

BLUE CHIP'S MAGNIFICENT INCOME SEVEN PORTFOLIO

Our 7 Blue Chip dividend paying favourites deliver an average yield of 5% before franking credits.

APA GROUP (APA)

BUY

INDUSTRY	UTILITIES	WHY IT'S GOOD FOR DIVIDENDS AND GROWTH:
MARKET CAP	\$11.9BN	<p>After 2.5 years of underperformance on growth concerns, APA is rebounding and we have climbed onboard the giant gas pipeline owner/operator. FY25 dividends were up by 1 cent to 57 cents and are forecast to increase by the same amount in the next few years. Interest rates going south benefits the group in a major way.</p> <p>First, it enhances the attractiveness of the yield, which is 6.6% in the current year. Second, the group is highly reliant on debt funding, so it reduces costs. APA has no major refinancings in FY26. Although net interest paid could rise once large growth projects are commissioned and interest is expensed, rather than capitalised.</p>
DIVIDEND/SHARE	\$0.58	
DIVIDEND YIELD	6.5%	
PRICE@ 22/1/2026	\$9.04	
NET CASH/DEBT	-\$13.0BN	

BHP (BHP)

BUY

INDUSTRY	METALS & MINING	WHY IT'S GOOD FOR DIVIDENDS AND GROWTH:
MARKET CAP	\$244BN	<p>BHP will continue to churn out cash and improve its return on capital, being highly leveraged to iron ore and copper. The diversified mining giant is a low cost producer due to significant volumes, which is 260 million tonnes of iron ore and close to 2 million tonnes of copper.</p> <p>While iron ore will continue to churn out cash, there is still much growth potential in copper, which is at record levels. The dividend policy is to provide a minimum 50% payout of underlying attributable profit at every reporting period. It may pay additional amounts in accordance with its capital allocation framework.</p>
DIVIDEND/SHARE	\$1.74	
DIVIDEND YIELD	3.6%	
PRICE@ 22/1/2026	\$48.05	
NET CASH/DEBT	-\$18.2BN	

MACQUARIE BANK (MQG)

BUY

INDUSTRY	FINANCIALS - BANK	WHY IT'S GOOD FOR DIVIDENDS AND GROWTH:
MARKET CAP	\$80.4BN	<p>Has historically rewarded with dividends on top of growth, although the price has gyrated this year, falling close to 30% before rebounding aggressively due to the volatility in financial markets, which is actually better than other global merchant banks. If this portfolio is the best of the best of the best (credit Men in Black) MQG deserves a spot.</p> <p>Deal activity has slowed due to higher interest rates which has an effect on both asset management and dealmaking arms, but deal making won't stay down forever. A forecast yield of close to 4% is not unworldly based on the upper end of its payout ratio at just over 60%, and should be a platform for growth with market tail-winds.</p>
DIVIDEND/SHARE	\$7.52	
DIVIDEND YIELD	3.6%	
PRICE@ 22/1/2026	\$211.04	
NET CASH/DEBT	\$35.3BN	

METCASH (MTS)

HOLD

INDUSTRY	CONSUMER STAPLES	WHY IT'S GOOD FOR DIVIDENDS AND GROWTH:
MARKET CAP	\$3.7BN	<p>Has underperformed for Mag7 but we remain confident dividends can be maintained and then grow from next year. The mid-year results to 31 October missed expectations, but this was mainly due to restructuring costs being booked earlier than forecast.</p> <p>Food was in line but hardware & liquor was underwhelming. Consumers remain under pressure. We expect hardware sales to resume growth and food & liquor provides stability. A big positive is that debt has been reduced from \$725m in 1h25 to under \$600m.</p>
DIVIDEND/SHARE	\$0.19	
DIVIDEND YIELD	5.6%	
PRICE@ 22/1/2026	\$3.35	
NET CASH/DEBT	-\$0.6BN	

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ORIGIN ENERGY (ORG)		HOLD
INDUSTRY	UTILITIES	WHY IT'S GOOD FOR DIVIDENDS AND GROWTH: The outlook is positive due to Origin's growing portfolio of flexible generation for firming renewables in Energy Generation, which is one division (Energy Markets) which also includes retail distribution. The other, integrated gas engages in export of LNG through a 27.5% stake in APLNG (Australia Pacific Liquid Natural Gas). APLNG is integrated from its methane gas wellfields through to its LNG trains at Gladstone, Queensland. The company has a strong track record of paying fully franked dividends at a payout ratio of 50-55% of normalised earnings.
MARKET CAP	\$20.3BN	
DIVIDEND/SHARE	\$0.61	
DIVIDEND YIELD	5.1%	
PRICE@ 22/1/2026	\$11.78	
NET CASH/DEBT	-\$4.7BN	
TELSTRA (TLS)		HOLD
INDUSTRY	TELCO	WHY IT'S GOOD FOR DIVIDENDS AND GROWTH: TLS has levers to pull to finance growing fully franked dividends. After a strong first half in 2025 the stock has flatlined, although we continue to forecast dividend growth, albeit at mid-single-digits. The sale of non-core assets such as Foxtel (TLS 35%) gives confidence. A 20 cent dividend for the current year is conservative and costs \$2.2bn from free cash flow of \$3.2bn after restructuring payments. Business-as-usual capex of \$3.2-\$3.4bn is much less than the depreciation and amortisation charge of \$4.5bn, with interest payments of around \$0.7bn well covered.
MARKET CAP	\$53.5BN	
DIVIDEND/SHARE	\$0.20	
DIVIDEND YIELD	4.3%	
PRICE@ 22/1/2026	\$4.74	
NET CASH/DEBT	-\$13.9BN	
TRANSURBAN (TCL)		HOLD
INDUSTRY	INDUSTRIALS	WHY IT'S GOOD FOR DIVIDENDS AND GROWTH: The stock has come off having had a stellar 2025. Toll roads might be boring but they can deliver dividends and capital growth over time. With the current interest rate and inflation backdrop, a 5% yield growing at the same rate still looks attractive. TCL's prospects will be linked to Australian economic growth, which has flatlined according to latest data. Debt costs are also rising. On a positive note, dividends are rising off a low base following Covid, which hit hard in FY20 at 36 cents and are almost double that and forecast to increase at mid-single-digit rates.
MARKET CAP	\$43.1BN	
DIVIDEND/SHARE	\$0.70	
DIVIDEND YIELD	5.1%	
PRICE@ 22/1/2026	\$13.83	
NET CASH/DEBT	-\$16.9BN	