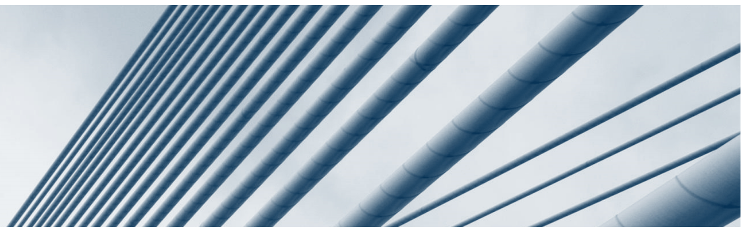
31 January 2020



ATRIUM EVOLUTION SERIES - DIVERSIFIED FUND AEF 7

INVESTMENT OBJECTIVE

To maximise returns within the constraint of ensuring that portfolio risk, or volatility, does not exceed 7% over the investment time horizon.

PERFORMANCE	Since Inception p.a.	5 Yrs p.a.	3 Yrs p.a.	1 Yr	6 Mths	3 Mths	1 Mth	Vol Since Inception p.a.	Sharpe Ratio
Atrium Evolution Series - Diversified Fund AEF 7	7.7 %	6.1 %	7.4 %	13.5 %	4.5 %	3.8 %	2.6 %	4.6 %	1.2
RBA Cash Plus 3.5%	5.7 %	5.1 %	4.9 %						

KEY HIGHLIGHTS

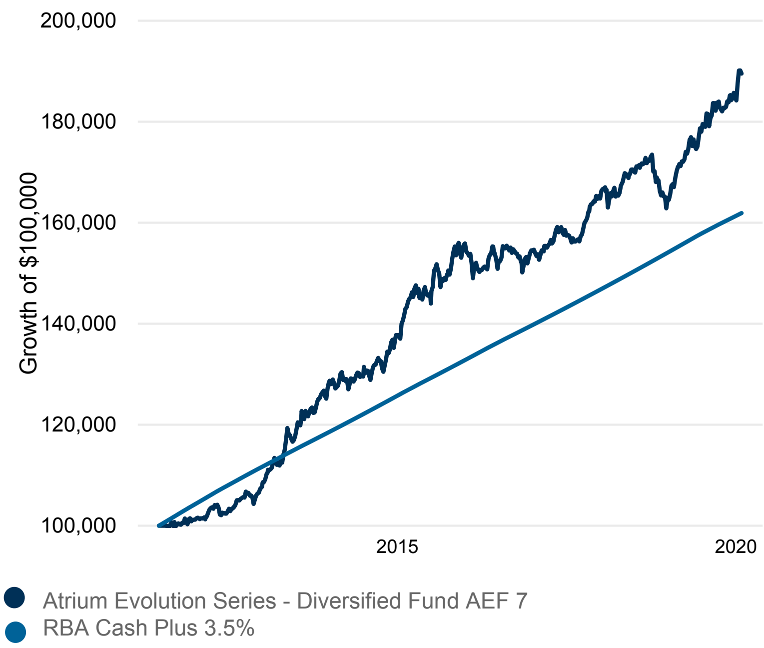
The Fund continues to outperform its objective, returning 6.1% over five years, compared to 5.1% for the cash + 3.5% benchmark.

January performance was strong with a return of 2.6%, with positive contributions from all asset classes.

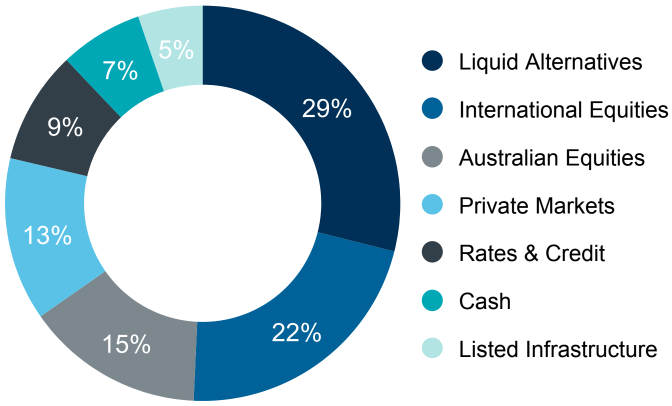
Equities were the key contributor to returns, with Australian equities in particular outperforming their global counterparts.

We are closely monitoring conditions in China and elsewhere, as global trade and pandemic concerns have the potential for adverse impacts on global markets. The Evolution 7 Fund currently has less than 2% direct exposure to Chinese equities.

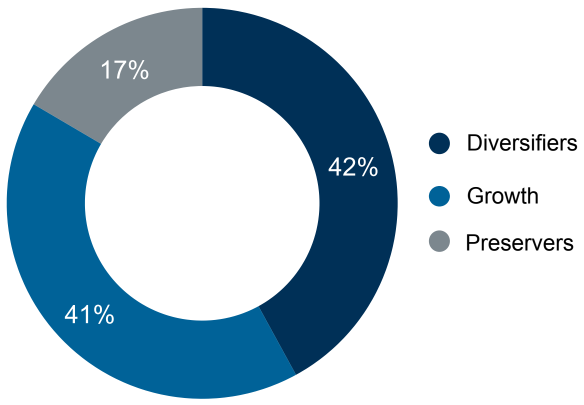
PERFORMANCE (SINCE INCEPTION)



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.

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MARKET COMMENTARY

Markets were volatile during January, with the main focus moving from the US-China trade dispute, to the coronavirus outbreak in China. Markets looked to price in the potential impact on global economic activity, while commodity prices fell sharply, given there is likely to be a significant impact on Chinese demand if the virus is not contained in the near-term. Impeachment proceedings against the US President were not a major driver of markets in January despite the noise generated.

US equities continued to grind higher in the first half of January, reaching new record highs led again by the information technology sector. Apple, Microsoft and Amazon all gained, supported by better earnings, and benefiting from the additional liquidity the US Federal Reserve has been injecting into markets. Tesla was also a standout, rising 55.5%, as reported earnings were better than expected and a number of shorts were forced to cover their positions by buying stock at higher prices. However, in the second half of the month, as the count of coronavirus victims rose, the equity market became increasingly focussed on the impact this may have on the global economy. Oil and copper prices fell sharply (-15.6% and -10.0% for the month, respectively), leaving the energy sector 11.1% lower and materials 6.2% weaker. At the end of the month, the technology sector had generated a positive return (+4.0%), leaving the US market flat for the month. Europe fell 1.3% for the month, despite a slightly more optimistic tone to the economic backdrop. Emerging markets (-3.7%) were hit hard by the coronavirus news and associated moves in commodity prices, although falls were less than might have been expected as the Chinese market was closed for the last week of the month on an extended Chinese New Year break.

Australian equities bucked the negative trend, returning 5.0% for the month, although small caps (+3.4%) lagged somewhat. The healthcare index saw a return of +12.0% for the month driven by continued new highs for CSL (+13.2%). The IT sector was also very strong, although this has a much lower weighting in Australia compared to the respective sector in the US; Afterpay (+31.7%), NextDC (+15.4%), Appen (+12.9%) and EML Payments (+15.9%) all rose sharply. The materials sector was positive (+1.8%), partly due to the rise in the gold price over the month.

Bond markets were very strong during January, as yields declined very sharply in the US and Australia. One main near-term driver was coronavirus, but markets also remain sceptical as to whether deflationary risks have dissipated and whether the US economy in particular remains on a sustainable recovery path, or whether the cycle has become over-extended. Over the month, US 10-year treasury bond yields fell 41 basis points (bps) to 1.51%, Australian 10-year bonds fell 42bps to 0.95% and German bund yields remained negative at -0.43%. Credit markets were slightly softer over the month, reflecting the volatility in equity markets.

The Australian dollar fell 4.7% to 0.6688, mainly reflecting the abovementioned concerns around the coronavirus, and the negative potential impact on Australia's key export markets (commodities, tourism and education).

PORTFOLIO COMMENTARY

The new year brought further cheer for investors as markets continued to grind higher, notwithstanding the outbreak of the novel coronavirus in China which impacted markets toward the end of the month.

The Fund continues to outperform its objective, returning 6.1% over five years, compared to 5.1% for the cash + 3.5% benchmark. In January, the Fund was up 2.6%, and 6.5% for the financial year-to-date, well in excess of the cash rate. All asset classes contributed positively to returns, with equities the key contributor to returns for the month, and domestic markets in particular outperforming their global counterparts.

In equities, our Australian equity managers performed strongly again this month. The Atrium Equity Opportunities Fund continued its run of outperformance with key contributions from Magellan Financial and Resmed, while Treasury Wines was the only notable detractor. The Bennelong ex-20 Australian Equities Fund also outperformed its benchmark for the month. Within global equities, investment managers Antipodes and Magellan posted positive returns of 1.5% and 6.8% respectively in a global market increasingly led by technology stocks, while our recent investment into global listed infrastructure via a mandate managed by Magellan returned 6.4% for the month as utility and infrastructure stocks benefited from the fall in global bond yields.

Our diversifiers allocation also delivered positive returns in January, with a standout contribution from our systematic macro strategies which benefited from momentum in global markets. P/E Global FX Alpha Fund returned 5.6% on the back of a strengthening US dollar. Bennelong Long Short Equity Fund also continued its recent strong run of performance, benefiting from solid contributions from several of their pair trading positions.

The Atrium Enhanced Fixed Income Fund was higher for the month, with falling global government bond yields (rising bond prices) providing a tailwind for performance. Within this fund, the JP Morgan Global Strategic Bond Fund allocation was the best performing fixed income manager for the month on the back of stronger credit markets, while the allocation to the Kapstream Absolute Return Income Fund also delivered a solid return.

Global trade concerns have taken a backseat to concerns of a potential global pandemic developing in China. The Evolution 7 Fund currently has less than 2% direct exposure to Chinese equities, and we are closely monitoring conditions and the potential adverse impact on global markets.

As we have reiterated, continued monetary stimulus from central banks and potential fiscal stimulus from global governments (especially China) will become supportive factors for global markets. While economic risks have abated, the coronavirus outbreak has the potential to become a serious risk for economic activity and global markets if it is not contained over the next few months. We continue to monitor the situation closely.