

PORTFOLIO UPDATE

HNW Australian Equity 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 Portfolio** fell 2.65%, underperforming the benchmark return of -0.7%, a disappointing outcome driven by macroeconomic fears and the absence of gold stocks in the Portfolio, rather than concerns about individual company profits in 2026.
- September was a very active month for dividends, with 13 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
HNW Australian Equity Portfolio	-1.8%	3.8%	-2.7%	4.1%	-2.7%	-3.2%	2.0%	3.9%	1.4%	2.7%	1.5%	-2.7%	6.1%	8.7%
ASX 200 TR	-1.3%	3.8%	-3.2%	4.6%	-3.8%	-3.4%	3.6%	4.2%	1.4%	2.4%	3.1%	-0.8%	10.6%	11.2%
Active return	-0.5%	0.0%	0.5%	-0.5%	1.1%	0.2%	-1.6%	-0.3%	0.0%	0.4%	-1.6%	-1.9%	-4.5%	-2.5%

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 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 Ten Active Positions end September 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.	19.5	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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September 2025

Portfolio Performance

In September, the **HNW Australian Equity Portfolio** fell by 2.65%, underperforming the benchmark return of -0.7% due to global macro fears and not owning any red-hot gold stocks, rather than stock-specific news.

Over the month, positions in Mineral Resources (+10%), 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 CSL (-6%) detracted value on no new news.

Why are we cautious towards the gold miners?

Over the month of September, there was only one theme that finished the month positively, which was gold. The gold sector returned 24% in September, and not having an index exposure to gold would have contributed to 1% relative underperformance.

Atlas remains circumspect towards gold miners on the ASX due to both overvaluation and management's preference for allocating free cash flow to expansion projects rather than returning it to shareholders. Gold miners have also historically lagged behind the price of gold, as cost blowouts and production problems become dramatically more prevalent during a boom. Additionally, due to geological issues in mining the precious metal, gold miners face significantly higher production challenges than base metal miners.

Portfolio Trading

Over the month, we exited Bapcor, following an unsatisfactory meeting with management in which it was revealed that the turnaround story would take longer than planned. Atlas used these funds to add a new position in Dalrymple Bay Infrastructure, 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.

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

We are pleased with this Portfolio move, as Bapcor declined by a further 10% after our exit, and Dalrymple Bay gained 7% after being included in the ASX 200.

Sector Exposure September 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%

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

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