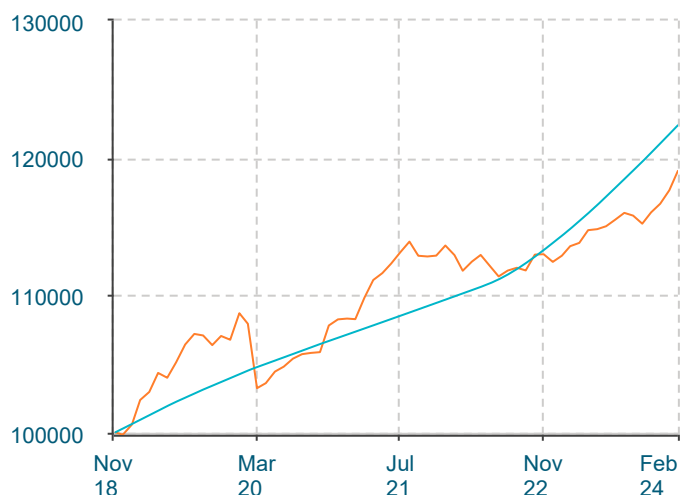


# MAPS Risk Targeted Moderately Conservative Portfolio



29 February 2024

## Growth of \$100,000 since inception



● Portfolio ● RBA Cash + 2.5%

## Performance

	Portfolio	Benchmark
Since inception (% p.a.)	3.39%	3.93%
10 Years (% p.a.)		
7 Years (% p.a.)		
5 Years (% p.a.)	3.07%	3.93%
3 Years (% p.a.)	3.22%	4.47%
1 Year	4.83%	
6 Months	2.64%	
3 Months	2.61%	
1 Month	1.20%	

Source: Atrium Investment Management, HUB24. Performance as at the date of this report. 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.



Superior



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

## Investment objective

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

## Investment strategy

Atrium's focus is on the level of risk within the portfolio. We seek to allocate to investments across a broad range of asset classes based on an assessment of their value and contribution to total risk and return.

Atrium can dynamically adjust the allocation to asset classes on an ongoing basis. By doing this, we seek to build a portfolio that can withstand changes in underlying market volatility.

The aim is to deliver a risk level in the Investment Portfolio that is consistent with the investment profile selected.

## Key facts

Inception date	06 December 2018
Product code	AIM107
Investment strategy	Diversified - Risk Targeted
Volatility limit (p.a.)	5.00%
Benchmark	RBA Cash + 2.5%
Investment horizon	3 years
Liquidity	Daily
Platform availability	HUB24

## Volatility & Sharpe Ratio

	10 Years	7 Years	5 Years	3 Years
Volatility (% p.a.)	-	-	3.05	2.12
Sharpe Ratio	-	-	0.65	1.01

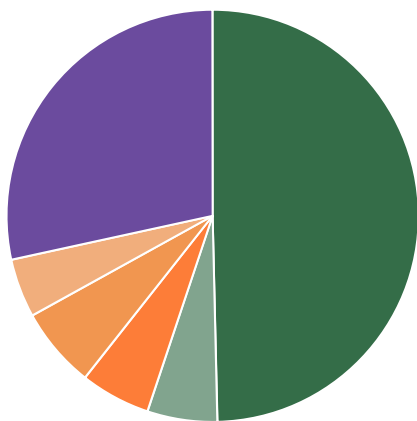
### What is volatility?

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	49.64%
● Cash	5.49%
● Australian equities	5.51%
● International equities	6.33%
● Listed infrastructure	4.62%
● Liquid alternatives	28.41%

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	13.56%	Rates & credit
ARDEA REAL OUTCOME FUND CLASS A	8.62%	Rates & credit
DAINTREE CORE INCOME TRUST	7.69%	Rates & credit
GLOBAL MACRO STRATEGIES FUND	7.61%	Liquid alternatives
GLOBAL LONG SHORT STRATEGIES FUND	6.39%	Liquid alternatives
GLOBAL RISK PREMIA STRATEGIES FUND	6.01%	Liquid alternatives
SMARTER MONEY HIGHER INCOME FUND - ASSISTED INVESTOR	5.88%	Rates & credit
VANGUARD AUS GOVT BOND ETF	5.41%	Rates & credit
GLOBAL LISTED INFRASTRUCTURE MANDATE NO. 1 (MANAGED BY MAGELLAN)	4.62%	Equities
CASH POSITION	4.22%	Cash

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 month of February saw further strength in equity markets, being driven again by a very small number of extremely large US technology stocks. Bond yields rose as markets assumed the Federal Reserve may be slower to cut rates, following higher than expected inflation data.

The US equity market gained 5.3% for the month, driven by

- Further buying in technology-linked stocks, notably Nvidia as it posted very strong revenue growth for the fourth quarter.
- Easing financial conditions, as the cash rate seems to have peaked.

The Australian market generated +0.8%, driven by

- Mixed results in the earnings reporting period, and notably
- BHP declined after it wrote off its Western Australian nickel operations.

10-year bond yields rose as the market pushed out cuts in interest rates, following a higher-than-expected inflation print in the US, and rhetoric from central bankers making clear nothing can be expected before June at the earliest. Australian 10-year bond yields rose to a lesser extent.

The Australian dollar fell, as the US dollar rose, reflecting the higher interest rate expectations. Weighing on the Australian dollar were a weak iron ore price in February, along with the sustained decline in nickel and lithium prices.

## Performance

The strong start to the new year in markets continued into February with global equities continuing to drive performance. In a month where investor sentiment was buoyed by the prospect of lower interest rates, global equity markets continued to test their records.

Pleasingly, the Portfolio had a range of strong contributors to performance with liquid alternatives also driving performance over the month. Systematic macro strategies were higher on the back of both equity and commodity positioning, and we also saw positive contribution from currency manager P/E Global FX Alpha on the back of their US dollar positions.

Hyperion was the standout in the global equities sector as the “magnificent 7” mega cap US stocks (Apple, Microsoft, Google parent Alphabet, Amazon.com, Nvidia, Meta Platforms and Tesla) continue their onward march outperforming the broader market by over 5%. The fund has now delivered over 50% returns over the past 12 months. The Fairlight Global Small and Mid-Cap Fund was a laggard, as smaller stocks underperformed their larger counterparts. Our defensive listed infrastructure allocation also lagged in a strong market for risk assets.

Our direct Australian shares had a pleasing reporting season with solid performances from retailer Lovisa and recent addition WiseTech Global, while BHP was the largest detractor over February. The direct Australian shares underperformance over the prior year has been analysed with negative factors coming from stock-specific decisions as well as the strategy’s quality bias not being rewarded. Prior underperformance periods have been relatively short lived and we remain confident that the strategy is well positioned in high quality companies.

## Portfolio changes

The risk of a “hard landing” recession in the US has reduced, and we have allowed our global equity exposures to drift higher. We continue to pivot the portfolio towards the segments of the equity market that exhibit better value – namely emerging markets and global small and midcap stocks. We continue to complete due diligence on a number of promising strategies in domestic small caps and liquid alternatives.

## Outlook

Our positioning continues to reflect a cautious approach to asset allocation. In our view, inflation is likely to remain elevated above central bank targets which will place continued pressure on interest rates. Global markets have recovered strongly in anticipation of lower interest rates which has meant that many assets have moved, based on our analysis, into overvalued levels. This has led to some levels of complacency with the market consensus firmly in the “soft or no landing” camp, despite an apparent reacceleration in the US economy which could push out the timing of anticipated rate cuts and increase the chances of a further inflation spike – hence our caution on increasing equity exposure further.

In our view, with the market so strongly positioned for a buoyant economic environment, risk is often an afterthought. We see it as our role to position the portfolio to benefit from this environment, but also adjust for the factors that can drive market volatility. This should deliver the smoother return profile that is at the heart of our approach.

## For more information

If you have any questions, please contact your Financial Adviser or [www.atriuminvest.com.au](http://www.atriuminvest.com.au)

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