

PORTFOLIO UPDATE

Atlas Australian Core Equity Portfolio

Monthly Report May 2026



- May was a tedious month watching markets predictably see-saw in Trump's 'Deal-or-No-Deal' negotiations, which still remain in limbo. Oil fell by 17% over the month, mainly in the last week, amid optimism about a solution. However, oil prices have rallied in June with new air strikes from Israel and the USA and signs that a peace deal remains elusive.
- The **Atlas Australian Core Equity Portfolio** gained 0.46%, underperforming the benchmark return of 1.04%, mainly due to falling oil prices in the last week of May, driven by unfounded optimism that a deal with Iran had been reached.
- May was an active month for the Portfolio, with six companies reporting profit results for the six months ending March 2026. Atlas was pleased with the May earnings season, as all companies in the Portfolio reported solid results. The month was also healthy for dividends in the Portfolio, with six companies declaring dividends, and additionally, Newmont and Dyno announcing on-market share buy-backs.

	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	12m rolling	Inception % p.a.
Atlas Aust. Equity Portfolio	1.6%	2.7%	1.6%	-2.5%	1.2%	-1.2%	1.2%	0.7%	2.8%	-2.6%	2.3%	0.5%	8.4%	9.0%
ASX 200 TR (ex LPT)	1.4%	2.3%	3.0%	-0.7%	0.4%	-2.7%	1.3%	1.8%	4.1%	-7.1%	2.2%	1.0%	6.6%	8.1%
Active return	0.2%	0.5%	-1.4%	-1.8%	0.9%	1.5%	0.0%	-1.1%	-1.3%	4.5%	0.1%	-0.6%	1.8%	0.9%

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/Macquarie Wrap
Code	ATL001

Market Update

The dominant theme was again confusion surrounding the Iran conflict, with energy prices gyrating wildly daily amid proclamations from Trump that the Iranians had already agreed to American terms and later fuming that they had not.

May is always an important month for investors, with the first week dominated by the banks' reporting season, which was overall positive, with low bad debts, higher dividends, and strong capital positions.

Domestically, the RBA hiked interest rates again for the third meeting in a row to 4.35%, an increase of 0.25%.

Top Ten Active Positions as of May 2026

Positive

Mineral Resources

Transurban

ANZ

Ampol

Macquarie Group

Negative

BHP

NAB

Rio Tinto

Commonwealth Bank

Telstra

Estimated portfolio metrics for FY27

	ASX 200	ACEP
PE (x) fwd.	17.5	15.6
Dividend yield net	3.4%	4.9%
Est Franking	67%	82%
Grossed Up Yield	4.3%	6.5%
Number of stocks	200	24
Avg mcap \$bn	11	69
Beta (3-month rolling)	1.0	0.96

Source: Bloomberg & UBS

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Portfolio Performance

In May, the **Atlas Australian Core Equity Portfolio** gained 0.46%, slightly underperforming the benchmark return, in a volatile month driven by events in the Middle East, the banks' reporting season and some sweeping taxation changes proposed in the Federal Budget.

Over the month, positions in Mineral Resources (+14%), Dyno Nobel (+14%), Deterra (+9%), Transurban (+7%), and Amcor (+5%) added value.

On the negative side of the ledger, energy positions Woodside (-8.5%) and Ampol (-5%) hurt performance. CSL (-22%) was weaker after earnings were rebased and a large non-cash asset write-off.

Atlas remains happy to have a large weight on energy, as we see that the full impacts of restricted energy flows are yet to be felt in global economies, and that a lasting peace process is unlikely to be achieved quickly.

Banks Reporting Season

Overall, we are satisfied with the financial results from the banks owned by the Atlas Australian Equity Portfolio in May. Westpac and Macquarie increased their dividends, albeit by less than we expected. Increasing provisioning on the balance sheet looks prudent as of May 2026, though we may see this written back and boost profits in future years if losses from rising energy prices do not eventuate.

All banks showed solid net interest margins, low bad debts, and good cost control, particularly ANZ Bank and Westpac. In 2026, the banks will all have cleaner loan books, more consistent earnings, and a greater margin of safety than in the past. In a turbulent world with weekly changes in a volatile geopolitical environment, Australia's major banks are likely to pleasantly surprise the market, operating in a small, oligopolistic fishpond, sheltered from both new competition and global storms.

Portfolio Trading

No major trading was done over the month.

Sector Exposure May 2026

GICS Sector	ASX200	ACEP	ACTIVE
Consumer Discretionary	7.7%	7.0%	-0.7%
Consumer Staples	3.4%	0.0%	-3.4%
Energy	4.1%	9.4%	5.4%
Banks	26.7%	33.3%	6.5%
Diversified Fins	5.8%	10.2%	4.4%
Health Care	4.8%	10.2%	4.4%
Industrials	4.7%	2.3%	-2.3%
Materials	26.7%	19.6%	-7.1%
Telecommunication Services	4.6%	0.0%	-4.6%
Listed Property	5.9%	0.0%	-5.9%
Utilities	3.7%	8.1%	4.4%

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