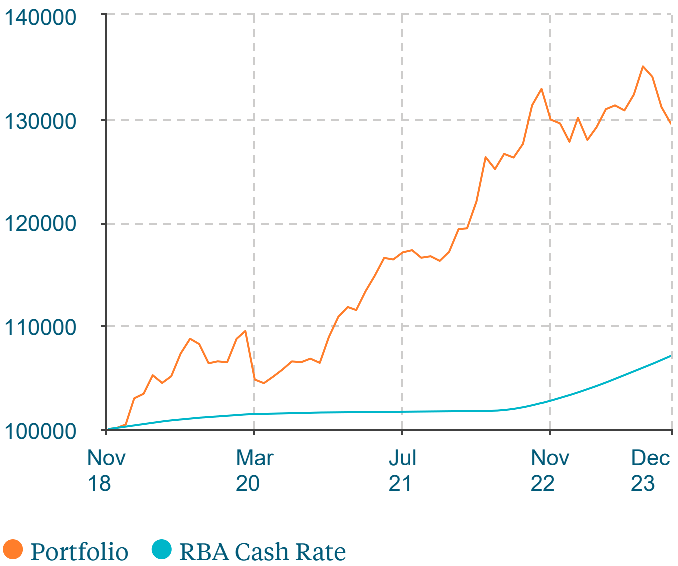
MAPS Alternatives Portfolio

31 December 2023

Growth of $100,000 since inception



Performance

	Portfolio	Benchmark
Since inception (% p.a.)	5.23%	1.36%
10 Years (% p.a.)		
7 Years (% p.a.)		
5 Years (% p.a.)	5.29%	1.35%
3 Years (% p.a.)	5.33%	1.76%
1 Year	-0.02%	
6 Months	-1.34%	
3 Months	-4.10%	
1 Month	-1.22%	

Source: Atrium Investment Management, HUB24. Performance as at the date of this report. The RBA cash rate is only for illustrative purposes and the investment in the fund is of higher risk/return profile and of different asset class, investment objective and fees. Inception date is 6 December 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, does 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.

Investment objective

To deliver positive absolute returns through a diversified portfolio of alternative investment strategies. Atrium will seek to deliver these returns in a risk-controlled manner, targeting total expected portfolio risk of 4-6% p.a.

The Investment Portfolio is designed to generate consistent positive returns that are independent of equity market returns while preserving capital over a long-term investment horizon.

Investment strategy

The Investment Portfolio will provide investors with exposure to a diversified portfolio of alternative investment strategies aimed at delivering positive absolute returns independent of equity market conditions.

The Portfolio will be invested with a variety of underlying investment managers who exploit investment opportunities across a range of different asset classes including equities, fixed interest, currencies, commodities and alternative assets.

The range of alternative funds and strategies can include:

- Global macro and trend following
- Equity market neutral
- Soft and real commodities
- Event driven; and
- Relative value.

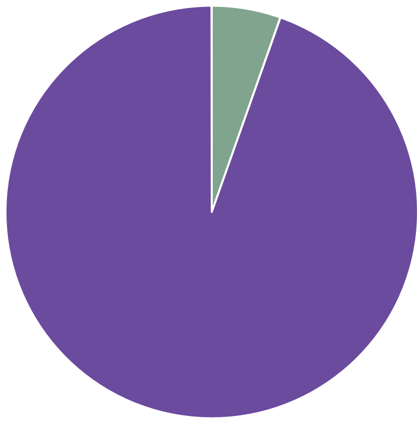
These funds may use derivatives and varying degrees of leverage to generate returns and manage risk.

Key facts

Inception date	06 December 2018
Product code	AIM008
Investment strategy	Liquid Alternatives - Active
Benchmark	RBA Cash Rate
Investment horizon	3-5 years
Liquidity	Daily^
Platform availability	HUB24

^Liquidity dependent on underlying holdings. Varies from daily to weekly.

Asset allocation



●	Cash	5.41%
●	Liquid alternatives	94.59%

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	Sector
CROWN DIVERSIFIED TREND ACCESS FUND	26.13%	Global macro
ZEBEDEE L-S EQUITY ACCESS FUND	20.97%	Equity l/s market neutral
MAN ALTERNATIVE STYLE RISK PREMIA ACCESS FUND	20.71%	Alternative risk premia
P/E GLOBAL FX ALPHA (AUD)	8.02%	Global macro
CASH POSITION	5.41%	Cash
LGT (LUX) DYNAMIC CAT BOND FUND AUD S	4.91%	Insurance linked
TWO SIGMA RISK PREMIA CAYMAN FUND CLASS A1 SERIES1 BENCHMARK	4.37%	Alternative risk premia
CAI - GLOBAL MARKET NEUTRAL FUND	3.67%	Equity l/s market neutral
ONE RIVER SYSTEMATIC TREND	3.50%	Global macro
P/E INVESTMENTS COMMODITY STRATEGY - WARATAH CLASS P2	2.29%	Global macro

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 quarter ended 31 December saw a strong recovery in equity and bond markets, due in the main to an increasingly confident view that central banks have tightened policy sufficiently, and that the next move in rates may be lower. The US equity market gained 11.7% for the quarter, the Australian market generated +8.4%. 10-year bond yields fell sharply. Consistent with these moves, the Australian dollar gained strongly, +5.9%, further supported by falling market volatility. Such an environment was also very supportive for credit markets. Commodity prices were generally firm, with the notable exception of oil which fell -20.5% on the quarter.

The US equity market closed out 2023 in very strong fashion, with a substantial 11.7% return for the quarter, and a full year return of +26.3%. What was apparent in the fourth quarter was a broadening out of the positive returns. The earlier part of 2023 had been heavily reliant on around 10 tech / tech-linked names which had driven all of the return, leaving the rest of the market flat. This was somewhat reversed in the fourth quarter, as sectors such as Homebuilders (+34.0%) and Consumer Finance (+29.0%) rose strongly. Information Technology names also did well, but the market was less reliant on these names. To the downside, Oil and Gas-linked sectors fell sharply as the oil price fell, however the key thematic was lower bond yields, and a shorter path to easier financial conditions. Europe gained +6.4% for the quarter, although the key German DAX did significantly better (+8.9%). Emerging Markets lagged, gaining 5.6% in local currency terms despite materially lower US bond yields and a lower US dollar, a combination typically very supportive for Emerging Markets. Looking below the headline number however, it was again China and Hong Kong which weighed on Emerging Markets, highlighting again the importance of considering the large exposure to China in an equity allocation.

The Australian market was also strong, gaining 8.4% for the quarter, and up +12.4% for the full year. The Real Estate sector performed very strongly, reflecting a more optimistic / less pessimistic outlook on the part of investors. The sector was led by major REITs which were trading directly in reaction to the recovery in bond prices, improving the financing outlook. The issues of the Office sector have not gone away, with likely oversupply as office arrangements have changed for most companies, leading to structurally less demand, but this had already been factored in by investors. The Banks gained 9.8% for the quarter. BHP, now well in excess of 10% of the local market, drove the Materials sector higher, supported by rising commodity prices. Healthcare also did well, as CSL and ResMed saw a reversal of prior falls which had been partly linked to the growth in appetite-suppression drugs in Europe and the US. To the downside, Energy was the weakest sector, reflecting the sharp decline in oil prices for the quarter.

Bond markets were again volatile, although from late October yields moved lower into year end, finishing off the year on a very positive note (bond prices move inverse to bond yields). The bulk of the move was caused by lowering inflation prints, and a growing view that central banks may have done enough to temper inflation, and that the next move may be lower to support growth. US 10-year yields fell 69 basis points (bps) for the quarter to close at 3.88%, Australian bond yields fell 53 bps to 3.96%. The Reserve Bank of Australia again hiked the cash rate at the start of November, to sit at 4.35%. Major credit markets delivered substantially positive excess returns for the quarter.

The Australian dollar reversed much of the previous quarter's falls, gaining 5.9% against the US dollar, influenced in the most part by falling bond yields (and associated decline in the US dollar), rising commodity prices, and declining market volatility. Gold prices approached record levels, gaining a very impressive 11.6% for the quarter, also reflecting the fall in interest rates and the US dollar.

Performance

The Portfolio was negative over the quarter after a dovish pivot by the US Federal Reserve lead to a strong rally in equities and bonds over the quarter. The reversal in momentum in bond and currency markets caught many of our liquid alternatives managers off guard.

Strong government bond price action, weak energy prices and weakness in the USD, against a range of currencies, lead to losses for momentum based strategies One River and Crown Diversified Macro. USD weakness also hurt P/E Global FX Alpha Fund. This was offset by positive returns in our equity based risk premia strategies managed by Two Sigma and Man.

Insurance Linked Securities enjoyed a strong quarterly performance as no major natural catastrophe generated losses for the portfolio.

Portfolio changes

Currently, our research efforts are directed towards optimizing portfolio construction and identifying prospects within the long-short equity investment sphere. Simultaneously, we have fine-tuned the composition of our underlying managers within the Crown Diversified Macro Fund to harness the enhanced opportunities available in global markets.

The portfolio management team gained valuable insights from their recent research trip to the US and Europe. They have identified 3 new managers as candidates for inclusion in the portfolio in coming months and will now work on finalising investment due diligence on these managers. These managers include new long short equity and trend following capabilities.

Outlook

2023 has confounded many market participants and reinforces the folly of forecasting both the economy and stock market over a short period of time. Our view remains that a US recession is likely to occur, but timing as always is difficult, especially considering the long lags of monetary policy. We believe the market has become overly optimistic and shifted decisively towards the "soft landing" scenario which in our opinion remains extremely difficult to navigate for central banks.

As we look into 2024, the same risks we faced in 2023 remain evident, albeit the inflation backdrop has improved. We believe the opportunity set for the majority of our liquid alternative strategies remains rich in a period of flux for global markets, where asset price dispersion is elevated which in turn provides strong alpha opportunities for adroit managers.

For more information

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