

MAPS Australian Equities Portfolio



31 March 2024

Growth of \$100,000 since inception



● Portfolio ● S&P ASX 200

Performance

	Portfolio	Benchmark
Since inception (% p.a.)	5.09%	8.48%
10 Years (% p.a.)		
7 Years (% p.a.)		
5 Years (% p.a.)	6.28%	
3 Years (% p.a.)	2.61%	
1 Year	8.36%	
6 Months	10.28%	
3 Months	2.46%	
1 Month	2.87%	

Source: Atrium Investment Management, HUB24. Performance as at the date of this report. Inception date is 23 August 2018. 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 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 provide superior risk adjusted returns relative to the S&P ASX Accumulation Index over the medium to long term.

Investment strategy

Atrium will invest the Investment Portfolio in high-quality businesses selected typically from the top 200 ASX listed companies by market capitalisation.

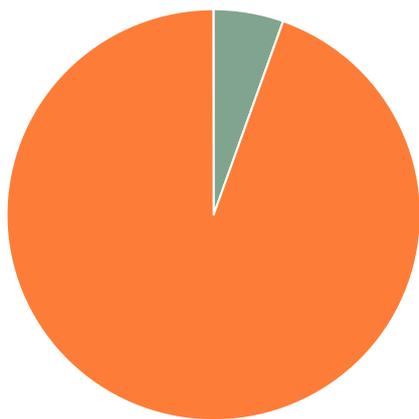
Exposure to a broad range of market sectors allows the Investment Portfolio to minimise the potential negative effects of market or industry specific shocks.

This reduces the potential of concentration risk which results from investing in limited sectors or companies.

Key facts

Inception date	23 August 2018
Product code	AIM001
Investment strategy	Australian Equities - Active
Benchmark	S&P ASX 200
Investment horizon	7+ years
Liquidity	Daily
Platform availability	HUB24

Asset allocation



● Cash	5.46%
● Australian equities	94.54%

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
BHP GROUP	12.97%
COMMONWEALTH BANK OF AUSTRALIA	8.03%
CSL LIMITED	7.37%
NATIONAL AUSTRALIA BANK	6.22%
CASH POSITION	5.46%
CARSALES.COM LTD	5.31%
TRANSURBAN GROUP	5.15%
MACQUARIE GROUP LTD	4.92%
GOODMAN GROUP	4.69%
TREASURY WINE ESTATES LIMITED	3.89%

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 March quarter was a strong one for equity markets, as markets gained comfort that monetary policy tightening has run its course, to be followed at some point over 2024 by a pivot to lower rates. However, bond yields rose as markets assumed the Federal Reserve may be slower to cut rates than expected around the turn of the year.

The US equity market gained 10.6% for the quarter. The quarter saw a notable broadening out of the rally, however the following were key driving factors:

- Strong buying of technology-linked and new-economy stocks, notably Nvidia as it posted very strong revenue growth for the fourth quarter. However, Apple and Tesla were conspicuous in bucking this trend.
- Easing financial conditions as the cash rate seems to have peaked, although this optimism was partially unwound late in the

quarter.

The Australian market generated a return of +5.3% impacted by:

- Mixed results in the earnings reporting period, including a disappointing nickel write-down for Australia's largest company, BHP; and
- A notable outperformance of small capitalisation stocks over the broader market.

10-year bond yields rose over the quarter as the market pushed out cuts in interest rates, as inflation readings in the US remained slightly more elevated than expected. June is seen as the earliest meeting for a cut by the US Federal Reserve Bank. Yields are also under upward pressure due to deteriorating US fiscal dynamics. Australian 10-year bond yields rose to a lesser extent, as there is some evidence that the sharp policy tightening is negatively impacting consumers.

The Australian dollar fell over the quarter, as the US dollar rose. Key Australian export prices were lower over the quarter. The gold price rose sharply, unusual in a period of rising bond yields and a stronger US dollar. The Japanese Yen remains at multi-decade lows against the US dollar, despite moving to exit its negative policy rate policy during the quarter.

Performance

The S&P/ASX 200 index built on its strong performance at the back end of 2023 and delivered a robust 5.3% return (including dividends) in the March quarter with investors focusing on commentary from central banks suggesting that the tightening interest rate cycle has peaked.

The Fund, whilst delivering a positive return, underperformed the benchmark due to more defensive positioning. Lovisa, CAR Group and ResMed all delivered robust earnings reports and gave positive outlook statements during the quarter, while on the other side of the ledger, Dominos (encountering difficult trading conditions in France and Japan), Lifestyle Communities (undertook a discounted capital raise to fund future growth) and Woolworths (CEO resignation combined with a soft trading update, not to mention the announced government inquiry into supermarket pricing) dragged on overall performance.

Portfolio changes

With central banks delivering a more positive construct for equities the team has taken the opportunity to make a number of changes to the portfolio to reflect a more positive economic growth outlook. Additions during the quarter included insurance broker, AUB Group where we see strong organic and inorganic growth supported by a robust pricing environment and Goodman Group (property developer/manager/owner) which is leveraged to the growth in data centres.

To facilitate these purchases we exited Amcor where the unexpected CEO resignation combined with the continued de-stocking cycle across the supply chain has added an extra layer of risk to future earnings; we also exited Woodside and Atlas Arteria, where we see a growing risk to maintaining the dividend following the Chicago Skyway acquisition.

Outlook

Global central banks appear likely to tolerate inflation outside of their target zones for longer reducing the risk of restrictive monetary policy coinciding with slower economic growth over 2024. This gives us confidence that the current environment will be supportive for equities.

Following the February reporting season which allowed us to test our investment thesis and the economic events of the recent months we are confident that our investment process will deliver strong returns to the portfolio in the short to medium term.

For more information

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

Important Information:

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