

ATRIUM EVOLUTION SERIES - DIVERSIFIED FUND AEF 5

INVESTMENT OBJECTIVE

To maximise returns within the constraint of ensuring that portfolio risk, or volatility, does not exceed 5% over the investment time horizon.

PERFORMANCE	Since Inc p.a.	10 Yrs p.a.	7 Yrs p.a.	5 Yrs p.a.	3 Yrs p.a.	1 Yr	3 Mths	1 Mth	Vol S.I. p.a.	3 Yr Vol	Sharpe Ratio
Atrium Evolution Series - Diversified Fund AEF 5	4.9%	5.0%	3.4%	3.8%	3.9%	1.4%	0.6%	-0.6%	3.0%	3.3%	1.0
RBA Cash Plus 2.5%	4.3%	4.1%	3.6%	3.3%	2.8%						

KEY HIGHLIGHTS

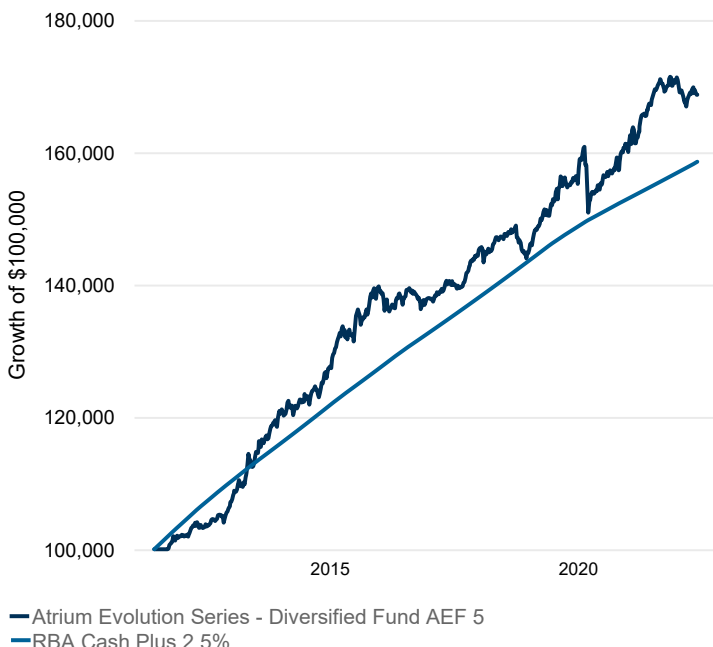
The Fund was modestly lower over the month as it faced the combined headwinds of rising inflation and the first lift in the cash rate by the RBA in over 10 years.

Global and domestic equities were lower over the month, although more value oriented strategies such as the Antipodes Global Fund – Long managed to contribute a positive return.

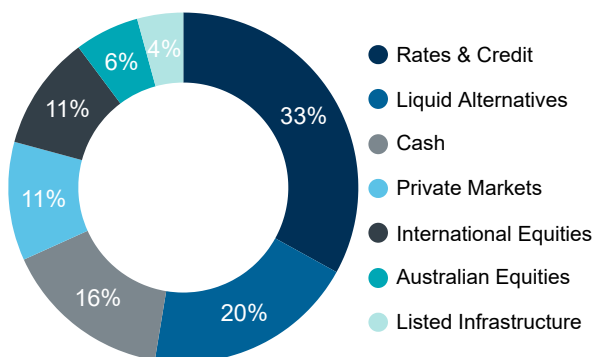
After a very strong period of performance in April, our liquid alternative managers gave back some gains in May.

Under this backdrop of uncertainty, the investment team have been active. The Fund has modestly increased its allocation to both cash and diversifiers over the month (reducing global equities) as a focus on risk and capital preservation becomes increasingly important.

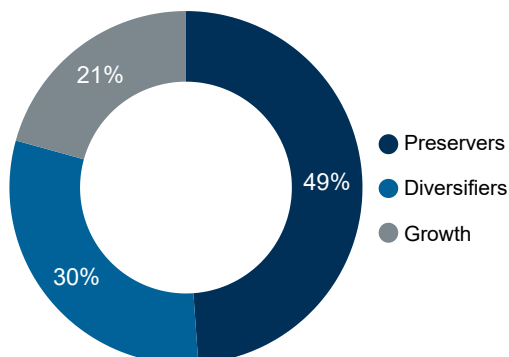
PERFORMANCE (SINCE INCEPTION)



ASSET CLASS EXPOSURE



RISK EXPOSURE



Source: Atrium, Iress. Allocations shown in the 'Asset Class Exposure' and 'Risk Exposure' charts as at the date of this report.

Source: Atrium, Iress. Performance shown as at the date of this report. Inception date is 24 June 2011. Past performance is not a reliable indicator of future performance. Future performance and return of capital is not guaranteed. Performance is after fees and costs and assumes re-investment of all distributions.

ATRIUM EVOLUTION SERIES - DIVERSIFIED FUND AEF 5

MARKET COMMENTARY

Equities fell across the board in May, with the notable exception of the US market which eked out a positive +0.2% for the month. The ASX 200 fell (-2.6%), with small caps materially underperforming. Technology struggled as bond yields rose sharply in the face of increasing concerns about inflation, and how much policy tightening will be required to alleviate the concerns. The Australian dollar rose 1.6% against the US dollar, supported by firm export prices, particularly coal and iron ore. Global oil prices rose.

US equities were mixed in May with the standout sector on the upside being Energy. As oil and gas prices have risen partly as a result of constraints linked to Russian supply, this has directly fed through to the US Energy sector which rose 15.8% for the month. Oil and Gas explorers performed more strongly than Refiners, Oil Services, or Integrated Oil and Gas companies, as market prices of oil are assumed to stay higher for an extended period of time (that is, the supply constraints may be longer term in nature). Financials generated +2.7% as we moved through another reporting season without disaster, and the steeper US yield curve is positive for banks, other things being equal. The largest sector, Information Technology, was volatile but ended down only 0.9% (to be down -19.4% since the start of the year). Finally, one important feature of earnings season, was the build-up of inventories and very cautious outlook of a broad range of retailers (notably Target, Walmart which were both heavily punished by the markets). Europe fell slightly, in line with broad global equity volatility, but also as the central bank gave signs that it too is far behind the curve, still having a policy rate below zero in the face of high inflation prints. Emerging markets fell -0.2% in local currency terms, the stronger US dollar and higher bond yields being a severe headwind.

Australian equities were weak across the board with the exception of the Materials sector which was flat. Perhaps unsurprisingly, the Real Estate sector was particularly weak, losing -8.9% as the Reserve Bank kicked off its tightening cycle during the month. With building costs rising very quickly, this has placed pressure on the building sector, with some builders entering administration, highlighting the shift in sentiment toward real estate. Information Technology was also very weak, at -8.7% for the month, although this is a small exposure within the local index. As consumers have become less confident of late, and more concerned about inflation, the retailers were also hit. Finally of note, the banks were flat to slightly lower. Financials as a sector fell -3.5%, with the Asset Managers underperforming as fee-earning assets fell, and the environment has become somewhat more difficult for them.

Bond yields rose early in the month, although closed lower as markets started to assume that the US Federal Reserve Bank may be less aggressive in removing policy accommodation in the face of growing signs of inflation. Markets looked at the rolling over of prices in a number of supply-constraints (shipping costs, fertilisers, semiconductors), and assumed that the US central bank may not need to tighten at such a fast pace. In Australia, the Reserve Bank hiked the policy rate by 25 basis points (bps) in early May, to a still extremely low 0.35%, and although market expectations are for significantly more than that in June and July as the RBA grapples with Australia's inflation issues. US 10 year bond yields actually fell 9 bps over the month to 2.84%, Australian 10-yr bond yields rising 23bps to 3.35%. Credit markets were generally weak, consistent with the heightened volatility in equities.

The Australian dollar rose 1.6% against the US dollar, and although it was supported by firm coal and iron ore prices, the moves were more reflective of what was going on in the US dollar on a trade weighted basis. Oil prices rose over the month and gold slipped -3.1%.

PORTFOLIO COMMENTARY

The Fund was modestly lower over the month as it faced the combined headwinds of rising inflation and the first lift in the cash rate by the RBA in over 10 years. This uncertainty has continued to create a difficult environment for equity managers, in contrast to the very strong performance seen over the past few years.

Global and domestic equities were lower over the month. Antipodes Global Fund – Long, continued to stand out (posting a positive return), while the Hyperion Global Growth Companies Fund lagged in an environment where a number of their underlying technology holdings have de-rated. The Atrium Equity Opportunities Fund outperformed the index over the month, on the back of positive performance from both Treasury Wine Estate and Westpac.

After a very strong period of performance in April, our liquid alternative managers gave back some performance over the month. P/E Global FX Alpha which trades in currency markets was particularly impacted by a falling US dollar (albeit after delivering very strong results in April), while our preserver allocations lagged as credit underperformed in an environment of rising yields and slowing growth.

Under this backdrop of uncertainty, the investment team have been active, positioning the Fund across a range of diversifying investments. We also believe that during periods of rising interest rates and elevated inflation, it is prudent to maintain elevated liquid assets as opportunities will undoubtedly emerge in a more volatile investment environment.

The Fund has modestly increased its allocation to both cash and diversifiers over the month (reducing global equities) as current macro environment risks are increasingly skewed to the downside and the preservation of capital becomes more important at this point in the cycle.