

ATRIUM EVOLUTION SERIES - DIVERSIFIED FUND AEF 5

INVESTMENT OBJECTIVE

To maximise returns within the constraint of ensuring that portfolio risk, or volatility, does not exceed 5% over the investment time horizon.

PERFORMANCE	Since Inc p.a.	10 Yrs p.a.	7 Yrs p.a.	5 Yrs p.a.	3 Yrs p.a.	1 Yr	3 Mths	1 Mth	Vol S.I. p.a.	3 Yr Vol	Sharpe Ratio
Atrium Evolution Series - Diversified Fund AEF 5	5.0%	5.1%	3.7%	4.0%	3.9%	2.4%	0.2%	0.7%	3.0%	3.3%	1.0
RBA Cash Plus 2.5%	4.3%	4.1%	3.6%	3.3%	2.9%						

KEY HIGHLIGHTS

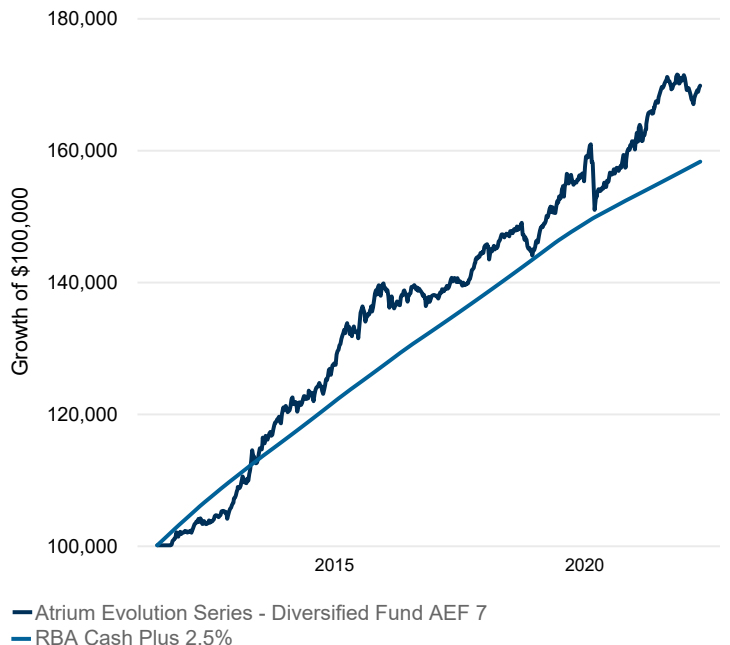
In a challenging month for equity and bond markets, the Fund delivered a positive return in April, benefitting from our exposure to diversifying assets.

Our liquid alternative strategies are a critical part of our diversifying exposure, and were able to generate positive returns over the month from the US dollar, rising commodity prices, and falling global bond prices.

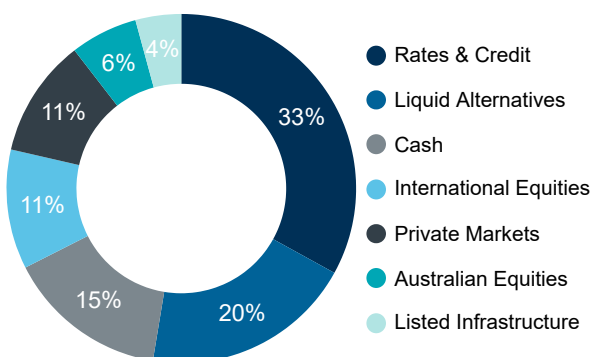
While equity markets were challenging, a number of our managers delivered positive returns as investors moved to more defensive sectors such as utilities.

In early May we modestly reduced our global equity exposure and actively utilised derivatives for protection as rising inflation and interest rates are likely to see volatility continue. Our focus on quality assets, preserving capital, and delivering clients a smoother return profile remains at the core of our investment approach.

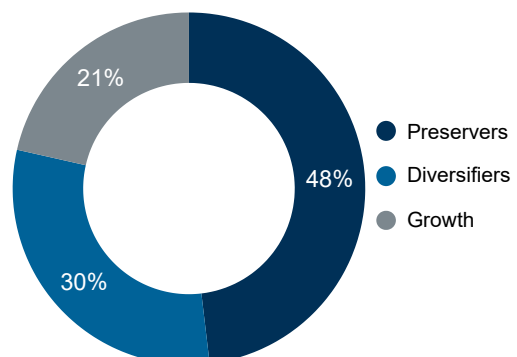
PERFORMANCE (SINCE INCEPTION)



ASSET CLASS EXPOSURE



RISK EXPOSURE



Source: Atrium, Iress. Allocations shown in the 'Asset Class Exposure' and 'Risk Exposure' charts as at the date of this report.

Source: Atrium, Iress. Performance shown as at the date of this report. Inception date is 24 June 2011. Past performance is not a reliable indicator of future performance. Future performance and return of capital is not guaranteed. Performance is after fees and costs and assumes re-investment of all distributions.

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MARKET COMMENTARY

April was again a volatile month in markets, with the key driver remaining heightened inflation, and what this means for central bank actions on monetary policy. The US market fell -8.7% for the month to be down -12.9% since the start of the year. The Australian market substantially outperformed losing only -0.9% in the month despite an approaching domestic rate hike (and election). Yields again rose sharply in major global bond markets, and credit markets were weak. The Australian dollar fell -5.6% against its US counterpart.

US equities were again volatile and weak in April. The S&P 500 Index generated -8.7% for the month, with only the defensive Consumer Staples in positive territory (+2.6%) amongst the major sectors. On the other hand the weakness was most striking in the Information Technology sector, which fell -11.3% in April driven by a combination of higher bond yields and concerns around Q1 earnings. Looking at the largest single name detractors from the S&P 500 return for April, it was Amazon, Apple, Microsoft, NVIDIA, Tesla, Google and Netflix, which contributed most to the downside. A number of these stocks, notably Amazon (-23.8%) and Netflix (-49.2%), were driven by weak Q1 earnings releases. Telecommunications (-15.6%) and Consumer Discretionary (-13.0%) performed poorly, although equity market losses were broad-based in this environment of heightened uncertainty around high inflation and slowing economic growth. European equities outperformed during April, partly reflecting a perceived Value factor bias to the local markets, when compared to a much deeper Growth bias in the US. Within Europe, the German market remained under the most pressure, with proximity to Ukraine, energy woes and very elevated Producer Price indices all causing concern to investors. Emerging Markets were negative (-3.5%) for the month, although outperformed the US which is somewhat surprising given the higher US bond yields and associated strength of the US dollar.

Australian equities fell only slightly (-0.9%) in April, leaving the Australian market a strong outperformer, and . Since the start of 2022, the Australian market has been supported by strong gains in a number of sectors, most notably those driven by exposure to commodities and oil given the impact of the war in Ukraine on commodity prices. During April however, the Materials sector fell, with the Utilities sector taking the lead, generating 9.3% for the month. The Insurance sector was also strong (+5.2%), buoyed by higher bond yields. The Banks declined, but only -1.0% for the month. The small local Information Technology sector struggled as was the case offshore, falling -10.4% for the month as higher bond yields caused investors to shift away from longer-term growth plays.

With inflation at 40 year highs across a range of economies, bond markets were hit as yields rose sharply to reflect a much faster pace of hikes and a higher "terminal rate". The US Federal Reserve (Fed) hiked rates in March, the first in this cycle, although markets continue to expect a substantial amount of further tightening policy over 2022. Yields rose aggressively, with US 10-yr yields rising almost 60 basis points (bps), leading to sharp negative returns on the bond market index for the month. The Reserve Bank of Australia has seemingly mis-read the domestic inflationary pressures and was fully expected to hike either in May or June, with a substantial quantum of hikes to follow over the course of 2022. Australian 10-yr bond yields rose 29 bps in the month. Credit markets remained under pressure with spreads widening, consistent with weaker equities and higher market volatility.

The Australian dollar fell sharply against the US dollar, more reflective of US dollar strength across the board as the Fed hiked rates and indicated substantial further hikes to come. Oil rose sharply, as did coal. Iron ore was broadly flat as markets grapple with the cooling of activity in China on the back of COVID-19-linked lockdowns.

PORTFOLIO COMMENTARY

In a month that was challenging for equity and traditional multi asset funds alike, the Fund delivered a positive return in April on the back of solid performances from its liquid alternative managers, while also generating strong outperformance within the global equity segment of the portfolio. As highlighted in previous commentary, traditional allocations to equities and bonds were likely to be challenged in a higher inflationary environment. This has now proven to be the case as global government bond indices as well as global share markets both fell over the past quarter, with April particularly impacted.

This contrasts with our allocation to diversifying assets such as liquid alternatives which were the main contributor to returns in April and the key reason the Fund's performance remained in positive territory over the month. Examples of strategies that provided stellar performance include the P/E Global FX Alpha Fund which benefited from the strongly performing US dollar, along with our exposure to trend following strategies within Crown Diversified Macro Segregated Portfolio and One River Systemic Trend. These were both on the right side of the continued rally in commodity markets and falls in global bond prices.

While equity markets were challenging over the month, both Antipodes Global Fund - Long and the Global Listed Infrastructure mandate (managed by Magellan) were able to deliver positive returns, with the latter in particular performing well as investors moved back towards more defensive names – such as those within the utilities sector. Our allocation to the Hyperion Global Growth Companies Fund was the only global manager to underperform as a number of its quality technology holdings were sold down over the month.

Within domestic equities, the Atrium Equity Opportunities Fund fell as investors fear that the RBA may raise interest rates too aggressively (in early May the RBA raised interest rates by 25bps) – this negatively impacted a number of domestic consumer stocks such as Lovisa and City Chic.

30 April 2022



ATRIUM EVOLUTION SERIES - DIVERSIFIED FUND AEF 5

PORTFOLIO COMMENTARY

The rates and credit segment was positive over the month, with the Ardea Real Outcome Fund a key positive contributor. Our primary focus on higher quality investment grade credits, along with low exposure to rising government bond yields has insulated the fund from falls in experienced by mainstream bond investors. Currency also contributed positively to Fund returns over the month as our preference for international currencies paid dividends with the \$A falling below the US70c level.

In early May we modestly reduced our global equity exposure and actively utilised derivatives for protection as we continue to see the outlook deteriorate for riskier assets in the face of both rising inflation and interest rates and the anticipated impact this is likely to have on global growth. Our focus on quality assets, preserving capital, and delivering clients a smoother return profile remains at the core of our investment approach.

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