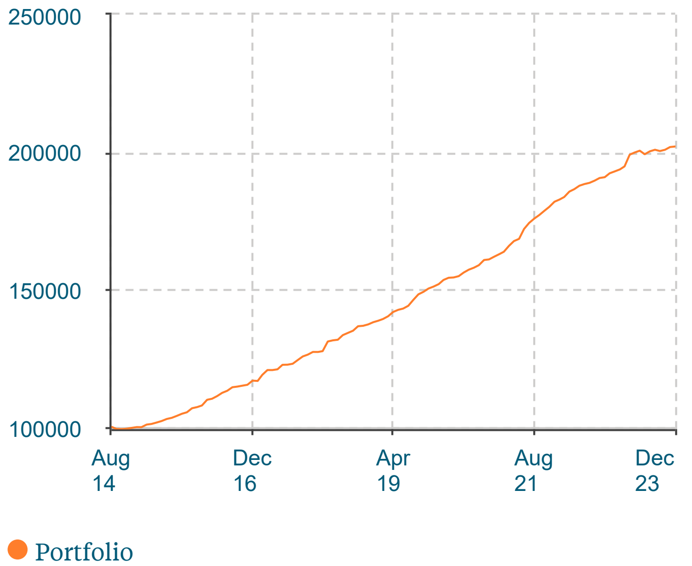
MAPS Real Assets Portfolio

31 December 2023

Growth of $100,000 since inception



Performance

	Portfolio
Since inception (% p.a.)	7.83%
10 Years (% p.a.)	
7 Years (% p.a.)	8.14%
5 Years (% p.a.)	7.91%
3 Years (% p.a.)	7.66%
1 Year	4.69%
6 Months	1.42%
3 Months	0.83%
1 Month	0.10%

Source: Atrium Investment Management, HUB24. Performance as at the date of this report. Merged Performance data - the performance chart shows the performance of the Atrium Real Assets Fund from 1 September 2014 to 5 December 2018 and the performance of the Real Assets portfolio of the Integrated Managed Accounts Portfolio Service (MAPS) from 6 December 2018. 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 as an investor in the MAPS Real Assets Portfolio. Past performance is not a reliable indicator of future performance. Future performance and return of capital is not guaranteed.

Investment objective

To provide investors in the Investment Portfolio with a consistent income stream, the potential for capital growth and diversification.

Investment strategy

The Investment Portfolio will invest in the Atrium Real Assets Fund (ARAF), providing investors with exposure to a portfolio of illiquid assets diversified by asset class, position in the capital structure and geography, and selected for their potential to earn superior risk adjusted returns. ARAF has a broad mandate, with the ability to invest:

- In real assets that can provide portfolio diversification and that are characterised by having the potential for stable and growing cash flow, capital appreciation and/or inflation protection.
- In other illiquid assets that may provide portfolio diversification, including intangible assets.
- Directly, or indirectly through third party managed investment vehicles.

Atrium expects that the Investment Portfolio will be predominantly invested in assets providing exposure to the Australian economy but may be invested in assets providing exposure to other economies where the risks are considered appropriate. Atrium may, at its discretion, invest the Investment Portfolio in other securities that provide exposures that are consistent with the investment strategy.

Key facts

Inception date	02 September 2014
Product code	Various Series
Investment strategy	Private Markets - Active
Investment horizon	7 - 10 years
Liquidity	Illiquid
Platform availability	HUB24

Volatility & Sharpe Ratio

	10 Years	7 Years	5 Years	3 Years
Volatility (% p.a.)	-	1.88	1.64	1.87

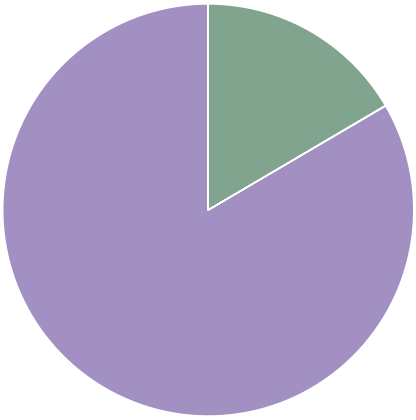
What is volatility?

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



●	Cash	16.57%
●	Private markets	83.43%

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	Capital Position
CASH POSITION	16.57%	Cash
REALSIDE CAPITAL FLAGSHIP FUND	11.37%	Diversified
REALSIDE 108 ST GEORGES TERRACE FUND	8.33%	Equity - direct property
REALSIDE ION HOLDINGS TRUST	6.12%	Senior debt
URBN SURF WAVEPARK	5.63%	Equity - venture/pe
REALSIDE ADELAIDE OFFICE FUND	5.56%	Equity - direct property
REALSIDE 170 PACIFIC HIGHWAY FUND	5.29%	Equity - direct property
OVEST INDUSTRIAL FUND NO. 1	4.45%	Equity - direct property
ROC PRIVATE CREDIT FUND	4.35%	Senior debt
AMP WHOLESALE AUSTRALIAN PROPERTY FUND	4.23%	Equity - direct property

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

At the start of 2023 one of the most glaring areas of price dislocation was between the listed and unlisted commercial real estate sectors. This was expressed in different ways across the globe but domestically Australian listed REITs, with a few notable exceptions, were priced roughly 20-30% below their underlying valuations. This was particularly the case in REITS that had heavy exposure to office buildings, especially in the Sydney and Melbourne markets. The primary driver of the listed prices were forward interest rate and inflation expectations, with the impact to Office valuations magnified by the theme of changing workplace patterns.

Over the course of 2023, this discrepancy narrowed, slowly at first, with unlisted valuations dropping closer to their listed peers. This was predominantly driven by cap rates increasing in-line with interest rates. The pace of the initial revaluation was moderated by resilient and even increasing inflation linked rents. This moderation was removed as the year progressed as evidence of effective rents dropping by way of landlord's offering substantial incentives for new or re-negotiated leases, particularly in fringe markets in the major capitals.

As we moved through the second half of 2023, the reality of increased financing costs started to bite those owner's carrying assets with higher leverage, and in their effort to either de-lever or obtain liquidity, more assets were seen being offered through the capital markets. Through the September quarter the difference between bids and offers meant that transaction volumes remained low, however as we approached the end of the year, continual pressure for liquidity meant that sellers were forced to accept lower prices allowing transactions to occur. This has provided more clarity around valuations and prices have moved accordingly, particularly in the unlisted space.

Ironically, due primarily to moderating inflation expectations and the corollary that the rising interest rate cycle may be ending, listed REITS caught a bid and market prices rallied in many areas bringing listed prices more in-line with the unlisted market. It is worth noting that in many instances underlying valuations in listed REITS have been slower to move towards traded prices and so the discount of trading prices and underlying valuations is still substantial. This is less so in the carrying value of our unlisted assets.

While the dynamics of general weakness were certainly more pronounced in the office valuations, areas of resilience were found in logistics linked industrial, certain types of retail assets and even office assets in the smaller capital cities, that were being driven more by local factors.

In the private debt markets, loans that were linked to the cash rate improved their yield profile. Through 2023 M&A and other corporate activity was subdued which restricted the availability of new corporate deals. That being said, generally the opportunity set in private credit continues to expand due to the narrowing of the traditional banking sector's area of operation and the continued development of the non-bank lending space.

Performance

The diversified approach to portfolio construction that is employed by the Atrium Real Assets Fund (ARAF) proved its value in the final quarter of calendar 2023. While a 3 month return of 0.89% is below what the fund aims to deliver, we are pleased to be able to deliver a positive return for investors through one of the most turbulent periods in the commercial real estate sector since the global financial crisis.

While our diversified exposure to the east coast market was a notable detractor from performance, this was offset by strong gains in our industrial development program and increasing returns from our private debt book.

ARAFs annual return for 2023 is 4.69% which, while substantially below historical return averages, is a testament to the value of a diversified approach to investment in private markets.

Portfolio changes

There were no new investments made in the December quarter of 2023. This was despite the portfolio management team assessing a range of different opportunities, particularly from vendors who were motivated to access capital for liquidity purposes.

The development plans for our investments into 108 St Georges Terrace and 45 Pirie Street continue to be executed.

Ovest 2 completed its final acquisition and is now fully invested and the development project is in full swing.

On the debt side we had our final construction finance co-investment repaid.

We continue to assess new transactions and are well progressed on diligence on several opportunities which should come to fruition in 2024.

Outlook

We expect the real estate markets to maintain strong negative correlation with interest rate expectations. That is if the forward markets show increasing or persistently high interest rates, prices will remain subdued. Should this dynamic shift to a lowering rate environment we anticipate that values will retrace their movement from 2023 to some extent. Should this be done in benign or positive economic conditions this retracement will be further supported.

While there was no major change in the patterns of defaults across the debt sector, sustained elevated interest rates will inevitably impact the operating profile of borrowers carrying high levels of leverage, likely flowing into observable defaults. We are confident that the caliber of loans that we hold will be able to continue to return to expectations.

While this environment can present challenges for existing loans, we are seeing great opportunities to deploy capital into transactions that provide for higher returns without compromising on deal quality. We expect that corporate activity will return through 2024 and are well placed to assess and allocate into transactions that fit our portfolio requirements from a return and diversification perspective.

For more information

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