

Atrium Australian Equities Portfolio



As at 30 June 2024

Growth of \$100,000 since inception



● Portfolio ● S&P ASX 200

Performance

	Portfolio	Benchmark
Since inception (% p.a.)	7.65%	9.80%
10 Years (% p.a.)		
7 Years (% p.a.)	6.70%	8.67%
5 Years (% p.a.)	4.60%	
3 Years (% p.a.)	0.00%	
1 Year	7.24%	
6 Months	0.45%	
3 Months	-1.90%	
1 Month	1.67%	

Source: Atrium Investment Management, Colonial First State. Inception date is 9 November 2016. Past performance is not a reliable indicator of future performance. Future performance and return of capital are not guaranteed. Performance figures are based on input data available as at the date of this report. 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 after fees and costs, assumes re-investment of all distributions, is calculated using the highest annual fee tier, and does not take into account some or all of the rebates you may receive.

Investment objective

To seek to invest in high quality companies to provide superior risk-adjusted returns relative to the benchmark over the medium-to-long term.

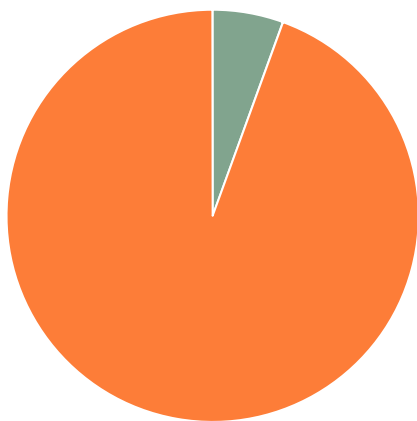
Investment strategy

A concentrated long only Australian equity portfolio (Portfolio) focused on investing in ASX 300 securities. The Portfolio seeks high quality companies that provide superior risk adjusted returns relative to the benchmark over the medium-to-long term.

Key facts

Inception date	09 November 2016
Product code	CFSATRAE
Investment strategy	Australian Equities - Active
Benchmark	S&P ASX 200
Investment horizon	7+ years
Liquidity	Daily
Platform availability	CFS FirstWrap Plus

Asset allocation



● Cash	5.55%
● Australian equities	94.45%

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. Figures are based on input data available as at the date of this report.

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
BHP GROUP	11.71%
COMMONWEALTH BANK OF AUSTRALIA	9.34%
CSL LIMITED	8.29%
NATIONAL AUSTRALIA BANK	7.16%
MACQUARIE GROUP LTD	5.67%
CASH POSITION	5.55%
TRANSURBAN GROUP	5.38%
GOODMAN GROUP	5.30%
CAR GROUP LIMITED	4.68%
TREASURY WINE ESTATES LIMITED	4.36%

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. Holdings are based on input data available as at the date of this report.

Market update

Equities rose in the June quarter, the third consecutive quarterly rise, although the pace of gains was much less than the prior 2 quarters. Government bond yields generally rose over the quarter. The Australian dollar outperformed, as did the gold price which remains close to record highs.

US equities saw a 4.3% uplift in the quarter with the main contributors being:

- Semiconductors, which gained very strongly on the back of AI chip maker Nvidia. At one point during the quarter, Nvidia was the most valuable stock on the US market.
- Information Technology, which was firm in general, and is the largest component of the US market.

- The Automobile Manufacturers Index, which was also strong driven by a sharp recovery in Tesla.

The Australian market underperformed the US, declining -1.1%.

- Utilities rose again, with AGL and Origin Energy both very strong for the quarter.
- The Banks were again strong, as were Financials in general, offsetting declines in Consumer Discretionary as higher interest rates continue to bite.
- Small capitalisation stocks again underperformed considerably during the quarter.

In the US, 10-year bond yields rose, reversing previous declines. Part of this rise was due to attempts to price the potential fiscal outcomes after the November US election. Australian bond yields rose by more, as the markets believe that the Reserve Bank of Australia (RBA) may need to hold rates higher than elsewhere, due to persistent services price pressures.

The strength in the Australian dollar was partly driven by the divergent move in bond yields, reflecting the likelihood that Australian policy rates may need to be held higher relative to other major economies.

Performance

The ASX 200 was range bound during the June quarter as investors struggled with mixed economic data and the prospect of higher interest rates for longer.

During the quarter, one of the key contributors to the Portfolio was Wisetech (WTC) as the company unveiled additional verticals to their landside logistics platform as they strive to be largest and most comprehensive digital offering for freight forwarders.

Our bank holdings in the Portfolio, namely CBA and NAB also performed strongly during the quarter despite weaker consumption and a softer mortgage market.

Detractors during the quarter were Lifestyle Communities (LIC) as the company revised down guidance for FY24 settlements due to slower than expected pre-sales at a couple of their communities. The company did, however, maintain their FY24-FY26 outlook for new home settlements reflecting the undersupply of houses across Victoria.

Other notable underperformers were IGO as the market adjusted to slowing electric vehicle sales, especially in Europe and the US, and Bapcor, where the incoming CEO notified the board the day before his start date that he would no longer be undertaking the role. The company has subsequently been the recipient of a highly conditional non-binding approach from private equity.

Portfolio changes

Within our direct Australian equity allocation, the only major change was the exit from Dominos (DMP) following a meeting with management. While we have a positive view on the current management team we believe that disappointing trading headwinds will continue. Other Portfolio changes involved reducing overweight positions in BHP, Carsales, Lovisa and Northern Star predominantly on valuation grounds.

Outlook

The September quarter promises to provide a healthy amount of economic and company specific information with the August reporting season and central bank meetings to provide a significant data dump. The RBA board meeting in August has market pundits at a crossroads whether the board will increase interest rates for a 14th time in the current cycle. Interestingly Australia is the only major economy in the world where inflation is higher today than it was at the start of the year.

From an earnings perspective, numerous companies have issued profit warnings over the past 2 months highlighting many weak pockets in the economy, especially housing and consumer discretionary spending. We believe the Portfolio is well positioned to navigate what will be a very challenging reporting season.

For more information

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

Important Information:

The information in this document (Information) has been prepared and issued by Atrium Investment Management Pty Ltd (ABN 17 137 088 745, AFSL 338 634) (Atrium). This information is provided for the use of licensed and accredited financial advisers only. In no circumstances is it to be used by a potential client for the purposes of making a decision about a financial product or class of products. The Information is of a general nature only and does not take into account the objectives, financial situation or needs of any person. No liability is accepted for any loss or damage as a result of any reliance on the Information. Past performance is not a reliable indicator of future performance. Future performance and return of capital are not guaranteed.

The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150) is the Responsible Entity of the Colonial First State Separately Managed Account (ARSN 618 390 051) (CFS SMA). Investments in the Colonial First State Separately Managed Account are only available on FirstWrap Plus. Investors should consider the Product Disclosure Statement (PDS) and Target Market Determination (TMD) before making any investment decisions. Applications for a portfolio in the CFS SMA can only be made pursuant to the application form attached to the relevant product disclosure statement or IDPS guide (CFS SMA Offer Documents). Please refer to the CFS SMA Offer Documents for important information concerning an investment in the CFS SMA.

The S&P/ASX 200 Accumulation Index ("Index") is a product of S&P Dow Jones Indices LLC, its affiliates and/or their licensors and has been licensed for use by Atrium Investment Management Pty Ltd. Copyright © 2024 S&P Dow Jones Indices LLC, its affiliates and/or their licensors. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit www.spdji.com. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.