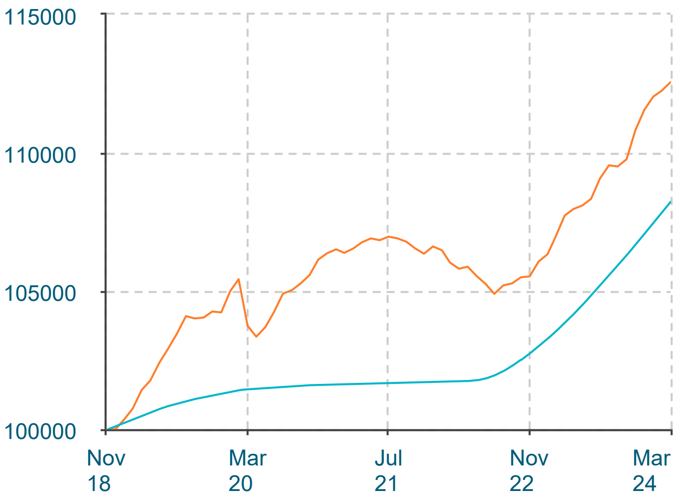
MAPS Fixed Income Portfolio

31 March 2024

Growth of $100,000 since inception



Performance

	Portfolio	Benchmark
Since inception (% p.a.)	2.25%	1.50%
10 Years (% p.a.)		
7 Years (% p.a.)		
5 Years (% p.a.)	2.11%	1.50%
3 Years (% p.a.)	1.85%	2.12%
1 Year	4.49%	
6 Months	2.79%	
3 Months	0.90%	
1 Month	0.28%	

Source: Atrium Investment Management, HUB24. Performance as at the date of this report. The RBA cash rate is only for illustrative purposes and the investment in the fund is of higher risk/return profile and of different asset class, investment objective and fees. Inception date is 6 December 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 outperform the RBA Cash Rate by 2% p.a. (after fees) over rolling 3-year periods.

Investment strategy

The Investment Portfolio invests directly into Atrium Enhanced Fixed Income Fund providing investors diversified exposure to rates and credit markets.

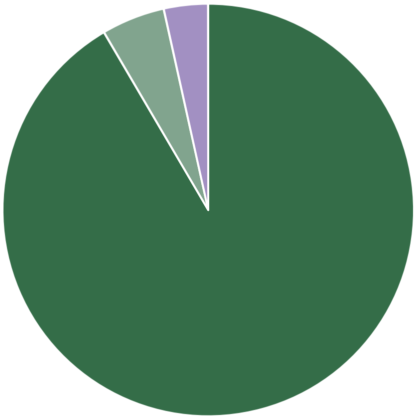
There are several advantages in relation to flexibility for the investor:

- The potential to enhance returns over cash, albeit with incrementally higher risk.
- Low structural sensitivity to interest rate changes, thus mitigating the likelihood of capital losses during periods of rising interest rates.
- Ability to take exposure to a wide range of assets thus broadening the diversification and potential return.
- Being able to invest directly in assets or via external investment managers.
- The ability to take exposure to foreign currency assets and hedge these back to AUD.

Key facts

Inception date	06 December 2018
Product code	AIM105
Investment strategy	Rates & Credit - Active
Benchmark	RBA Cash Rate
Investment horizon	3 years
Liquidity	Daily
Platform availability	HUB24

Asset allocation



●	Rates & credit	91.54%
●	Cash	4.97%
●	Private markets	3.48%

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	Sector
KAPSTREAM ABSOLUTE RETURN INCOME FUND CLASS I	29.64%	Rates & credit
ARDEA REAL OUTCOME FUND CLASS A	18.62%	Rates & credit
DAINTREE CORE INCOME TRUST	16.14%	Rates & credit
COOLABAH SHORT TERM INCOME FUND	11.68%	Rates & credit
JPMORGAN GLOBAL STRATEGIC BOND FUND	8.72%	Rates & credit
CASH POSITION	4.97%	Cash
ROC PRIVATE CREDIT FUND	3.48%	Private credit
KKR GLOBAL CREDIT OPPORTUNITIES FUND (AUD) CLASS A	2.87%	Traded loans and high yield
CQS CREDIT MULTI ASSET FUND CLASS I4 AUD	2.33%	Traded loans and high yield
CQS CREDIT MULTI ASSET FUND CLASS I2 AUD	1.54%	Traded loans and high yield

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

In the March quarter, the Atrium Enhanced Fixed Income Fund delivered a strong return as credit markets remained buoyant. Returns were primarily driven by strategies centred around corporate bonds and other forms of credit, aimed at providing consistent income while safeguarding capital from short-term market fluctuations.

The Kapstream Absolute Return Income Fund returned 1.1% for the quarter, benefiting from favourable conditions in credit markets. The Atrium research team performed an on-site visit during the quarter meeting with senior investment professionals from the Kapstream investment team. The manager maintains duration exposure in the US and Europe to reflect a view that reversal of CPI is further progressed in these markets, relative to Australia, New Zealand, and Canada. The total duration was in excess of 1-year, slightly longer than typical. (Duration is a measure of a bond's / portfolio's sensitivity to changes in bond yields). Spread duration (a measure of exposure to movements in credit spreads) was held around 1.8-2 years, so the portfolio will continue to benefit from any contraction in spreads. The running yield is around 200 basis points above the cash rate. The manager remained actively engaged in global rates and credit markets during the quarter and remains highly diversified.

The Daintree Core Income Trust performed strongly in the March quarter, generating a return of 2.0%. The research team also met the Daintree principals during the quarter. The manager has increased the exposure to (mainly BBB rated) Asset-Backed and Residential Mortgage-Backed Securities, for their attractive yield. Offsetting this, the manager holds a minimum of 15% Cash, Government Bonds, and Senior Bank Paper, which tends to be the most liquid in a time of market stress. The Smarter Money Higher Income Fund generated 1.4% for the quarter, benefitting from the firmer Australian bank credit market. The JPMorgan Global Strategic Bond Fund returned 0.5% for the quarter following a strong December quarter.

The Ardea Real Outcome Fund generated a second-consecutive negative quarter with -0.5%. Consistent with their investment style, the strategy prioritized relative value investments as portfolio hedges and aimed to avoid taking directional positions on interest rates.

This quarter again showcased higher yielding strategies as strong performers, with the high yield market and the floating rate loan books delivering positive risk-adjusted results. The manager returns were offset by a loss on the long position in government bond futures, which reversed prior gains as bond yields rose.

Portfolio changes

In the past quarter, there were no additions or removals. The fund retains tactical exposure to a decline in interest rates via a mix of Australian and US Government bond futures. Although this exposure had a negative impact on performance during the quarter, we believe it holds the potential to enhance portfolio returns should yields continue to decline.

Outlook

The Portfolio is positioned conservatively and designed to navigate the prevailing volatility and uncertainty in rates and credit markets. Given the ambiguous economic outlook and heightened market instability, we have incorporated duration exposure, which will provide a return benefit in the event of bond yield declines.

We maintain flexibility to augment our exposure to high yield bonds and bank loans should opportunities arise which are consistent with the risk appetite of the fund. Managing credit portfolios during such conditions hinges on our commitment to maintaining high liquidity and substantial diversification. Consequently, we currently hold illiquid investments at less than 5% of the portfolio, emphasizing a preference for more liquid, highly rated debt that can be readily sold should better opportunities emerge.

Although our underlying managers are influenced by the day-to-day price fluctuations in credit markets, the current running yields seem attractive.

For more information

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