31 March 2022

MAPS Australian Equities Portfolio

INVESTMENT OBJECTIVE

To provide superior risk adjusted returns relative to the S&P/ASX 200 Accumulation Index over the medium to long term.

PERFORMANCE	Since Inception	3 Yrs p.a.	1 Yr	6 Mths	3 Mths	1 Mth	Vol S.I. p.a.	Sharpe Ratio
MAPS Australian Equities Portfolio	7.5%	10.0%	6.2%	-5.1%	-4.3%	4.1%	17.0%	0.4

KEY HIGHLIGHTS

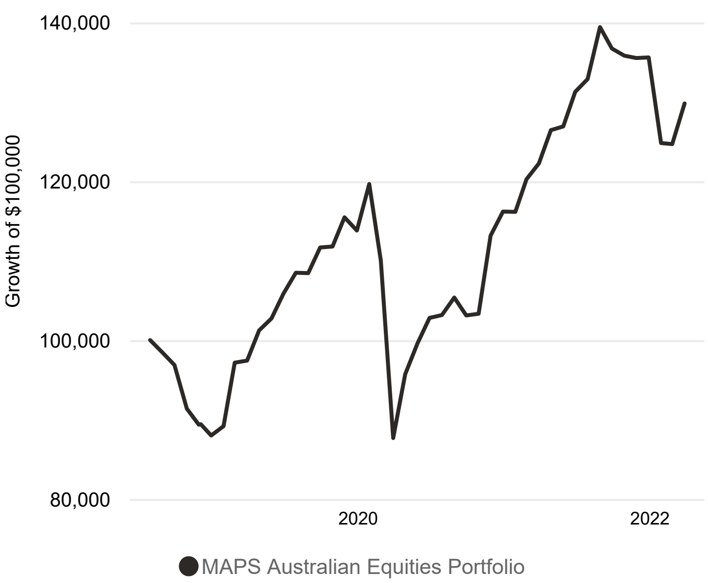
The MAPS Australian Equities Portfolio was lower over the quarter following a strong period of outperformance as low quality and more cyclical type companies (especially within the energy and resource space) outperformed their quality counterparts. While detracting from Portfolio performance in the short term, history shows that in the long run these types of rallies are relatively short lived.

Positive contributions were seen from BHP and financials, while Domino's Pizza and clothing retailer City Chic were detractors.

With interest rates expected to increase, we have added NAB to the Portfolio and removed the previous underweight position to Australian banks.

We remain focused on our proven investment process that has generated outperformance over the longer term and are actively seeking opportunities amongst the current elevated volatility.

PERFORMANCE (SINCE INCEPTION)

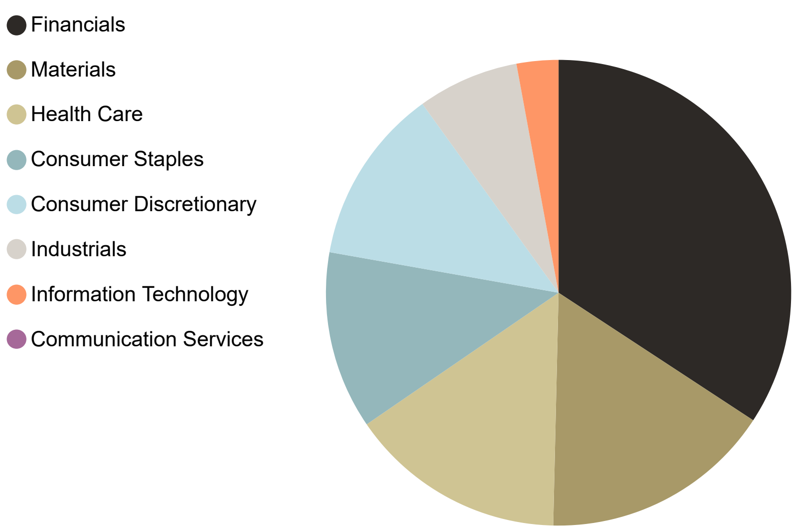


Source: Atrium, HUB24. Performance as at the date of this report. Inception date is 23 August 2018. Past performance is not a reliable indicator of future performance. Future performance and return of capital is not guaranteed. Performance figures relate to the model portfolios managed by Atrium. Individual investor portfolio performance may be different from the results above and will differ among clients depending on the timing of their investment and the level of variation from the models. Performance is net of investment management fees. The performance figures do not take into account platform administration fees that may apply and may not take into account some or all of the rebates you may receive.

TOP 10 HOLDINGS

SECURITY	WEIGHT %
BHP Billiton Limited	9.0%
CSL Limited	8.7%
Westpac	7.8%
Macquarie Group Ltd	7.7%
Commonwealth Bank of Australia	6.5%
Woolworths Ltd	6.2%
Treasury Wines	4.7%
ResMed Inc.	4.7%
Australia and New Zealand Banking Group Ltd	4.6%
Lovisa Holdings Limited	3.7%

INDUSTRY EXPOSURE



Source: Atrium, Iress. Allocations as at the date of this report.

MAPS AUSTRALIAN EQUITIES PORTFOLIO

MARKET COMMENTARY

2022 started with a bout of elevated market volatility. Having reached record highs at the start of January, equities fell sharply and again in February although recovered into quarter end, leaving US equities down 4.6% from December 31. European markets lagged considerably as the invasion of Ukraine weighs heavily on the outlook. The other standout feature of the quarter was inflation and the impact on bond yields, which rose sharply across major markets, causing significant losses on portfolios exposed to (fixed rate) bond portfolios. Commodity prices rose sharply, in the most part due to supply constraints arising out of Russia and Ukraine, and this pushed the Australian dollar higher.

The US market was hit by a number of factors, but the removal of liquidity by the US Federal Reserve was the prominent driver in January, and likely the more important over the quarter. The invasion of Ukraine moved to the fore in February. Over the quarter, the US market fell -4.6% (including dividends), but performance remains varied, an ongoing feature of the market of late. Energy generated +39% for the quarter, driven by the sharp move higher in oil prices on the back of the Russian invasion. Utilities were also higher (+4.8%). On the negative side, losses were fairly broad-based with Information Technology, the largest sector in the US, declining -8.4% driven in the main by rising bond yields. It was not just the IT giants – Apple (-1.7%), Microsoft (-8.3%) – which led to the losses, rather broad weakness was seen across Software, Semiconductors and IT Services. The other giants, Google (-3.5%), Amazon (-2.2%), and Tesla (+2.0%) – although not included in the IT sector – surprisingly held ground relatively well. Meanwhile, Facebook (-33.9%) fell sharply on concerns around the ability to sustain its growth rate.

European markets underperformed the US slightly, partly due to the proximity to the Ukraine Russia war. The overall market was -5.3%, although within Europe, Germany was hit much harder, at -9.3%, and a significant Producer Price Inflation reading also highlighted additional pressures faced by corporate Germany. Emerging markets generally underperformed, at -6.1% for the quarter in local currency terms, with higher US bond yields and a coincident stronger US dollar typically being a very difficult environment for Emerging Markets. The Russian market was closed for much of the period.

Slightly bucking the global trend, the Australian equity market saw slight gains over the quarter (+2.2%), although volatility was high. The market closed well off its lows for the quarter; at one stage in late January the market was -8.1% from the 31 December level. The Australian market was supported in the main by commodity prices, and how these have been impacted by the war in Ukraine. Oil prices moved significantly higher given Russia's status as a key oil exporter, and this saw the local Energy sector up +28.6% for the quarter. Resources overall performed well, generating a +20.4% gain as a broad range of commodity prices rallied sharply. With BHP having removed its dual-listing structure, it now comprises an amazing ~10% of the local market, and generated a price gain of 24.7% for the quarter. The Banks were up +7.9% for the quarter. On the other hand, the IT sector was weak, mirroring losses in the US market.

Bond markets remain in focus as investors attempt to re-price expectations for global central banks, in the face of sharply higher inflation. To some extent, markets expect these pressures to be a shorter-term issue, rather than being sustained over a much longer term, however central banks are increasingly being forced to acknowledge that they are behind the curve and need to significantly accelerate (or in the case of Australia, commence) liquidity withdrawal. The US Federal Reserve hiked rates in March, but in its now famous "dot plot" gave a strong indication that it expects to move interest rates materially higher over 2022 to temper inflationary pressures. In Australia, the wage pressures appear less entrenched, however the Reserve Bank is clearly having second thoughts, and is now priced to deliver a string of interest rate increases over 2022. US 10 year bond yields rose 83 basis points (bps) for the quarter, in Australia the rise was 117 bps. As yields and prices move inversely, in Australia this led to the worst performance on the government bond market index since at least 30 years. Credit markets were also under pressure during the quarter, consistent with the higher market volatility and weak equities.

The Australian dollar rose 3% against the US dollar, supported by the strong move in commodity prices. With coal +23.9% and iron ore +24.9% for the quarter (USD terms), this saw support for the Australian unit, despite a stronger US dollar. As such the Australian dollar appreciated further on a trade-weighted basis.

PORTFOLIO COMMENTARY

The MAPS Australian Equities Portfolio was lower over the quarter, underperforming the benchmark after a period of strong outperformance.

The March quarter was a challenging period as low quality and more cyclical type companies – especially within the energy and resource space outperformed their quality counterparts. This had parallels to what was seen in late 2015/early 2016, and despite markets being prone to these types of rotations, history shows that in the long run these types of rallies are relatively short lived. During the quarter the team made a number of changes to the portfolio to reflect the more hawkish nature of central banks and their acknowledgment of inflationary risks.

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MAPS AUSTRALIAN EQUITIES PORTFOLIO

PORTFOLIO COMMENTARY

With many commodities continuing to print at multi-year highs it was no surprise to see BHP Group as the best contributor to the Portfolio's performance. Financials, especially the banks also performed strongly as a result of the steepening of the long end of the yield curve. History shows that as interest rates rise financials tend to outperform. Up until late 2021 the Portfolio had been running a reasonably large underweight position in the banks verses their index weighting – a position that delivered strong alpha. However, with the prospect of a tightening cycle on the horizon that underweight position was removed during the March quarter by the addition of NAB to the Portfolio.

Key detractors to performance over the quarter included City Chic and Domino's Pizza which were both impacted by company specific issues. In the case of City Chic, it was the large inventory buildup on the balance sheet in order to negate supply chain disruptions ahead of the all-important Northern Hemisphere summer season. The Portfolio added to its position in City Chic on the recent price weakness. Domino's Pizza on the other hand was adversely impacted by their Japanese division, which underperformed after a relatively strong last few years.

During the quarter the team reduced their position in James Hardie after interest rates and in particular mortgage rates rose steeply in the US. Despite the fundamentals of the business remaining strong the team reduced their position due to the waning macroeconomic outlook.

While the March quarter was a disappointing period the Australian Equities team continue to implement their proven investment process to deliver alpha for investors. It is during periods of elevated volatility that many opportunities arise, with the team during the quarter completing detailed analysis on the domestic lithium sector, which is a key beneficiary of the move away from fossil fuels towards batteries.