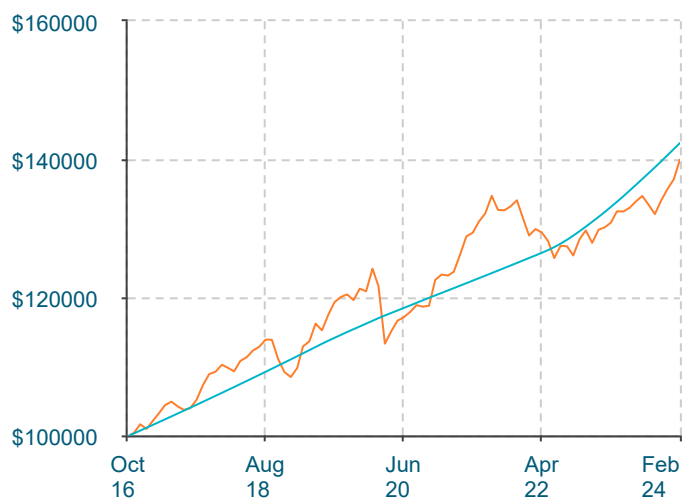


# Atrium Risk Targeted Balanced 7 Portfolio



29 February 2024

## Growth of \$100,000 since inception



● Portfolio ● Objective

## Performance

	Portfolio	Objective
Since inception (% p.a.)	4.71%	4.95%
10 Years (%p.a.)		
7 Years (%p.a.)	4.62%	4.95%
5 Years (%p.a.)	4.39%	4.93%
3 Years (%p.a.)	4.20%	
1 Year	7.56%	
6 Months	3.91%	
3 Months	4.43%	
1 Month	2.06%	

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

Source: Atrium Investment Management, Colonial First State. Performance as at the date of this report. Inception date is 9 November 2016. Past performance is not a reliable indicator of future performance. Future performance and return of capital is not guaranteed. Performance figures relate to the model portfolios managed by Atrium. 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 after fees and costs, assumes re-investment of all distributions, is calculated using the highest annual fee tier, and does not take into account some or all of the rebates you may receive.



A rating is only one factor to be taken into account when deciding whether to invest.

## Investment objective

To outperform the RBA Cash Rate by 3.5% p.a. (after fees) over five years.

## Investment strategy

Atrium's focus is on the level of risk within the portfolio. We seek to allocate to investments across a broad range of asset classes based on an assessment of their value and contribution to total risk and return.

Atrium can dynamically adjust the allocation to asset classes on an ongoing basis. By doing this, we seek to build a portfolio that can withstand changes in underlying market volatility.

The aim is to deliver a risk level in the Investment Portfolio that is consistent with the investment profile selected.

## Key facts

Inception date	09 November 2016
Product code	CFSATRRMB7
Investment strategy	Diversified - Risk Targeted
Volatility limit (p.a.)	7.00%
Return objective	RBA Cash + 3.5%
Investment horizon	5 years
Liquidity	Daily <sup>^</sup>
Platform availability	CFS FirstWrap Plus

<sup>^</sup>Liquidity dependent on underlying holdings. Varies from daily to weekly.

## Volatility & Sharpe Ratio

	10 Years	7 Years	5 Years	3 Years
Volatility (% p.a.)	-	4.94	5.30	4.21
Sharpe Ratio	-	0.66	0.62	0.74

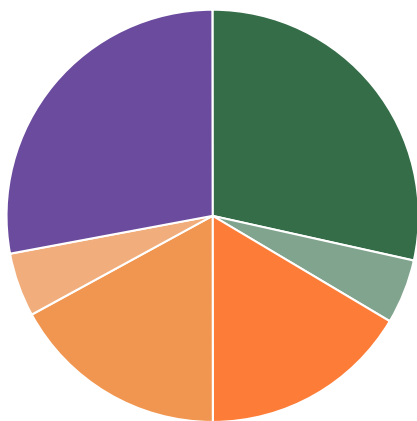
### What is volatility?

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	28.49%
● Cash	5.06%
● Australian equities	16.43%
● International equities	17.07%
● Listed infrastructure	5.02%
● Liquid alternatives	27.93%

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	Capital Position
GLOBAL MACRO STRATEGIES FUND	7.60%	Liquid alternatives
KAPSTREAM ABSOLUTE RETURN INCOME FUND CLASS I	7.06%	Rates & credit
GLOBAL LONG SHORT STRATEGIES FUND	6.51%	Liquid alternatives
VANGUARD AUS GOVT BOND ETF	5.47%	Rates & credit
GLOBAL RISK PREMIA STRATEGIES FUND	5.38%	Liquid alternatives
CASH POSITION	5.06%	Cash
GLOBAL LISTED INFRASTRUCTURE MANDATE NO. 1 (MANAGED BY MAGELLAN)	5.02%	Equities
ARDEA REAL OUTCOME FUND CLASS A	4.49%	Rates & credit
ANTIPODES GLOBAL FUND - LONG ONLY CLASS I	4.46%	Equities
DAINTREE CORE INCOME TRUST	4.00%	Rates & credit

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

The month of February saw further strength in equity markets, being driven again by a very small number of extremely large US technology stocks. Bond yields rose as markets assumed the Federal Reserve may be slower to cut rates, following higher than expected inflation data.

The US equity market gained 5.3% for the month, driven by

- Further buying in technology-linked stocks, notably Nvidia as it posted very strong revenue growth for the fourth quarter.
- Easing financial conditions, as the cash rate seems to have peaked.

The Australian market generated +0.8%, driven by

- Mixed results in the earnings reporting period, and notably
- BHP declined after it wrote off its Western Australian nickel operations.

10-year bond yields rose as the market pushed out cuts in interest rates, following a higher-than-expected inflation print in the US, and rhetoric from central bankers making clear nothing can be expected before June at the earliest. Australian 10-year bond yields rose to a lesser extent.

The Australian dollar fell, as the US dollar rose, reflecting the higher interest rate expectations. Weighing on the Australian dollar were a weak iron ore price in February, along with the sustained decline in nickel and lithium prices.

## Performance

The strong start to the new year in markets continued into February with global equities continuing to drive performance. In a month where investor sentiment was buoyed by the prospect of lower interest rates, global equity markets continued to test their records.

Pleasingly, the Portfolio had a range of strong contributors to performance with liquid alternatives also driving performance over the month. Systematic macro strategies were higher on the back of both equity and commodity positioning, and we also saw positive contribution from currency manager P/E Global FX Alpha on the back of their US dollar positions.

Hyperion was the standout in the global equities sector as the “magnificent 7” mega cap US stocks (Apple, Microsoft, Google parent Alphabet, Amazon.com, Nvidia, Meta Platforms and Tesla) continue their onward march outperforming the broader market by over 5%. The fund has now delivered over 50% returns over the past 12 months. The Fairlight Global Small and Mid-Cap Fund was a laggard, as smaller stocks underperformed their larger counterparts. Our defensive listed infrastructure allocation also lagged in a strong market for risk assets.

Our direct Australian shares had a pleasing reporting season with solid performances from retailer Lovisa and recent addition WiseTech Global, while BHP was the largest detractor over February. The direct Australian shares underperformance over the prior year has been analysed with negative factors coming from stock-specific decisions as well as the strategy’s quality bias not being rewarded. Prior underperformance periods have been relatively short lived and we remain confident that the strategy is well positioned in high quality companies.

## Portfolio changes

The risk of a “hard landing” recession in the US has reduced, and we have allowed our global equity exposures to drift higher. We continue to pivot the portfolio towards the segments of the equity market that exhibit better value – namely emerging markets and global small and midcap stocks. We continue to complete due diligence on a number of promising strategies in domestic small caps and liquid alternatives.

## Outlook

Our positioning continues to reflect a cautious approach to asset allocation. In our view, inflation is likely to remain elevated above central bank targets which will place continued pressure on interest rates. Global markets have recovered strongly in anticipation of lower interest rates which, based on our analysis, has meant that many assets have moved into overvalued levels. This has led to some levels of complacency with the market consensus firmly in the “soft or no landing” camp, despite an apparent reacceleration in the US economy which could push out the timing of anticipated rate cuts and increase the chances of a further inflation spike – hence our caution on increasing equity exposure further.

In our view, with the market so strongly positioned for a buoyant economic environment, risk is often an afterthought. We see it as our role to position the portfolio to benefit from this environment, but also adjust for the factors that can drive market volatility. This should deliver the smoother return profile that is at the heart of our approach.

## For more information

If you have any questions, please contact your Financial Adviser or [www.atriuminvest.com.au](http://www.atriuminvest.com.au)

**Important Information:**

The information in this document (Information) has been prepared and issued by Atrium Investment Management Pty Ltd (ABN 17 137 088 745, AFSL 338 634) (Atrium). This information is provided for the use of licensed and accredited financial advisers only. In no circumstances is it to be used by a potential client for the purposes of making a decision about a financial product or class of products. The Information is of a general nature only and does not take into account the objectives, financial situation or needs of any person. No liability is accepted for any loss or damage as a result of any reliance on the Information. Past performance is not a reliable indicator of future performance. Future performance and return of capital is not guaranteed.

The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150) is the Responsible Entity of the Colonial First State Separately Managed Account (ARSN 618 390 051) (CFS SMA). Investments in the Colonial First State Separately Managed Account are only available on FirstWrap Plus. Investors should consider the Product Disclosure Statement (PDS) and Target Market Determination (TMD) before making any investment decisions. Applications for a portfolio in the CFS SMA can only be made pursuant to the application form attached to the relevant product disclosure statement or IDPS guide (CFS SMA Offer Documents). Please refer to the CFS SMA Offer Documents for important information concerning an investment in the CFS SMA.

SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. Information contained in this document attributable to SQM Research must not be used to make an investment decision. The SQM Research rating is valid at the time the report was issued, however it may change at any time. While the information contained in the rating is believed to be reliable, its completeness and accuracy is not guaranteed. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.