcor
Macquarie Bank
ANZ

Negative

BHP
NAB
CBA
Telstra
Rio Tinto

Estimated portfolio metrics for FY25

	ASX 200	HNW AE
PE (x) fwd.	19.5	16.7
Dividend yield (net)	3.3%	4.6%
Est Franking	67%	82%
Grossed Up Yield	4.0%	6.1%
Number of stocks	200	23
Avg mcap \$B	11	69
Beta (3mth rolling)	1.0	0.87

Source: Bloomberg & UBS

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Portfolio Performance

In October, the **HNW Australian Equity Portfolio** gained by 1.2%, outperforming the benchmark return of 0.4% due to mostly positive trading updates provided during AGM season.

Over the month, positions in Mineral Resources (+18%), ANZ (+10%), Whitehaven Coal (+9%), Woodside Energy (+8%), and Transurban (+5%) added value.

On the negative side of the ledger, CSL (-10%), JB Hi-Fi (-10%), and The Lotteries Corp (-6%) detracted value, with the latter two names getting caught up in the retail sector sell-off. As detailed in the CSL AGM note sent out mid-month, the biotherapy company's share price was weaker due to lower US flu vaccine sales and delays in Chinese purchases of albumin. These are not company-specific issues, as competitors such as Takeda report identical issues.

Quarterly Updates: AGM Season

In October each year, listed Australian companies with a June financial year-end host their annual general meetings (AGMs) and provide their first-quarter trading updates.

The toll road operators owned by the Portfolio, Transurban and Atlas Arteria, posted strong traffic numbers. Transurban recorded a 3% increase in average daily traffic to 2.6 million daily trips, while Atlas Arteria saw a 1% increase in traffic and a healthy 11% increase in revenue, driven by inflation-linked toll price increases.

During the AGM season, we primarily saw mostly positive results across the retail sector, with grocers posting sales growth of 3-5%. Endeavour (owner of Dan Murphy's) reported a 1.4% decrease in sales, and Coles Liquor similarly experienced a decline in sales.

We observed a difference in the performance of energy producers Woodside (+8%) and Santos (-6%), with the former posting revenue increases over the first quarter, driven by outstanding asset reliability and higher production volumes. On the other hand, Santos saw revenues and production down due to higher maintenance across its Portfolio.

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.

Portfolio Trading

No major trading was done over the month.

Sector Exposure October 2025

GICS Sector	ASX 200	AEP	ACTIVE
Consumer Discretionary	9.7%	8.1%	-1.5%
Consumer Staples	3.5%	0.0%	-3.5%
Energy	3.3%	7.8%	4.5%
Banks	27.3%	31.3%	4.0%
Diversified Fins	6.5%	10.4%	3.9%
Health Care	7.9%	10.9%	3.0%
Industrials	5.2%	1.3%	-3.9%
Materials	19.2%	16.8%	-2.4%
IT	3.5%	0.0%	-3.5%
Telecommunication Services	2.4%	0.0%	-2.4%
Listed Property	6.8%	0.0%	-6.8%
Utilities	3.6%	11.0%	7.4%

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

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