

PORTFOLIO UPDATE

Atlas Australian Core Equity Portfolio

Monthly Report December 2025



- December turned out to be a quieter month, albeit with no “Santa Claus” end-of-year rally, a muted end to what had been a stressful and volatile year for investors. 2025 delivered almost everything from sharp drawdowns on macroeconomic shifts to rampaging bull markets for risk assets, and then a November sell-off on the prospect of interest rate rises.
- The **Atlas Australian Core Equity Portfolio** gained by 1.24%, effectively matching the benchmark return of 1.26%, demonstrating its expected defensive characteristics in a volatile month and was aided by positive trading updates from several Portfolio companies. Income was also solid over the month with Transurban, Dalrymple Bay Infrastructure and Dyno Nobel declaring dividends.
- Atlas is looking forward to the February profit 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.

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	12m rolling	Inception % p.a.
Atlas Concentrated Aust. Equity Portfolio	4.5%	-3.6%	-3.1%	2.0%	4.0%	1.6%	2.7%	1.6%	-2.5%	1.2%	-1.2%	1.2%	8.5%	8.9%
ASX 200 TR (ex LPT)	4.6%	-3.8%	-3.3%	3.5%	4.2%	1.4%	2.3%	3.0%	-0.7%	0.4%	-2.7%	1.3%	10.0%	8.4%
Active return	0.0%	0.2%	0.3%	-1.5%	-0.2%	0.2%	0.5%	-1.4%	-1.8%	0.9%	1.5%	0.0%	-1.5%	0.6%

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

December is always a quiet month for stock-specific news, with most financial companies in blackout as they prepare their financial accounts for release in February. The key news over the month was the Federal Reserve continuing its interest rate-cutting cycle, marking the third time the Fed has cut interest rates in 2025. Domestically, the prospect of rate cuts in 2026 is looking unlikely with inflation remaining higher than expected.

Over the month, precious metals gold and silver continued their rally, each returning 4% and 24% for December and finishing the year up 65% and 141%, respectively. On the other hand, oil fell 4% amid continued oversupply and President Trump's push for lower oil prices.

Top Ten Active Positions as of December 2025

Positive

Mineral Resources

ANZ

Transurban

Amcor

Ampol

Negative

BHP

NAB

Rio Tinto

Telstra

Commonwealth Bank

Estimated portfolio metrics for FY26

	ASX 200	ACEP
PE (x) fwd.	18.3	15.5
Dividend yield net	3.5%	4.8%
Est Franking	67%	82%
Grossed Up Yield	4.1%	6.3%
Number of stocks	200	23
Avg mcap \$bn	11	69
Beta (3-month rolling)	1.0	0.97

Source: Bloomberg & UBS

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Portfolio Performance

In December, the **Atlas Australian Core Equity Portfolio** gained 1.24%, matching the benchmark return. Over the month, there was minimal company-specific news.

Over the month, positions in Dalrymple Bay Infrastructure (+12%), Whitehaven Coal (+12%), Mineral Resources (+11%), ANZ (+5%) and Ampol (+4%) added value. We were very pleased with Dalrymple Bay restructuring the company's debt at much lower rates and increasing the quarterly dividend. This action confirmed our investment thesis on the stock and validated the switch out from Bapcor in early September.

On the negative side of the ledger, CSL (-7%), The Lottery Corporation (-6%), and Woodside (-5%) detracted value, on no news. The bubble in Commonwealth Bank (+5%) seemed to be back on and hurt performance in December, a curious move after the bank's share price fell -11% last month.

2025 in Review

Whilst 2025 proved to be a solid year for Australian equity investors, with another year of double-digit returns, it certainly was not without its volatility.

Investors were frequently subjected to breathless headlines around short-term market corrections and predictions of upcoming recessions from ever-changing US trade policy. While this creates drama and sells newspapers, investors who didn't panic and stayed the course haven't lost anything and saw the value of their investments increase over 2025.

Indeed, the situation looked grim in early April 2025; it provided the best buying opportunities of the year and, conversely, the very worst time for investors to give in to fears and liquidate portfolios to cash.

A lesson we have taken from 2025 is to try to tune out the *sturm und drang* of markets, as most company profits are not affected by geopolitical noise. A portfolio constructed conservatively, populated by companies paying stable and growing dividends with low gearing, will bounce back from even the blackest nights of doom and gloom.

Portfolio Trading

No major trading was done over the month.

Sector Exposure December 2025

GICS Sector	ASX200	ACEP	ACTIVE
Consumer Discretionary	8.6%	11.2%	2.6%
Consumer Staples	3.3%	0.0%	-3.3%
Energy	3.3%	7.6%	4.3%
Banks	27.3%	32.4%	5.0%
Diversified Fins	6.0%	12.0%	6.0%
Health Care	7.0%	10.8%	3.8%
Industrials	5.5%	1.3%	-3.7%
Materials	22.9%	14.4%	-8.5%
Telecommunication Services	4.7%	0.0%	-4.7%
Listed Property	6.5%	0.0%	-6.5%
Utilities	3.6%	8.9%	5.3%

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