

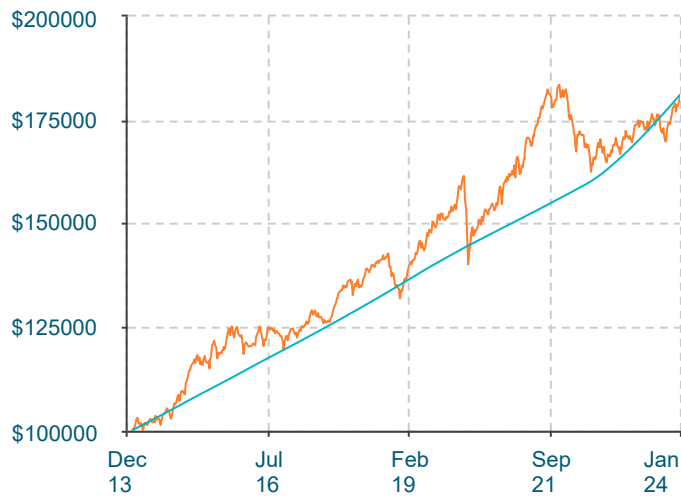
Atrium Evolution Series – Diversified Fund

AEF 9



31 January 2024

Growth of \$100,000 over 10 years



● Fund ● Objective

Performance

	Fund	Objective
Since inception (% p.a.)	7.04%	6.50%
10 Years (%p.a.)	6.09%	6.12%
7 Years (%p.a.)	5.67%	5.92%
5 Years (%p.a.)	5.83%	5.89%
3 Years (%p.a.)	3.89%	
1 Year	5.61%	
6 Months	2.55%	
3 Months	6.19%	
1 Month	0.91%	

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

Source: Atrium Investment Management. 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.



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 9% 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	COL0031AU
Investment strategy	Diversified - Risk Targeted
Volatility limit (p.a.)	9.00%
Return objective	RBA Cash + 4.5%
Investment horizon	5-7 years
Pricing	Weekly
Platform availability	Various

Volatility & Sharpe Ratio

	10 Years	7 Years	5 Years	3 Years
Volatility (% p.a.)	6.30	6.18	6.77	6.27
Sharpe Ratio	0.72	0.72	0.70	0.45

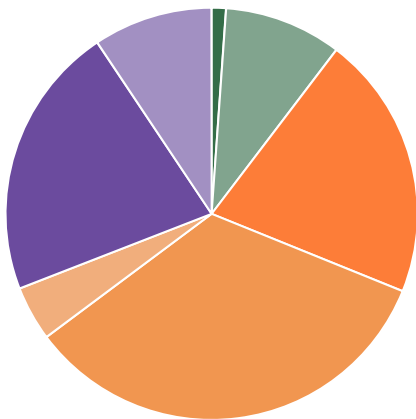
What is volatility?

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



<div></div>	Rates & credit	1.13%
<div></div>	Cash	9.23%
<div></div>	Australian equities	20.77%
<div></div>	International equities	33.68%
<div></div>	Listed infrastructure	4.30%
<div></div>	Liquid alternatives	21.54%
<div></div>	Private markets	9.36%

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.

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
CASH POSITION	9.23%	Cash
ANTIPODES GLOBAL FUND LONG UCITS CLASS S	8.52%	Equities
FAIRLIGHT GLOBAL SMALL AND MID CAP (SMID) FUND - FOUNDATION CLASS	6.24%	Equities
NORTHCAPE CAPITAL GLOBAL EQUITIES FUND	5.50%	Equities
HYPERION GLOBAL GROWTH COMPANIES FUND CLASS C	5.44%	Equities
ATRIUM GLOBAL EQUITIES MANDATE NO.1 (MANAGED BY MAGELLAN)	5.21%	Equities
SGH ICE PROFESSIONAL INVESTOR FUND	5.10%	Equities
CROWN ATRIUM SEGREGATED PORTFOLIO SERIES 1 USD	4.30%	Liquid alternatives
GLOBAL LISTED INFRASTRUCTURE MANDATE NO. 1 (MANAGED BY MAGELLAN)	4.30%	Equities
CROWN DIVERSIFIED MACRO SEGREGATED PORTFOLIO SERIES	4.20%	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.

Market update

In January equity markets continued their strong recent run, with the US market gaining 1.7%, slightly ahead of the Australian market which rose 1.2%. Bond yields were fairly stable, and the Australian dollar fell sharply against the US dollar. Gold also fell against the US dollar, in a month of broad US dollar strength.

The US equity market was firm in January, although the focus remains squarely on the so-called “magnificent 7”, which drove market returns over the prior year. On the positive side, chip-maker NVIDIA continued its extraordinary rise, putting on a further 24.2% for the month. Google fell quite sharply into month end on a less favourable outlook for advertising and Apple was lower for the month. The notable laggard of the “magnificent 7” in January was Tesla. Tesla fell 24.6% on issuing weaker than expected fourth quarter earnings, noting that volume growth in 2024 may be notably lower than in 2023. Materials

declined 3.9%. European equities rose 1.6% for the month, with the German market slightly lagging. One market which is gaining attention is Japan, where the market is testing levels last seen at the end of 1989, the end of the Japanese bubble. Currency is helping, as the Yen remains weak, but there is growing optimism that the economy is reflating, and that corporate Japan is more willing to engage with global investors on governance and M&A. The key index, the TOPIX gained 7.8% in January. Emerging markets fell during the month, although this was almost all attributable to ongoing weakness in Chinese equities, which fell -3.9%, to be -18.3% on a 12-month view, despite the sharp recovery seen in other major markets.

Australian equities were higher by 1.2% for the month, opening the new year on a firm footing. On the positive side, Insurers (+5.9%) and Banks (+5.3%) were very strong, with Commonwealth Bank hitting new highs and driving the banking sector. The Energy sector was also strong, gaining 5.2% as oil prices rose sharply. Woodside and Santos, analysing the possibility of a merger, both lagged the sector. Other sectors were mixed, as the market shifted attention to the full-year earnings releases, expected over the month of February. On the downside, the standout was the Materials sector, and a key within this was the collapse in lithium prices and weakness in nickel, which has investors questioning the ability to access markets for funding. Small cap stocks again underperformed, generating only 0.9% for the month, approximately 5% less return than the large cap index on a 12-month view.

Bond yields had fallen sharply into the end of 2023, as markets considered moderating inflationary pressures, opening the possibility of loosening monetary policy through interest rate cuts by central banks. The markets assume that the US Federal Reserve has reached its cyclical peak in rates and will reverse course over 2024 delivering significant monetary accommodation as early as March. The Reserve Bank of Australia is now likely on hold, and consistent with the US, markets are starting to expect cuts over 2024. US 10-yr yields were very slightly higher, and 10-yr Australian Government bond yields were similarly marginally higher. Credit markets were quiet which is often the case in January.

The Australian dollar fell -3.6% against the US dollar in the month, in a period of general US dollar strength. The US dollar also rose against the Euro, the Japanese Yen, and gold. Oil prices were sharply higher as concerns remain that the Middle Eastern situation could deepen.

Performance

2024 started with a continuation of a strong rally in global equity markets albeit at a slower pace. Most asset classes contributed positively to returns over the month with global equities the key positive contributor.

Within global equities, the Atrium global equity mandate (managed by Magellan), was a notable outperformer, with positions in Microsoft and Amazon as the standouts. The narrowness of the rally in global equities has been challenging for many active managers with continued outperformance of the “magnificent 7” mega cap US stocks (Apple, Microsoft, Google parent Alphabet, Amazon.com, Nvidia, Meta Platforms and Tesla). While several of our managers have exposure to the “magnificent 7” names, most are underweight index level weightings given the concerns around price versus valuation. In Australian equities, the Atrium Equity Opportunities Fund was lower over the month, while our listed global infrastructure exposure, lagged the broader market.

Within liquid alternatives there was a solid rebound; the P/E Global FX Alpha Fund benefited from a stronger US dollar, while our risk premia and trend following strategies also delivered positive returns in aggregate over the month.

Portfolio changes

There were no major changes over the month. As the risk of a “hard landing” in the US has abated, we have allowed our global equity allocations to drift higher within the Fund, and this includes reducing some equity market hedges and adjusting our global equity manager allocations. We are mindful that some sectors of the market remain exuberant, particularly the large US tech sector, which is likely to drive equity market performance in the short term. Our preference is to remain diversified, with some exposure to this space, while providing exposure to those segments of the market that we believe are best placed from a valuation perspective – namely emerging markets and global small and midcap stocks.

Outlook

While the risks of a hard landing recession in the US (and Australia) have reduced over the last few months, we believe markets remain complacent, with the consensus firmly in the “soft or no landing” camp.

We still believe that given the quantum of monetary tightening globally and persistence of inflation in certain pockets of the economy, the risks of a recession warrant caution looking ahead. Our risk targeted approach to investing guides our asset allocation, in ensuring that we deliver investors a smoother return profile over the market cycle.

For more information

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

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The rating issued 04/2023 Atrium Evolution Series – Diversified Fund AEF 5, 04/2023 Atrium Evolution Series – Diversified Fund AEF 7, 04/2023 Atrium Evolution Series – Diversified Fund AEF 7 P Units, 04/2023 Atrium Evolution Series – Diversified Fund AEF 9, 04/2023 Atrium Evolution Series – Diversified Fund AEF 9 P Units are published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit www.lonsec.com.au for ratings information and to access the full report. © 2023 Lonsec. All rights reserved.