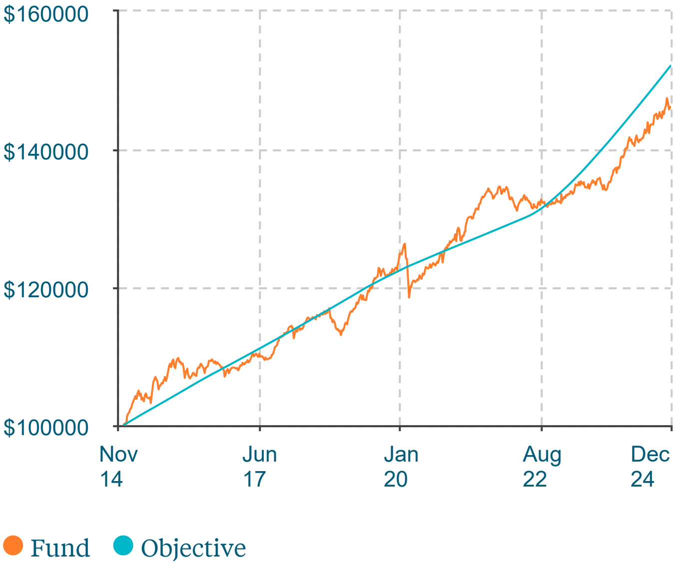
Atrium Evolution Series – Diversified Fund AEF 5

As at 31 December 2024

Growth of $100,000 over 10 years



Performance

	Fund	Objective
Since inception (% p.a.)	4.70%	4.66%
10 Years (%p.a.)	3.86%	4.29%
7 Years (%p.a.)	3.69%	4.29%
5 Years (%p.a.)	3.58%	4.47%
3 Years (%p.a.)	2.78%	5.66%
1 Year	6.38%	
6 Months	3.16%	
3 Months	0.94%	
1 Month	-0.18%	

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

Source: Atrium Investment Management, Bloomberg. Inception date is 24 June 2011. 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. Performance is after fees and costs and assumes re-investment of all distributions. 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. Note that the internal return objectives for AEF 7P Units and AEF 9P Units align to the performance return hurdles for these Units (as set out in the PDS for these performance-based fee products). Please refer to the Fund'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 maximise returns while ensuring portfolio risk, or volatility, does not exceed 5% over a rolling three (3) year time period.

Investment strategy

The Fund has a Risk Targeted, multi asset investment strategy.

Atrium uses a dynamic, unconstrained approach to asset allocation providing flexibility to take full advantage of opportunities in the market and to mitigate downside risk.

The Fund may be invested in a broad universe of assets across multiple asset classes.

Atrium may also use derivatives to gain exposure to assets or asset classes more efficiently, for currency management, and to mitigate downside risk.

Key facts

Inception date	24 June 2011
Product code	COL0029AU
Investment strategy	Diversified - Risk Targeted
Volatility limit (p.a.)	5.00%
Return objective	RBA Cash + 2.5%
Investment horizon	3 years
Pricing	Weekly
Platform availability	Various

Volatility & Sharpe Ratio

	10 Years	7 Years	5 Years	3 Years
Volatility (% p.a.)	2.99	2.80	2.88	2.41
Sharpe Ratio	0.69	0.67	0.55	-0.18

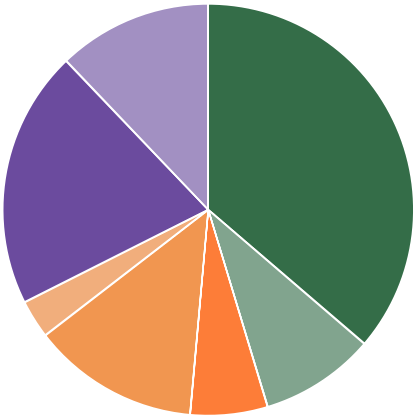
What is volatility?

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	36.28%
●	Cash	9.07%
●	Australian equities	6.07%
●	International equities	13.15%
●	Listed infrastructure	3.02%
●	Liquid alternatives	20.28%
●	Private markets	12.14%

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	Asset Class
KAPSTREAM ABSOLUTE RETURN INCOME FUND CLASS I	11.48%	Rates & credit
CASH POSITION	8.41%	Cash
DAINTREE CORE INCOME TRUST	5.10%	Rates & credit
COOLABAH SHORT TERM INCOME FUND	4.92%	Rates & credit
CROWN ATRIUM SEGREGATED PORTFOLIO SERIES 1 USD	3.68%	Liquid alternatives
ARDEA REAL OUTCOME FUND CLASS A	3.48%	Rates & credit
JPMORGAN GLOBAL STRATEGIC BOND FUND	3.31%	Rates & credit
MAN ALTERNATIVE RISK PREMIA - CLASS A SHARES (AUD)	3.18%	Liquid alternatives
KEYVIEW CREDIT OPPORTUNITIES FUND	3.17%	Private markets
LGT (LUX) DYNAMIC CAT BOND FUND AUD S	3.16%	Liquid alternatives

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 December quarter, the fifth consecutive quarterly gain, to close out a strong year. The US market outperformed, helped by ongoing strong returns in Information Technology. Australian equities actually fell slightly over the quarter. Government bond yields rose sharply in major markets in December. The Australian dollar fell sharply, and the gold price slid slightly from record highs earlier in the quarter.

US equities gained 2.4% in the quarter with notable contributions from:
• Automobile stocks led the market for the quarter, with Tesla gaining 54%, partly reflecting Elon Musk’s involvement in the Trump political campaign.

• Energy and the Banking Sector were also supported by the election result. Although the exact policy stance is unclear, both stand to benefit from a deregulation focus under Republicans.
• Gold and Copper-related stocks were hit hard, partly reflecting the strong US dollar, and falling commodity prices.

The Australian market underperformed the US market in December and over the quarter.
• Significant weakness was seen in Real Estate, which continues to suffer under higher funding rates, and in particular the Materials Sector, where market leader BHP fell by almost 14% over the quarter, driven by commodity prices, and uncertainty as to whether Chinese authorities have done enough to support their economy and property sector.
• Gains were seen in the Financial Sector, although the major Banks were mixed over the quarter.

US 10-year bond yields rose over the quarter. The rise commenced following the Federal Reserve's rate cut in September, and this continued through October. The US election result saw some further selling pressure in early November, pushing yields higher, before a further push higher in yields through December as the markets started to factor in some possibility that the Fed may need to hike rates, rather than cutting further as previously assumed. Australian bond yields rose, generally moving in line with the much larger US market.

As bond yields rose, one notable victim was the Australian dollar which fell very sharply in December (-5.2%), leaving it almost 11% lower over the quarter.

Performance

The Fund although modestly lower for the month was higher over the quarter, with global equities, liquid alternatives and rates and credit exposure all contributing positively to returns over the month, while Australian equities, private markets and currency hedging were the major detractors.

The global equities allocation was the key driver of performance, benefitting primarily from a large fall in the Australian dollar against other major currencies, with the Hyperion Global Growth Companies Fund in particular delivering another stellar return. The Vanguard FTSE Emerging Markets ETF was also a strong performer as that segment of the market recovered over the month, while our global listed infrastructure and the Betashares S&P 500 Equal Weight ETF exposure were the only major detractors.

The Atrium Equity Opportunities Fund was negative over the month, detractors included Car Group Limited and National Australia Bank.

Our Diversifiers were positive in aggregate over the month, with our currency manager the key standout taking advantage of the stronger US dollar, while our systematic strategies were also very strong performers after a difficult prior few months.

Amongst the Preserver allocations, the key contributors included our high yield and loans manager CQS and Kapstream.

Portfolio changes

Over the month we reduced some of our global active equity exposure including Hyperion Global Growth which has been performing exceptionally well recently and re-allocated some proceeds towards our passive equity exposure, primarily via the Betashares S&P 500 Equal Weight ETF, which provides a diversified exposure to the smaller cyclical end of the large cap index and offers a compelling opportunity at this point in the cycle. The weakness over the month provided another attractive entry point.

Over the month we took advantage of cheap option prices to extend our S&P 500 put options into February 2025, providing downside protection should equity markets decline.

Outlook

Global equity markets ended the year on a high, with the US market in particular the standout performer. As we look into the new year, the key risk is whether inflation will return in the US (after heading lower over 2024) and whether domestic inflation will move within the RBA target band allowing the Reserve Bank of Australia to catch up to global counterparts and lower interest rates. Other risk factors include the impacts of a second Trump Presidency on both global growth and inflation and other geopolitical headwinds.

With the improving macroeconomic backdrop and sentiment over 2024, our decision to increase our weighting to global equities through the year has been rewarded with solid calendar year performance. The Fund remains well diversified with an array of return levers. While we continue to hold equity exposure above our longer-term averages with a preference for global over domestic equities, we remain cognisant of the risks of elevated investor bullishness – notably around "US exceptionalism" (US Mega Cap Tech stocks).

For more information

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