

# PORTFOLIO UPDATE

## Atlas Australian Core Equity Portfolio

Monthly Report March 2025



- March saw volatility continues with uncertainty from Trump's erratic trade policies, resulting in a broad-based sell-off on the ASX. The ASX200 was a relative outperformer in the month, falling -3.4%, less than Europe -4% or the USA -5.9%. At the start of April, tariff talk was again seen at a fever pitch in the financial press. While Trump's tariffs dramatically impact valuations, most of the companies held in the Portfolio will see no impact on earnings and dividends from US tariffs.
- The **Atlas Concentrated Australian Equity Portfolio** fell by -3.05%, slightly outperforming the benchmark return of -3.3%. The usual rally at the end of March and the start of April, as the February dividends hit investors' bank accounts, did not materialise, with macroeconomic fears around tariffs and global growth dominating markets.
- March was another solid month for income for our investors, with ten positions held by the Portfolio paying dividends. These cash flows swelled the Portfolio's cash weight and will result in a rebalance in April. Atlas is looking forward to the banks' reporting season in May, which may shift the market's attention away from vague macroeconomic fears and back to actual company earnings and dividends.

	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	12m rolling	Inception % p.a.
<b>Atlas Australian Core Equity Portfolio</b>	-3.6%	0.1%	1.2%	4.6%	-0.3%	1.7%	-1.8%	3.8%	-2.8%	4.5%	-3.6%	-3.1%	0.3%	8.6%
<b>ASX 200 TR ex LPT</b>	-2.9%	0.9%	1.0%	4.0%	0.5%	2.7%	-1.2%	3.9%	-3.0%	4.6%	-3.8%	-3.3%	2.7%	7.5%
<b>Active return</b>	-0.7%	-0.7%	0.2%	0.7%	-0.8%	-1.0%	-0.6%	-0.1%	0.2%	0.0%	0.2%	0.3%	-2.4%	1.0%

### Portfolio Objective

Our approach to investing in Australian shares is founded on fundamental company analysis, earnings quality, and sensible risk management principles. The objective is to build a portfolio of high-quality companies that deliver consistent and growing dividends with easily forecastable earnings. The Portfolio focuses on companies with strong profit and dividend growth.

### Portfolio Details

Index	S&P ASX 200 Total Return (ex LPT)
Number of Stocks	18 - 30
Asset Allocation	100% Equity
Inception Date	March 2016
Security Target	within 5% of S&P ASX 200 weights
Sector Target	within 10% of S&P GICS sector weights
Management Fee	0.44% per annum (GST included)
Platform	Hub24/Netwealth/Praemium
Code	ATL001

### Market Update

There is always very little stock-specific news in March, following directly after the February reporting season. The month was dominated by macroeconomic fears of the possible global slowdown driven by tariffs placed on goods entering the United States. Australia has run a trade deficit with the USA since the Korean War in the 1950s and there are very few listed Australian companies that export to the USA.

### Top Ten Active Positions end March 2025

Positive	Negative
Amcor	BHP
Macquarie Group	NAB
ANZ	Telstra
Transurban	Aristocrat Leisure
QBE Insurance	Rio Tinto

### Estimated portfolio metrics for FY25

	ASX 200	ACEP
PE (x) fwd.	16.7	14.1
Dividend yield net	3.6%	4.9%
Est Franking	67%	82%
<b>Grossed Up Yield</b>	<b>4.1%</b>	<b>6.5%</b>
Number of stocks	200	23
Avg mcap \$bn	14	71
Beta (3 month rolling)	1.0	0.91

Source: Bloomberg & UBS

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March 2025



### Portfolio Performance

In February, the **Atlas Concentrated Australian Equity Portfolio** fell by -3.05%, outperforming the benchmark return of -3.30%. A frustrating outcome, as the February 2025 reporting season showed that the companies owned by the Portfolio were in good shape, increasing dividends by an average of +6%. However, stock prices in March were influenced by fear rather than company fundamentals.

Over the month, positions in Mineral Resources (+6%), QBE Insurance (+5%), Medibank Private (+4%) and Transurban (+2%) added value. On the negative side of the ledger, Macquarie Group (-13%), Ampol (-11%), and Bapcor (-11%) detracted value.

It was frustrating to see Macquarie down (-13%) for the month after providing a solid trading update in February. The update showed that its annuity-style businesses (Asset Management and Retail Banking) earnings were substantially up on last year, driven by an increase in market share in Australian mortgages.

### US Tariffs

Over the coming months, we will have an election in Australia and impacts from tariffs on global goods entering the United States. Whilst there is a lot of noise in the market, the companies we own in Portfolio primarily sell non-discretionary goods and services that are in demand across varying political or macroeconomic environments.

The Portfolio owns companies with operations in the United States, namely Amcor, CSL, Sonic Healthcare, QBE, Dyno Nobel, and Woodside. However, their earnings are largely unaffected by the announcements of new tariffs. Their operations in the USA sell goods and services created in the USA with limited or no inputs that need to cross international borders.

### Portfolio Trading

No significant trading was done during the month, though the Portfolio's cash weight will build in April as dividends declared in February are paid into our investor's cash accounts.

### Sector Exposure March 2025

GICS Sector	ASX200	ACEP	ACTIVE
Consumer Discretionary	9.0%	11.9%	2.8%
Consumer Staples	4.1%	0.0%	-4.1%
Energy	3.1%	7.9%	4.8%
Banks	26.7%	32.4%	5.7%
Diversified Fins	6.3%	10.0%	3.7%
Health Care	9.0%	12.2%	3.2%
Industrials	5.2%	1.7%	-3.5%
Materials	18.3%	13.3%	-5.0%
Telecommunication Services	5.0%	0.0%	-5.0%
Listed Property	6.6%	0.0%	-6.6%
Utilities	4.0%	8.8%	4.6%

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