

# PORTFOLIO UPDATE

## Atlas Australian Core Equity Portfolio

Monthly Report February 2026



- February was a very eventful month, mainly dominated by Australian corporate earnings, which largely showed that Australia's economy is doing well. Share price volatility over the month was high, with small earnings misses seeing strong share price declines, and small beats seeing large share price gains.
- The **Atlas Australian Core Equity Portfolio** gained by +2.8%, underperforming the benchmark return of +4.1%, a disappointing outcome in a month given the strong reporting season we saw from companies within the Portfolio.
- It was pleasing to see the Portfolio companies, on average, increase dividends by +5% in the February reporting season. This is a pleasing outcome, with Portfolio income growing ahead of both inflation and the wider ASX 200. Atlas sees that increasing dividends is a better measure of a company's financial health than earnings per share or management guidance.

	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	12m rolling	Inception % p.a.
<b>Atlas Aust. Equity Portfolio</b>	-3.1%	2.0%	4.0%	1.6%	2.7%	1.6%	-2.5%	1.2%	-1.2%	1.2%	0.7%	2.8%	11.5%	9.2%
<b>ASX 200 TR (ex LPT)</b>	-3.3%	3.5%	4.2%	1.4%	2.3%	3.0%	-0.7%	0.4%	-2.7%	1.3%	1.8%	4.1%	15.9%	8.9%
<b>Active return</b>	0.3%	-1.5%	-0.2%	0.2%	0.5%	-1.4%	-1.8%	0.9%	1.5%	0.0%	-1.1%	-1.3%	-4.4%	0.3%

### 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

As always, February is dominated by Australian corporate earnings and allows investors to closely examine the financial accounts of large companies that dominate the Australian economy.

The February reporting season showed that Australian corporates were in good financial shape and had seen minimal to no negative impact from geopolitical issues such as increasing US tariffs. A less pleasant feature from reporting season was extreme share price volatility both positive and negative on results day, with the average move of 8%. We see this as the result of the increasing influence of momentum trading from computerised trading programs immediately after company results are released.

### Top Ten Active Positions as of February 2026

#### Positive

Mineral Resources

ANZ

Transurban

Ampcor

Ampol

#### Negative

BHP

NAB

Rio Tinto

Telstra

Commonwealth Bank

### Estimated portfolio metrics for FY26

	ASX 200	ACEP
PE (x) fwd.	18.7	15.8
Dividend yield net	3.3%	4.8%
Est Franking	67%	82%
<b>Grossed Up Yield</b>	<b>4.0%</b>	<b>6.3%</b>
Number of stocks	200	23
Avg mcap \$bn	11	69
Beta (3-month rolling)	1.0	0.97

Source: Bloomberg & UBS

# PORTFOLIO UPDATE

## Atlas Australian Core Equity Portfolio

February 2026



### Portfolio Performance

In February, the **Atlas Australian Core Equity Portfolio** gained 2.8%. Overall, Atlas was pleased with the Portfolio through the reporting season, with all companies profitable, paying dividends, and increasing income to shareholders above inflation.

Over the month, positions in Woodside (+12%), QBE Insurance (+10%), Amcor (+10%), Westpac (+10%), and ANZ (+9%) added value. All these companies gave positive results with a strong outlook for the coming year.

On the negative side of the ledger, CSL (-19%), Suncorp Insurance (-13%), and Whitehaven (-11%) detracted value.

CSL provided mixed results over the half, with the Vifor Unit (Iron Deficiency) providing strong results in combination with a better-than-expected weaker immunotherapies. This was all overshadowed by the sudden departure of the CEO the day before results were released. CSL announced a \$750 million on-market share buyback and a \$500 million annual cost savings from restructuring the business. This will see CSL profit increase by 4-7% over the coming year.

### Dividends signal the health of a company.

When a company reports a result, one of the first things we look at is the dividend paid, as this is the best indication of the actual health of a company. A company's board is unlikely to raise dividends if business conditions are deteriorating. Also, earnings per share can be restated later due to "accounting opinions" or financial shenanigans from the CFO. However, once dividends are paid into investors' bank accounts, they cannot be returned.

During the reporting season, on a weighted average, Portfolio dividends increased by 5.5%.

### Portfolio Trading

The Portfolio's position in Lend Lease was sold over the month. In mid-2024, Lend Lease announced \$3 billion of capital recycling initiatives, exiting international construction and US military housing, with capital expected to be returned to shareholders. Post the results briefing with management, our confidence that investors will see this capital return was diminished.

### Sector Exposure February 2026

GICS Sector	ASX200	ACEP	ACTIVE
Consumer Discretionary	8.6%	11.2%	2.6%
Consumer Staples	3.4%	0.0%	-3.4%
Energy	3.5%	7.6%	4.1%
Banks	26.8%	32.4%	5.6%
Diversified Fins	5.8%	12.0%	6.1%
Health Care	7.0%	10.8%	3.8%
Industrials	4.9%	1.3%	-3.6%
Materials	23.9%	14.4%	-9.5%
Telecommunication Services	4.4%	0.0%	-4.4%
Listed Property	6.3%	0.0%	-6.3%
Utilities	3.5%	8.9%	5.4%

This document is issued by Atlas Funds Management Pty Ltd. Atlas Funds Management Pty Ltd is not providing any general advice or personal advice regarding any potential investment in any financial products within the meaning of section 766B of the Corporations Act. No consideration has been made of any specific person's investment objectives, financial situation or needs. The provision of this presentation is not and should not be considered as a recommendation in relation to an investment in any entity or that an investment in any entity is a suitable investment for any specific person. Recipients should make their own enquiries and evaluations they consider appropriate to determine the suitability of any investment (including regarding their investment objectives, financial situation, and particular needs) and should seek all necessary financial, legal, tax and investment advice. Atlas Funds Management Pty Ltd, its directors and employees do not accept any liability for results of any actions taken or not taken on the basis of information in this presentation, or for any negligent misstatements, errors or omissions. This presentation is not an advertisement and is not intended for public use or distribution. Past performance of a fund is no guarantee as to its performance.