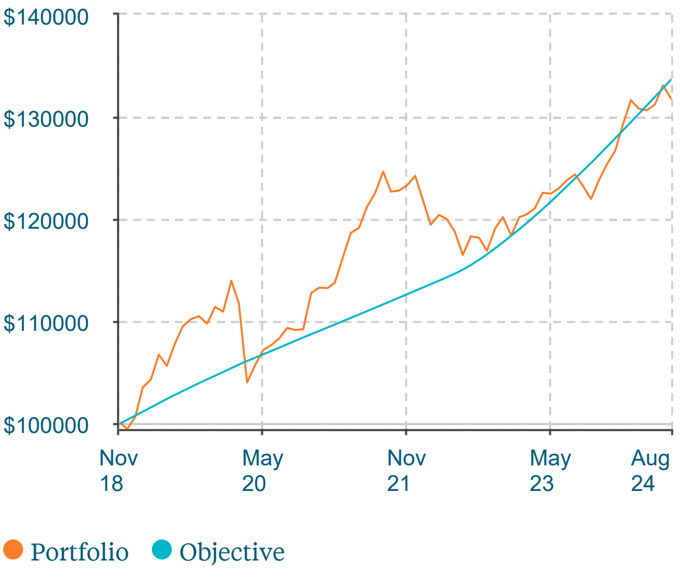
# MAPS Risk Targeted Balanced Portfolio

As at 31 August 2024

## Growth of $100,000 since inception




## Performance

| | Portfolio | Objective |
|---|---|---|
| Since inception (% p.a.) | 4.93% | 5.19% |
| 10 Years (%p.a.) | | |
| 7 Years (%p.a.) | | |
| 5 Years (%p.a.) | 3.64% | 5.24% |
| 3 Years (%p.a.) | 1.87% | |
| 1 Year | 5.95% | |
| 6 Months | 1.99% | |
| 3 Months | 0.86% | |
| 1 Month | -0.99% | |

Objective refers to the Return objective as stated in the Key Facts table.

Source: Atrium Investment Management, HUB24. Inception date is 6 December 2018. 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 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. Return objectives are internal return objectives which are measures that Atrium considers internally when managing the portfolio. Internal return objectives are not performance benchmarks and are not features set out in the PDS. Please refer to the managed account's Product Disclosure Statement (PDS) for more information on returns.


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

## Investment objective

To seek to maximise returns while managing portfolio volatility such that it does not exceed the Upper Risk Limit of 7% p.a. over rolling 3-year periods.

## 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 | AIM108 |
| Investment strategy | Diversified - Risk Targeted |
| Volatility limit (p.a.) | 7.00% |
| Return objective | RBA Cash + 3.5% |
| Investment horizon | 5 years |
| Liquidity | Daily |
| Platform availability | HUB24 |

## Volatility & Sharpe Ratio

| | 10 Years | 7 Years | 5 Years | 3 Years |
|---|---|---|---|---|
| Volatility (% p.a.) | - | - | 5.33 | 4.09 |
| Sharpe Ratio | - | - | 0.35 | -0.21 |

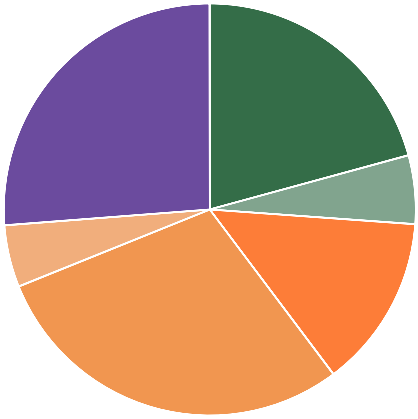
**What is volatility?**

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 | 20.76% |
| ● | Cash | 5.39% |
| ● | Australian equities | 13.60% |
| ● | International equities | 29.16% |
| ● | Listed infrastructure | 4.87% |
| ● | Liquid alternatives | 26.22% |

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 | Asset Class |
|---|---|---|
| BETA GBL SHARES ETF ETF UNITS | 8.82% | Equities |
| GLOBAL LONG SHORT STRATEGIES FUND | 7.15% | Liquid alternatives |
| KAPSTREAM ABSOLUTE RETURN INCOME FUND CLASS I | 6.56% | Rates & credit |
| GLOBAL MACRO STRATEGIES FUND | 5.58% | Liquid alternatives |
| GLOBAL RISK PREMIA STRATEGIES FUND | 5.54% | Liquid alternatives |
| CASH POSITION | 5.39% | Cash |
| GLOBAL LISTED INFRASTRUCTURE MANDATE NO. 1 (MANAGED BY MAGELLAN) | 4.87% | Equities |
| ANTIPODES GLOBAL FUND - LONG ONLY CLASS I | 4.54% | Equities |
| VANGUARD INTERNATIONAL SHARES ETF | 4.14% | Equities |
| ARDEA REAL OUTCOME FUND CLASS A | 3.99% | Rates & credit |

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 were hit by significant volatility early in the month, but recovered over the month to end higher. The volatility was triggered to some extent by an unexpected policy rate hike by the Bank of Japan. Government bond yields fell more so at the front end reflecting expectations of US policy rate accommodation (interest rate cuts). The Australian dollar strengthened as the US dollar declined, reflecting the lower US rate expectations. The gold price remained firm, again closing at around record levels.

US equities gained 2.4% in August, with the main contributors being:
• Consumer staples sector was strong, along with some sub-sectors within the Consumer discretionary sector, partly reflecting

the expectation for lower policy interest rates; and
• Gold and Real Estate Investment Trusts, sectors which may benefit from lower yields, were also firm.
• Nvidia remained extremely volatile ahead of its earnings late in the month, with its market capitalisation moving in a US$700+ Billion dollar range.

The Australian market also recovered from a weak start, gaining 0.5%, driven by:
• Sharp gains in the Information Technology Sector, led in the main by Wisetech.
• The Energy Sector and Materials were weak.

Further gains were made by US Treasuries in August, as economic indicators continued to point to a cooling labour force. The US Federal Reserve also gave signals that policy easing should be expected from September. In Australia, Government Bonds also moved lower, and despite the Reserve Bank of Australia stating the opposite, markets continued to price in policy rate cuts in Australia.

In currency markets, the standout move was again the Japanese Yen. Yen buying was aggressive, reflecting the late July shift in Bank of Japan monetary policy stance, and an already very weak Japanese currency. The Australian dollar rose over the month, with decent gains also being made in the gold price, both of which reflected a weaker US dollar.

## Performance

The Portfolio was lower in August, despite a recovery in equity markets towards the end of the month. The key positive contributors to performance included our Australian equity and rates and credit exposure, while global equities and our liquid alternative sleeve in particular was a key detractor due in no small part to the dramatic reversal in markets over August.

Our rates and credit exposure has continued to be a solid contributor. Key contributors included our high yield managers (CQS, and KKR), the JP Morgan Global Strategic Bond Fund and the Kapstream Absolute Return Income Fund, which all had a strong August.

Our global equity managers were all lower over the month – the resurgent Australian dollar was a key headwind, while our listed infrastructure strategy has continued to outperform broader equity markets and was flat over the month. This strategy has recently served us well as a ballast during periods of equity market falls.

Our direct Australian equity sleeve outperformed the index over the month – on the back of a strong performance from Wisetech and Resmed.

The sudden rotation in global markets whipsawed many of our liquid alternative strategies over the month. Our currency manager PE was a major detractor, as the US dollar weakened significantly against a basket of currencies, along with our systematic strategies.

## Portfolio changes

During the month, there was significant activity within the direct Australian Equity Sleeve, where we have taken advantage of the strong performance of CBA, which is trading at a record price to book ratio, to exit and redeploy capital to the other three major banks which are trading at lower multiples, while the team remain confident that the banking sector will continue to prove resilient.

We have further increased global equity exposure, as the risks of a hard landing abate and taken advantage of the market volatility to top-up our global equity exposure, primarily via a Global Equity ETF exposure.

## Outlook

Markets have reverted to pricing in the Goldilocks scenario in the US, with falling inflation allowing the US Federal reserve to potentially reduce interest rates and support economic growth. Risks however do remain that a resurgent spike in inflation could derail efforts to reduce interest rates.

Domestically, the RBA has lifted interest rates less than global counterparts and inflation remains a long way from target. They will undoubtedly lag key global central banks in cutting interest rates.

While markets are firmly in the soft landing camp, our view is that the range of possible outcomes remains nuanced and that investors need to be risk aware and prepared for a number of possible adverse scenarios.

## For more information

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