

PORTFOLIO UPDATE

Atlas Australian Core 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 **Atlas Australian Core Equity Portfolio** gained 1.55% outperforming the benchmark return of 1.39%. 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%).
- Atlas is 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.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	12m rolling	Inception % p.a.
Atlas Australian Core Equity Potfolio	4.6%	-0.3%	1.7%	-1.8%	3.8%	-2.8%	4.5%	-3.6%	-3.1%	2.0%	4.0%	1.6%	10.6%	9.1%
ASX 200 TRex LPT	4.0%	0.5%	2.7%	-1.2%	3.9%	-3.0%	4.6%	-3.8%	-3.3%	3.5%	4.2%	1.4%	13.5%	8.4%
Active return	0.7%	-0.8%	-1.0%	-0.6%	-0.1%	0.2%	0.0%	0.2%	0.3%	-1.5%	-0.2%	0.2%	-2.9%	0.7%

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/Macquarie Wrap
Code	ATL001

Market 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 as of June 2025

Positive

Transurban

QBE Insurance

Amcor

Macquarie Bank

ANZ

Negative

BHP

NAB

Commonwealth Bank

Telstra

Rio Tinto

Estimated portfolio metrics for FY26

	ASX 200	ACEP
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 \$bn	11	69
Beta (3-month rolling)	1.0	0.93

Source: Bloomberg & UBS

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Portfolio Performance

In June, the **Atlas Australian Core Equity Portfolio** gained by +1.6%, outperforming the benchmark return of +1.4% in a volatile month.

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 large underweight in the Portfolio and has hurt relative performance.

Portfolio Trading

Over the month, we reduced our positions in JB Hi-Fi (+2%) at \$110, following a rise in its earnings multiple to 24 times. Atlas also reduced its holdings in Wesfarmers (+2%) back to its index weight after the stock reached \$84, or 33 times its future earnings. While Atlas remains positive about these businesses' outlooks, we believe there are more attractive opportunities elsewhere in the Portfolio to invest cash.

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	ACEP	ACTIVE
Consumer Discretionary	9.3%	11.2%	1.9%
Consumer Staples	3.7%	0.0%	-3.7%
Energy	3.6%	7.6%	4.0%
Banks	27.6%	32.4%	4.8%
Diversified Fins	6.7%	12.0%	5.3%
Health Care	9.1%	10.8%	1.6%
Industrials	5.2%	1.3%	-3.8%
Materials	18.3%	14.4%	-3.9%
Telecommunication Services	5.7%	0.0%	-5.7%
Listed Property	6.8%	0.0%	-6.8%
Utilities	3.5%	8.9%	5.3%

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