PORTFOLIO UPDATE

Atlas Australian Core Equity Portfolio

Monthly Report August 2026

ATLAS FUNDS MANAGEMENT

- Over the month of August, Australian markets saw significant volatility, with the average daily trading range closing at close to 8%. Overall, the reporting season was solid, with healthcare, copper and gold miners offsetting concerns about consumer spending.
- The **Atlas Australian Core Equity Portfolio** gained by 0.4%, underperforming the benchmark return of 1.5%, a disappointing outcome following a positive reporting season.
- It was pleasing to see that portfolio companies, on a weighted-average basis, increased dividends by 32% in the August reporting season. We view dividends as a more accurate measure than earnings per share for gauging a company's actual financial health. While in the short term the market is a voting machine, rewarding popular companies, in the long term it is a weighing machine that recognises companies that consistently pay dividends to shareholders

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	12m rolling	Inception % p.a.
Atlas Australian Core Equity Portfolio	-2.5%	1.2%	-1.2%	1.2%	0.7%	2.8%	-2.6%	2.3%	0.5%	1.5%	3.1%	0.4%	7.5%	9.3%
ASX 200 TR (ex LPT)	-0.7%	0.4%	-2.7%	1.3%	1.8%	4.1%	-7.1%	2.2%	1.0%	0.6%	2.3%	1.5%	4.3%	8.4%
Active return	-1.8%	0.9%	1.5%	0.0%	-1.1%	-1.3%	4.5%	0.1%	-0.6%	0.9%	0.8%	-1.2%	3.2%	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 key news over the month was the heightened volatility around earnings season, with both small positive and negative misses seeing large share price movements on results day.

The dominant themes of the August reporting season were concerns about consumer confidence and the dramatic slowdown in bank loan applications resulting from major tax changes announced in the May budget. Conversely, the beaten-up healthcare sector was stronger, along with gold and copper miners.

Top Ten Active Positions as of August 2026

Positive	Negative
Ampol	BHP
Amcor	NAB
ANZ	Rio Tinto
Mineral Resources	Commonwealth Bank
Macquarie Group	Telstra

Estimated portfolio metrics for FY27

	ASX 200	ACEP
PE (x) fwd.	17.5	14.8
Dividend yield net	3.4%	4.1%
Est Franking	67%	80%
Grossed-up Yield	**4.3%**	**5.4%**
Number of stocks	200	23
Avg mcap $bn	11	73
Beta (3-month rolling)	1.0	0.96

Source: Bloomberg & UBS

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Portfolio Performance

In August, the **Atlas Australian Core Equity Portfolio** gained 0.4%, underperforming the benchmark return of 1.5%, in a volatile month.

Over the month, positions in CSL (+39%), Newmont (+31%), Whitehaven (+22%), Mineral Resources (+11%), and Ampol (+8%) added value.

On the negative side of the ledger, JB Hi-Fi (-17%), Sonic Healthcare (-11%), and The Lottery Corporation (-10%) weighed on performance. All three companies provided solid results and increased dividends, with JB Hi-Fi impacted by a softer outlook for consumer sales. Additionally, not owning BHP (+9%) hurt relative performance, as the market continues to reward copper companies.

Dividends signal the health of a company:

When a company reports results, one of the first things we look at is the dividend paid, as it is the best indication of a company's actual health. A company's board is unlikely to raise dividends if business conditions are worsening. Also, earnings per share can be restated later due to "accounting opinions" or financial shenanigans from the CFO. However, once dividends are paid into bank accounts, they can never be taken back.

In August, the Portfolio increased dividends by 32%, with help from Ampol and Suncorp, which increased dividends by 363% and 27%, respectively. Excluding Ampol, dividends across the Portfolio were up 6%.

Portfolio Trading

Over the month, the Portfolio added to positions in Suncorp, Medibank Private and Dalrymple Bay Infrastructure, following weakness in their share prices despite strong results in August and guidance for a stronger 2027.

Sector Exposure August 2026

GICS Sector	ASX200	ATLAS	ACTIVE
Consumer Discretionary	7.6%	7.0%	-0.6%
Consumer Staples	3.7%	0.0%	-3.7%
Energy	4.3%	9.4%	5.2%
Banks	25.9%	33.3%	7.4%
Diversified Fins	6.0%	10.2%	4.2%
Health Care	6.5%	8.1%	1.6%
Industrials	4.6%	2.3%	-2.3%
Materials	27.5%	19.6%	-8.0%
Telecos	4.3%	0.0%	-4.3%
Listed Property	5.3%	0.0%	-5.3%
Utilities	3.4%	8.1%	4.6%