PORTFOLIO UPDATE

Atlas Australian Core Equity Portfolio

Monthly Report October 2026

ATLAS FUNDS MANAGEMENT

- Global equity markets in October were dominated by three main themes: rising bond yields, a sharp rise in oil prices, and a global sell-off in artificial intelligence and tech stocks. Government bond yields hit their highest levels in 15-20 years because of rising government deficits and competition for capital from a new source: AI hyperscalers and tech companies.
- The **Atlas Australian Core Equity Portfolio** had a strong month, up 3.04%, ahead of the index return of 1.38%. The key themes driving markets over the month played well to the current portfolio positioning in the Atlas Portfolio, with a large weight to energy, insurance and no tech exposure.
- 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 Portfolio companies reporting profit results.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	12m rolling	Inception % p.a.
Atlas Core Equity Portfolio	-1.2%	1.2%	0.7%	2.8%	-2.6%	2.3%	0.5%	1.5%	3.1%	0.4%	-0.3%	3.0%	11.9%	9.4%
ASX 200 TR (ex LPT)	-2.7%	1.3%	1.8%	4.1%	-7.1%	2.2%	1.0%	0.6%	2.3%	1.5%	-2.4%	1.4%	3.5%	8.2%
Active return	1.5%	0.0%	-1.1%	-1.3%	4.5%	0.1%	-0.6%	0.9%	0.8%	-1.2%	2.2%	1.7%	8.4%	1.3%

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, growing dividends and 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/Managed Portfolios
Code	ATL001

Market Update

The key news this month was the rise in global bond yields, driven by higher oil prices, inflation and large debt issuance to fund AI hyperscalers. Governments globally that need to refinance ever-increasing amounts of debt now have a competitor for capital that did not exist a few years ago. In 2026, tech and AI companies are expected to raise between US$300 and $570 billion in debt, rising to US$1 trillion in 2027.

Oil posted strong gains in October 2026, up +16% to US$113/bl, marking its fourth consecutive monthly increase driven by supply concerns and increasing tensions with Iran.

Top Ten Active Positions as of October 2026

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

Estimated portfolio metrics for FY27

	ASX 200	ACEP
PE (x) fwd.	17.4	14.9
Dividend yield net	3.3%	4.1%
Est Franking	67%	80%
Grossed-up Yield	**4.1%**	**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 October, the **Atlas Australian Core Equity Portfolio** gained 3.04%, significantly ahead of the benchmark's return.

Positions in QBE Insurance (+12%), Lotteries Corp (+11%), Medibank (+10%), CSL (+9%), ANZ Bank (+7%), Amcor (+9%), Woodside (+5%) and Transurban (+5%) added value. Additionally, our caution towards iron ore was rewarded, with the share prices of the large miners finally following the downward moves in the iron ore price.

On the negative side of the ledger, Mineral Resources (-16%) fell on news that Europe will cap Chinese EV imports (using lithium) at 350,00 cars per annum to protect German and French carmakers. Ultimately, caps or tariffs on imported cars will not work if China can produce a superior EV at a lower price point than its European rivals.

Ampol (-13%) was weaker despite reporting quarterly results that doubled refining margins; this was below market expectations, with crack spreads lower due to planned maintenance at its Lytton refinery.

Portfolio Trading

No trading was done during the month.

Sector Exposure October 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%

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