

# MAPS Australian Equities Portfolio



As at 30 September 2024

## Growth of \$100,000 since inception



● Portfolio ● S&P ASX 200

## Performance

	Portfolio	Benchmark
Since inception (% p.a.)	5.29%	8.90%
10 Years (% p.a.)		
7 Years (% p.a.)		
5 Years (% p.a.)	4.17%	
3 Years (% p.a.)	0.06%	
1 Year	14.37%	
6 Months	4.10%	
3 Months	6.28%	
1 Month	3.21%	

Source: Atrium Investment Management, HUB24. Inception date is 23 August 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.

## Investment objective

To provide superior risk adjusted returns relative to the S&P ASX Accumulation Index over the medium to long term.

## Investment strategy

Atrium will invest the Investment Portfolio in high-quality businesses selected typically from the top 200 ASX listed companies by market capitalisation.

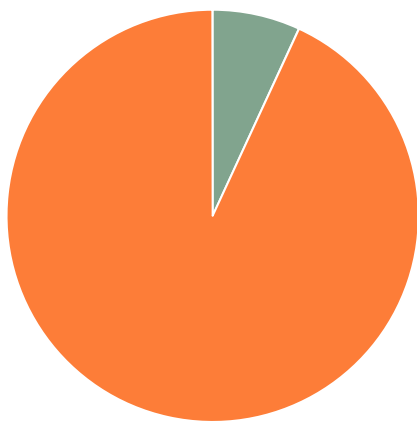
Exposure to a broad range of market sectors allows the Investment Portfolio to minimise the potential negative effects of market or industry specific shocks.

This reduces the potential of concentration risk which results from investing in limited sectors or companies.

## Key facts

Inception date	23 August 2018
Product code	AIM001
Investment strategy	Australian Equities - Active
Benchmark	S&P/ASX 200 Accumulation Index
Investment horizon	7+ years
Liquidity	Daily
Platform availability	HUB24

## Asset allocation



● Cash	6.89%
● Australian equities	93.11%

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. Due to rounding, numbers might not add up to 100%.

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	11.94%
NATIONAL AUSTRALIA BANK	8.90%
CSL LIMITED	7.62%
CASH POSITION	6.89%
MACQUARIE GROUP LTD	6.09%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	6.06%
GOODMAN GROUP	5.34%
CAR GROUP LIMITED	4.71%
RESMED INC	4.68%
TRANSURBAN GROUP	4.33%

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## Market update

Equities rose in the September quarter, the fourth consecutive quarterly gain, re-accelerating relative to the June quarter. Despite the gains, there was considerable volatility in early August, with concerns around the sustainability of Nvidia's incredible run, actions at the Bank of Japan, and weaker economic data. Government bond yields generally fell in major markets over the quarter. The Australian dollar rose, as did the gold price which continues to make record highs.

US equities gained 5.9% in the quarter with significant contributions from the following:

- Gold stocks were strong, reflecting the rise in the gold price, while Consumer Discretionary and Utility stocks were the standout.

- Office (and a range of other) REITs rose sharply, reflecting lower bond yields and a perception that the valuations in the sector had become attractive.
- The Semiconductor sector took a break from its meteoric rise, and was one source of considerable overall market volatility in early August.

The Australian market outperformed the US market:

- Information Technology rose sharply, led by strong gains in Wisetech Global.
- Real Estate linked exposures were strong, gaining from the view that the global (and Australian) interest rate tightening cycle had peaked.
- The Energy sector was weak, along with Utilities.
- Small capitalisation stocks continued to recover during the quarter.

US 10-year bond yields fell sharply, as the Federal Reserve initially gave signs that an easing was approaching, then actually cut rates by 50 basis points in September, leaving further cuts on the table. Australian bond yields fell, but by less than in the US, as markets believe that the Reserve Bank of Australia may need to hold rates higher than elsewhere, due to persistent services price pressures.

The firming in the Australian dollar was consistent with the relative moves in bond yields, reflecting the likelihood that Australian policy rates may need to be held higher relative to the US in particular.

## Performance

Australian equities outperformed during the month of September leading to a firm quarter, (following the June quarter's slight decline), with strong performances from Lovisa, BHP and Goodman Group delivering above market returns. Equity markets were strong globally following the US Federal Reserve's decision to initiate their first rate cut of the much-anticipated easing cycle. This above market cut of 50bps demonstrated that central banks will ease financial conditions ahead of inflation returning to their target range – caveat being they have confidence that inflation has been controlled. Despite the RBA not being there yet, investors are prepared to look beyond the current stance and focus on when the easing cycle may begin in Australia. Whilst we would agree that rates will begin to fall in 2025 we would caution on the timing and size of the initial move.

Lovisa was a strong performer during September as investors looked beyond the weaker than forecast trading update announced in August and focused on the bigger picture of a company continuing to deliver mid teen sales growth. From a medium-term perspective Lovisa's business model continues to exhibit above peer returns across most metrics. BHP bounced strongly following stimulus measures announced by the authorities in China as the iron ore price rallied c15% in a matter of days while Goodman Group continues to be driven by the long-term themes of Data Centres and Artificial Intelligence.

Detractors to the fund included Woolworths (WOW) as the ACCC questioned the "true" discounts that the big supermarkets are offering shoppers, while Worley (WOR) slipped on the back of falling oil price. We continue to believe that WOR should not be viewed as being a leveraged play to the oil and gas sector as renewable and sustainable energy solutions are now responsible for nearly 50% (and growing) of their revenue line. With sustainable contracts being higher margin contracts, as these revenues increase so too do their margins.

## Portfolio changes

There were minimal changes made to the portfolio during September with S32 being added and REA exited. We made the decision to exit our position in REA following their announcement of a bid to acquire Rightmove, the leading real estate portal in the UK. Our original investment in REA was based on their strong competitive moat in the Australian online real estate market, where they hold the dominant position alongside Domain. S32 was added to provide diversified mining exposure to future facing materials, having significantly reshaped their portfolio after demerging from BHP in 2015.

Over the quarter, we also repositioned our major bank exposure. We sold Commonwealth Bank and added ANZ Banking Group and Westpac as well as upweighting our exposure to NAB.

## Outlook

Looking ahead equity markets will continue to focus on macro-economic data to give further clues on the timing and trajectory of central bank movements. The market is looking for the US Federal Reserve to make two 25bps rate cuts into year-end while in Australia, although some economists are calling for a December rate cut, the majority of the market is looking for no change until 2025. The two key data points the market will focus on are inflation and employment. Outside of the macro events, the quarterly US reporting season gets underway in mid-October whilst the US Presidential election in early November is poised to have an impact, albeit shorter term in nature, on equity valuations.

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](http://www.atriuminvest.com.au)

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