

PORTFOLIO UPDATE

Atlas Australian Core Equity Portfolio

Monthly Report October 2025



- Global markets posted solid gains in October, with investor optimism back on track after a slight wobble in September. 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 September quarter that took the expected Melbourne Cup Day rate cut off the table.
- The **Atlas Australian Core Equity Portfolio** gained 1.23%, outperforming the benchmark return of 0.36%. A pleasing outcome, with mostly positive trading updates offsetting CSL's news about newly flu vaccine-shy 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 September year ends reporting results.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	12m rolling	Inception % p.a.
Atlas Australian Core Equity Portfolio	3.8%	-2.8%	4.5%	-3.6%	-3.1%	2.0%	4.0%	1.6%	2.7%	1.6%	-2.5%	1.2%	9.4%	9.2%
ASX 200 TR ex LPT	3.9%	-3.0%	4.6%	-3.8%	-3.3%	3.5%	4.2%	1.4%	2.3%	3.0%	-0.7%	0.4%	12.5%	8.8%
Active return	-0.1%	0.2%	0.0%	0.2%	0.3%	-1.5%	-0.2%	0.2%	0.5%	-1.4%	-1.8%	0.9%	-3.1%	0.4%

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 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. This economic data led to consumer discretionary stocks being sold off heavily at the end of the month, negating positive trading updates from companies such as Wesfarmers, JB Hi-Fi, and Harvey Norman.

Top Ten Active Positions as of October 2025

Positive

ANZ	BHP
Mineral Resources	NAB
Transurban	Telstra
Amcor	Commonwealth Bank
Ampol	Aristocrat Leisure

Negative

Estimated portfolio metrics for FY26

	ASX 200	ACEP
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 \$bn	11	69
Beta (3-month rolling)	1.0	0.87

Source: Bloomberg & UBS

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Portfolio Performance

In September, the **Atlas Australian Core 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 due to 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% sales decrease, 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.

Portfolio Trading

No major trading was done over the month.

Sector Exposure October 2025

GICS Sector	ASX200	ACEP	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%
Telecommunication Services	5.9%	0.0%	-5.9%
Listed Property	6.8%	0.0%	-6.8%
Utilities	3.6%	11.0%	7.4%

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