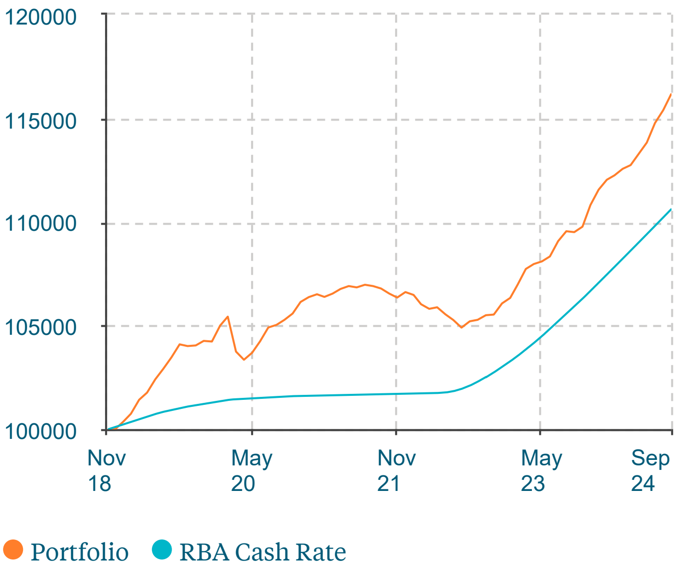
MAPS Fixed Income Portfolio

As at 30 September 2024

Growth of $100,000 since inception



Performance

	Portfolio	Benchmark
Since inception (% p.a.)	2.61%	1.75%
10 Years (% p.a.)		
7 Years (% p.a.)		
5 Years (% p.a.)	2.24%	1.82%
3 Years (% p.a.)	2.85%	2.84%
1 Year	6.08%	
6 Months	3.20%	
3 Months	2.05%	
1 Month	0.67%	

Source: Atrium Investment Management, HUB24. The RBA cash rate is only for illustrative purposes and the investment in the fund is of higher risk/return profile and of different asset class, investment objective and fees. 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.

Investment objective

To outperform the RBA Cash Rate by 2% p.a. (after fees) over rolling 3-year periods.

Investment strategy

The Investment Portfolio invests directly into Atrium Enhanced Fixed Income Fund providing investors diversified exposure to rates and credit markets.

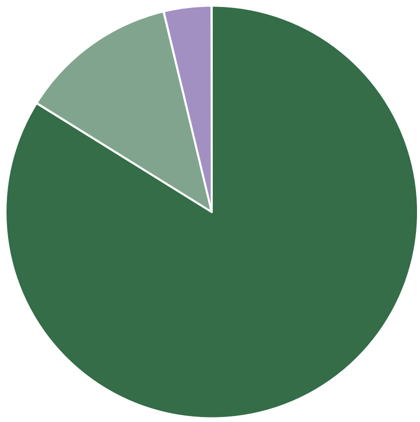
There are several advantages in relation to flexibility for the investor:

- The potential to enhance returns over cash, albeit with incrementally higher risk.
- Low structural sensitivity to interest rate changes, thus mitigating the likelihood of capital losses during periods of rising interest rates.
- Ability to take exposure to a wide range of assets thus broadening the diversification and potential return.
- Being able to invest directly in assets or via external investment managers.
- The ability to take exposure to foreign currency assets and hedge these back to AUD.

Key facts

Inception date	06 December 2018
Product code	AIM105
Investment strategy	Rates & Credit - Active
Benchmark	RBA Cash Rate
Investment horizon	3 years
Liquidity	Daily
Platform availability	HUB24

Asset allocation



●	Rates & credit	83.87%
●	Cash	12.39%
●	Private markets	3.75%

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	Sector
KAPSTREAM ABSOLUTE RETURN INCOME FUND CLASS I	30.34%	Rates & credit
DAINTREE CORE INCOME TRUST	15.04%	Rates & credit
CASH POSITION	12.39%	Cash
COOLABAH SHORT TERM INCOME FUND	11.06%	Rates & credit
ARDEA REAL OUTCOME FUND CLASS A	10.12%	Rates & credit
JPMORGAN GLOBAL STRATEGIC BOND FUND	9.72%	Rates & credit
ROC PRIVATE CREDIT FUND	3.75%	Private credit
KKR GLOBAL CREDIT OPPORTUNITIES FUND (AUD) CLASS A	3.22%	Traded loans and high yield
CQS CREDIT MULTI ASSET FUND CLASS I4 AUD	2.63%	Traded loans and high yield
CQS CREDIT MULTI ASSET FUND CLASS I2 AUD	1.74%	Traded loans and high yield

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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

In the September quarter the Atrium Enhanced Fixed Income Fund (Atrium Fund) delivered an attractive return as credit markets remained buoyant. Returns were primarily driven by investment grade corporate bond exposure. Falling bond yields (coincident with a rise in bond prices) provided a further tailwind for the quarter. This quarter again showcased higher yielding strategies as strong performers, with the high yield market and the floating rate loan books delivering positive risk-adjusted results. The manager returns were supplemented by a gain on the position in government bond futures, which rose as bond yields fell over the quarter.

The Kapstream Absolute Return Income Fund, the largest exposure in the Fund, delivered an attractive return for the quarter, as credit market conditions remain supportive. The Kapstream portfolio commenced the quarter with an attractive 6.2% yield to maturity, with a relatively low duration of circa 1.1 years. (Duration is a measure of a bond's/portfolio's sensitivity to changes in bond yields).

The Daintree Core Income Trust also performed well in the quarter. The manager has a favourable view towards securitised markets, and this is reflected in a higher running yield. Offsetting this, the manager holds a minimum of 15% Cash, Government Bonds, and Senior Bank Paper, which tends to be most liquid in times of market stress. The Smarter Money Higher Income Fund benefitted from their Australian bank credit market.

The Ardea Real Outcome Fund (Ardea Fund) was volatile through the quarter although we believe the fund will remain uncorrelated to other markets, providing good diversification benefits. The Ardea Fund has had a more difficult period, with declining volatility and unstable inflation expectations, and late in the quarter the Atrium Fund reduced its exposure to this Ardea Fund by half, adding to existing managers. We continue to hold some exposure, as there is typically a positive impact on our portfolio in periods of volatility, as the Ardea portfolio tends to move very differently from rates and credit markets.

Portfolio changes

Late in the quarter the Atrium Fund reduced its exposure to Ardea by half, adding to the Kapstream and Smarter Money Higher Income Funds. We continue to hold some exposure to Ardea, as there is typically a positive impact on our portfolio in periods of volatility, as the Ardea strategy tends to move independently of rates and credit markets.

The fund retains tactical exposure to a decline in interest rates via a mix of Australian and US Government bond futures. This provides the potential to enhance portfolio returns should yields continue to decline.

Outlook

The Portfolio is positioned conservatively and designed to navigate the prevailing volatility and uncertainty in rates and credit markets. Given the ambiguous economic outlook and heightened market instability, we have incorporated some duration, which will provide a return benefit in the event of bond yield declines. As we noted last quarter, rate cuts appeared closer in the US than Australia, and our duration is skewed to the US. The US Federal Reserve indeed cut rates by a significant 50 basis points in September, whilst the Reserve Bank of Australia continues to push back on the idea of near-term cuts.

We maintain flexibility to add to our exposure to high yield bonds and bank loans should opportunities arise. Managing credit portfolios during such conditions hinges on our commitment to maintaining a liquid portfolio and diversification. Consequently, we currently hold illiquid investments at less than 5% of the portfolio, emphasising a preference for more liquid, highly rated debt that can be readily sold should better opportunities emerge.

For more information

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