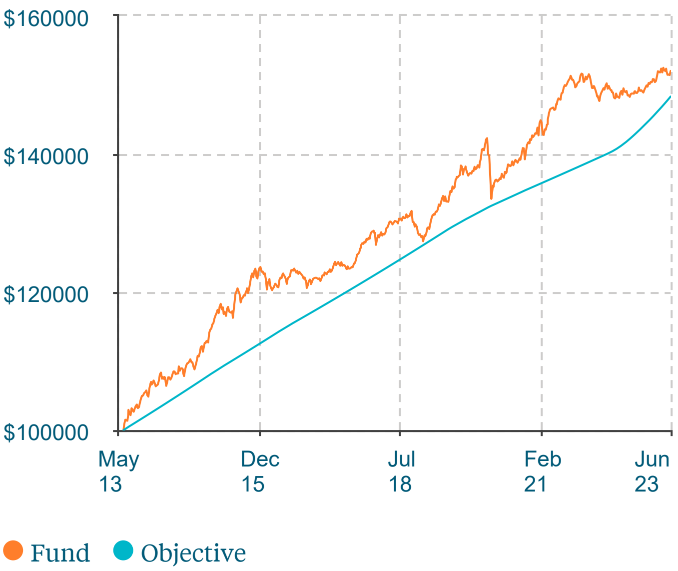
Atrium Evolution Series – Diversified Fund AEF 5

30 June 2023

Growth of $100,000 since inception



Performance

	Fund	Objective
Since inception (% p.a.)	4.61%	4.39%
10 Years (%p.a.)	4.28%	4.02%
7 Years (%p.a.)	3.20%	3.70%
5 Years (%p.a.)	3.15%	3.57%
3 Years (%p.a.)	3.44%	3.57%
1 Year	2.56%	
6 Months	2.11%	
3 Months	0.50%	
1 Month	-0.21%	

Objective refers to the Return objective as stated in the Key Facts table.

Source: Atrium Investment Management. 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.

A rating is only one factor to be taken into account when deciding whether to invest.

Investment objective

To maximise returns while ensuring portfolio risk, or volatility, does not exceed 5% over a rolling three (3) year time period.

Investment strategy

The Fund has a Risk Targeted, multi asset investment strategy.

Atrium uses a dynamic, unconstrained approach to asset allocation providing flexibility to take full advantage of opportunities in the market and to mitigate downside risk.

The Fund may be invested in a broad universe of assets across multiple asset classes.

Atrium may also use derivatives to gain exposure to assets or asset classes more efficiently, for currency management, and to mitigate downside risk.

Key facts

Inception date	24 June 2011
Product code	COL0029AU
Investment strategy	Diversified - Risk Targeted
Volatility limit (p.a.)	5.00%
Return objective	RBA Cash + 2.5%
Investment horizon	3 years
Pricing	Weekly
Platform availability	Various

Volatility & Sharpe Ratio

	10 Years	7 Years	5 Years	3 Years
Volatility (% p.a.)	3.05	2.68	2.99	2.32
Sharpe Ratio	0.90	0.74	0.69	1.01

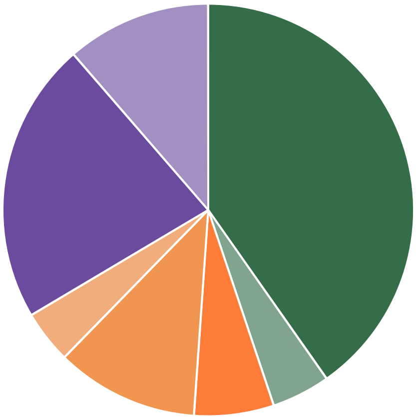
What is volatility?

Volatility measures the fluctuations, or changes, in the price of an asset or market index. Assets with higher volatility generally have greater price changes, both positive and negative, and so higher volatility is generally an indication of higher risk.

What is the Sharpe Ratio?

The Sharpe Ratio measures returns relative to the volatility, or risk, that was taken to achieve that return. The higher the ratio, the better the risk-adjusted performance has been - in other words, the investment risks taken have delivered better returns to the portfolio.

Asset allocation



●	Rates & credit	40.25%
●	Cash	4.60%
●	Australian equities	6.27%
●	International equities	11.22%
●	Listed infrastructure	4.15%
●	Liquid alternatives	22.14%
●	Private markets	11.37%

Source: Atrium Investment Management. Asset allocations may change at any time. May not include all open futures or derivatives positions. Cash may include allocations to shorter term rates and credit investments that may at times be subject to capital volatility.

Atrium aims to achieve its investment objectives by investing across a range of asset classes on a global basis that provide exposure to different risk factors.

Each asset is included in the Portfolio for its ability to contribute to returns on a stand alone basis.

The investment universe comprises of 3 broad categories - Preservers, Growth Drivers and Diversifiers.

Preservers

Assets that protect the portfolio during periods of heightened equity market volatility and preserve capital, such as cash, government bonds and high quality investment grade bonds.

Growth Drivers

Assets that are expected to deliver higher rates of return over time with higher levels of associated volatility (risk).
This predominantly comprises equities but also includes other assets that are highly correlated to equities such as listed property and infrastructure.

Diversifiers

Assets that generate additional real returns, with performance that is typically uncorrelated to the growth drivers and preservers within the portfolio.
Importantly, they are a source of portfolio diversification away from equity market and interest rate risks, such as liquid alternatives and private markets.

Top holdings

Holding	Weight	Asset Class
KAPSTREAM ABSOLUTE RETURN INCOME FUND CLASS I	8.39%	Rates & credit
SMARTER MONEY FUND - ASSISTED INVESTOR	7.47%	Rates & credit
ARDEA REAL OUTCOME FUND CLASS A	6.14%	Rates & credit
DAINTREE CORE INCOME TRUST	5.48%	Rates & credit
CASH POSITION	5.09%	Cash
CROWN DIVERSIFIED MACRO SEGREGATED PORTFOLIO SERIES	4.39%	Liquid alternatives
CROWN ATRIUM SEGREGATED PORTFOLIO SERIES 1 USD	4.24%	Liquid alternatives
SMARTER MONEY HIGHER INCOME FUND - ASSISTED INVESTOR	4.20%	Rates & credit
GLOBAL LISTED INFRASTRUCTURE MANDATE NO. 1 (MANAGED BY MAGELLAN)	4.15%	Equities
ANTIPODES GLOBAL FUND LONG UCITS CLASS S	3.68%	Equities

Source: Atrium Investment Management. Asset allocations may change at any time. May not include all open futures or derivatives positions. Cash may include allocations to shorter term rates and credit investments that may at times be subject to capital volatility.

Market update

The June quarter concluded on a strong note, with the US equity market gaining 6.6% in June and 8.7% for the quarter. Australian equities also rallied, albeit to a lesser extent (+1.0%). Bond yields experienced a sharp increase as inflation and policy rate expectations were reassessed. The US dollar remained strong, particularly against the Australian dollar, Chinese Yuan, and Japanese Yen. Coal prices declined significantly, while iron ore prices rose. Gold and implied equity market volatility (VIX) both decreased.

The US equity market's strong performance during the quarter was largely driven by the top 10 stocks within the S&P 500 Index, including Amazon, Facebook, Google, and Nvidia, which experienced significant gains. However, outside of these top names, market performance was more subdued, indicating a less optimistic outlook. Energy and Consumer Staples sectors had modest gains or slight declines, while Health Care and Materials showed positive growth. European equities had a moderate increase of 2.3%, while Emerging Markets struggled, gaining only 1.7% in local currency over the three-month period. Within Emerging Markets, China and related markets faced challenges, and the Thai index experienced a significant decline of 14.1% due to election outcomes.

The Australian market saw a 1.0% increase during the quarter, resulting in a 14.8% return for the full 12-month period. Australian equities lagged partly due to the minimal representation of the Information Technology sector. However, the local IT sector experienced a substantial 21.1% increase, following the lead of the US market. The two largest domestic sectors, Banks and Metals and Mining, struggled, with the latter experiencing a 3.3% decline driven by BHP. Health and Consumer Discretionary sectors also faced declines, and Small Caps continued to underperform compared to larger companies.

Bond markets remained volatile, with expectations ruling out any easing switch from the US Federal Reserve Bank (Fed). The Fed's chairman indicated that rate cuts are not expected, and instead, there is a base case for a further 50 basis points of hikes through 2023. In Australia, the path of monetary policy has become uncertain due to expectations surrounding the reappointment of central bank chairman, Dr Phil Lowe. The rise in bond yields led to negative returns on fixed-rate bond portfolios, while credit markets were firmer during the quarter.

The Australian dollar depreciated by 0.3% against the US dollar due to a decline in coal prices but offset by gains in iron ore prices. Gold prices fell, driven in part by rising real yields, while the oil price remained under pressure due to expectations of declining demand as the global economy slows down.

Performance

The Fund concluded the financial year on a strong note, achieving solid returns in the last quarter. The primary driver behind this performance was global equities, complemented by notable contributions from liquid alternatives and private markets.

Regarding growth allocations, our decision to overweight global equities compared to domestic equities continued to yield positive results. The standout performer during the quarter was the Hyperion Global Growth Companies Fund, which excelled due to its positioning in mega-cap US technology and consumer discretionary companies like Tesla and Amazon. These holdings played a crucial role in driving market performance during this period. However, it's worth mentioning that in a market driven by a limited set of stocks, some of our global equity managers, such as Antipodes Global Long Only and Northcape Global Equities, lagged the broader index. On the contrary, our global small and mid-cap manager, Fairlight, outperformed its benchmark as underlying companies delivered solid revenue and earnings even in a slowing economy. Additionally, our Global Equities mandate managed by Magellan delivered a strong performance in line with global markets throughout the quarter.

On the other hand, our listed global infrastructure exposure continued to lag due to rising real interest rates, which acted as a hindrance for long-duration assets.

In terms of domestic equity exposure, the performance was mixed during the quarter. The Atrium Equity Opportunities Fund fell behind its benchmark primarily because it had an overweight allocation to defensive sectors like Consumer Staples, Infrastructure, and Healthcare. Treasury Wine Estates and CSL were the key detractors during this period, with CSL announcing a slight downgrade to earnings. Pilbara Minerals added to relative returns and two recent additions, Carsales.com and Worley, were also positive contributors. The SGH ICE Fund delivered positive performance as smaller companies outperformed their larger equivalent after a period of underperformance.

Our liquid alternatives exposure made a positive contribution to our performance throughout the quarter and continues to fulfill its role as a portfolio diversifier. Notably, the Crown Diversified Macro Fund benefited from strong performances driven by its underlying trend-following strategies. Similarly, the P/E Global FX Alpha Fund performed well due to its long US dollar and short Yen positioning. On the flip side, our recently added Commodity Long/Short strategy faced challenges in an environment where macro and micro influences on prices conflicted.

The allocation to private markets within the portfolio has continued to meet our expectations with a number of positive revaluations over the calendar year. Given the backdrop of more difficult trading conditions in the sector (particularly commercial real estate), we remain diversified across sectors and geographies which in our opinion will position us favourably as asset values, particularly in lower-grade commercial properties in major East Coast capital markets, face increasing pressure.

Regarding our rates and credit exposure, the majority of our managers had a positive performance during the quarter as credit spreads tightened, resulting in rising prices. Particularly noteworthy were the positive performances of our predominantly non-investment grade exposures managed by CQS and KKR. On the downside, our small interest rate duration exposure was affected by the significant rise in US and Australian bond yields.

Portfolio changes

In light of the economic environment, we remain defensively positioned with high cash reserves and exposure to alternative assets which we believe will deliver strong risk adjusted returns through the cycle. Our bias to quality companies further reinforces the capital preservation properties of the strategy. By adopting such an approach, we aim to mitigate the potential downside risks associated with market fluctuations, preserve capital and capitalise on attractive investment opportunities that may arise during market downturns.

During the month we increased our trend following exposure via the Crown Diversified Macro Fund in order to take advantage of continued macro-economic volatility and made an investment into insurance linked bonds based on attractive prospective returns and significant diversification benefits they bring to the total portfolio.

Outlook

Given the relatively high risk-free rates in developed economies and a slowing economic growth outlook, global equities appear overvalued. The investment committee is engaged in ongoing discussions regarding the potential for persistent global inflation and elevated interest rates, and the implications this holds for various asset classes. However, the view remains that staying on a "narrow path" to avoid a recession or hard landing is becoming less probable due to the “stickiness” of core inflation, potentially warranting further interest rate increases that could have a negative impact on risk assets.

For more information

If you have any questions, please contact your Financial Adviser or www.atriuminvest.com.au