30 June 2021

INTEGRATED MAPS

MAPS ALTERNATIVES PORTFOLIO

INVESTMENT OBJECTIVE

To deliver positive absolute returns through a diversified portfolio of alternative investment strategies. The Portfolio Manager will seek to deliver these returns in a risk-controlled manner, targeting total expected portfolio risk of 4-6% p.a. The Investment Portfolio is designed to generate consistent positive returns that are independent of equity market returns while preserving capital over a long-term investment horizon.

PERFORMANCE	Since Inception	1 Year	6 Mths	3 Mths	1 Mth	Vol Since Inception p.a.	Sharpe Ratio
MAPS Alternatives Portfolio	6.1%	10.1%	5.0%	2.7%	-0.1%	4.6%	1.2

KEY HIGHLIGHTS

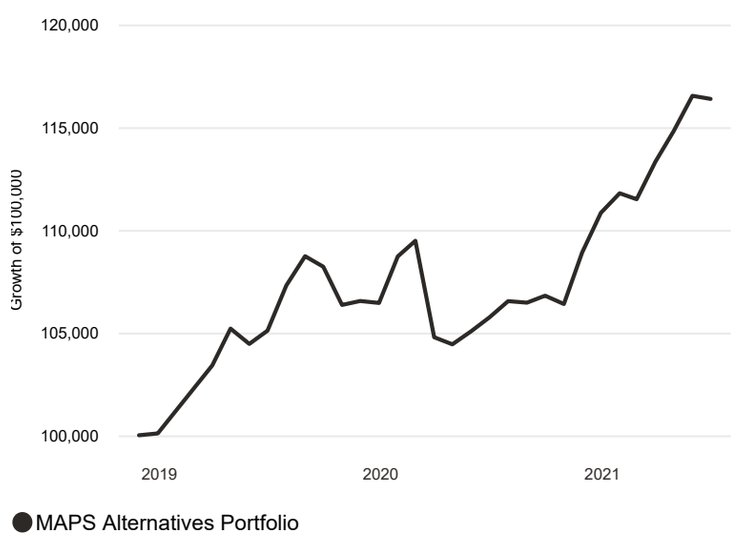
The MAPS Alternatives Portfolio returned 2.7% for the quarter delivering a solid 10.1% for the financial year.

Australian long-short equity strategies Bennelong Long-Short Equity Fund and Regal Tasman Market Neutral Fund both contributed strongly for the quarter as fundamentals re-asserted themselves as a driver of equity returns.

Risk Premia managers enjoyed another strong quarter despite the reversal in equity factor returns. Volatility in the USD caused some pain but substantial earlier gains from commodities stood the strategy in good stead.

The Portfolio continues to deliver attractive risk-adjusted returns while we expect to make tangible changes over the next few months to increase the robustness of the portfolio during periods of sharp equity market drawdowns.

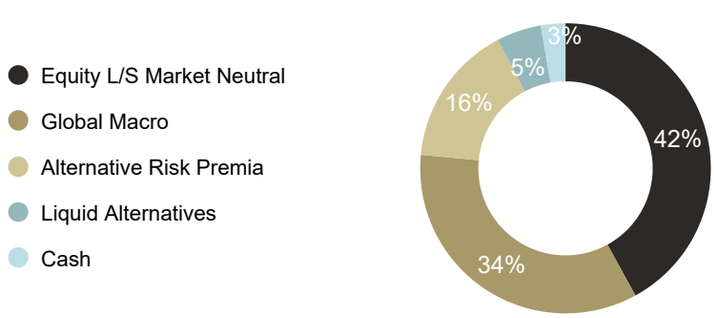
PERFORMANCE (SINCE INCEPTION)



Source: Atrium, 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. The performance figures do 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.

Source: Atrium, HUB24. Allocations as at the date of this report.

CATEGORY EXPOSURE



CATEGORY	NAME	WEIGHT %
Global Macro	Crown Diversified Trend Access Fund	22.07%
Equity L/S Market Neutral	Atrium Alternatives Fund	21.42%
Equity L/S Market Neutral	Zebedee Long Short Equity Access Fund	20.59%
Alternative Risk Premia	Man Alternative Style Risk Premia Access Fund	15.81%
Global Macro	P/E Global FX Alpha (AUD)	7.12%
Global Macro	GMO Systematic Global Macro Trust	5.29%
Liquid Alternatives	Ardea Pure Alpha Fund - Class I	4.97%
Cash	Cash	2.73%
Total		**100.00%**

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MARKET COMMENTARY

The June quarter saw a continued rise in equity markets, with a number of markets, notably the US and Australia, making a series of record highs. In part, particularly late in the quarter, there was a move to re-think the reflationary theme which had driven markets over the prior 6 months. The growing impact of the delta variant of COVID-19, along with signals from some central banks that rate hikes may be closer than previously indicated, saw longer dated bond yields decline given what rate hikes mean for activity and inflation further out. The quarter saw the Australian dollar decline, against a broadly-unchanged (trade-weighted) US dollar.

US equities saw another very positive quarter, generating a return of 8.5%. Consumer Financials were conspicuous with a 19.8% return, led by sharp moves in Discover Financial Services (+24.5%), and Capital One. Steel was strong (+19.5%) as Nucor rose, and the Oil and Gas Exploration sector also generated strong gains (+15.6%) as the oil price continued to rise. To the downside, it was mainly COVID-sensitive sectors which lagged, with Airlines (-11.4%), Hotels (-4.0%), Casinos (-2.3%) and Movies (-2.2%) standing out against the gains in the overall market. Europe generated a +4.9% gain, with France being a standout outperformer (+9.1%, as LVMH gained sharply), Germany standing out as a weaker market (+3.5%). Emerging Markets were mixed for the quarter, with Russia benefitting from the strong move in oil prices, returning +10.7%. Brazil was firm (+8.7%) despite tightening policy numerous times in the first half, and key tech markets, South Korea and Taiwan were also firm (+5.9 and 8.4% respectively). China rounded out its first half underperformance, one factor being increased regulatory pressure being applied to companies affiliated with a number of well-known local entrepreneurs.

The Australian equity market saw further substantial gains, returning 8.3%. Although small by comparison to other major markets, the Information Technology sector led the S&P/ASX 200 index, rising 12.1% for the quarter. IT was led in particular by Megaport (+66.2% on a strong quarterly update) and Iress (+40.6% on M&A activity). Consumer Discretionary also performed well (+11.2%), while Utilities (-4.5%) and Energy (-2.8%) lagged. It was of some interest that 2 sectors, Real Estate and Financials, were slightly below the overall market. Real Estate has performed well, despite an ongoing COVID hit to CBD properties, as residential property prices remained extremely strong due in part to limited supply. Financials were paced by HUB (+37.3%) and Netwealth (+27.2%) as these platforms continue to add significant user numbers, although it was CBA which was a key driver, rising 16% and reaching a price of $100 for the first time late in the quarter.

Bond markets recovered sharply, clawing back a part of the prior quarter's losses, and markets started to rethink the inflation and longer term growth outlook for major economies. Importantly, the US Federal Reserve highlighted that the timeframe over which rates will remain at close to zero has shortened, reflecting an improved economic outlook, and inflation readings above 2% over the horizon. Short-dated US treasury yields rose slightly, however 10-year treasury yields fell 27 basis points (bps) as typically occurs when a central bank indicates a shift – no matter how far off – towards a tightening of policy. In Australia, all eyes were on the Reserve Bank of Australia's meeting just beyond quarter end, to ascertain updated guidance on the RBA's thoughts as to extending quantitative easing, particularly given some very strong data on the labour market. 10-year Australian Government bond yields fell -26bps to 1.53%. In addition, a very sharp underperformance was seen in semi-government debt, following the COVID-induced lockdown in New South Wales late in the quarter. Broader credit markets remain firm in general.

The Australian dollar saw its second consecutive quarterly decline, falling 1.3% to 0.75 US dollars, reflecting a recovery in the US dollar later in the quarter. Gold rose over the quarter reflecting the decline in real yields. Elsewhere, Bitcoin crumbled by almost 50% from its 2021 highs, amidst heightened volatility.

PORTFOLIO COMMENTARY

The MAPS Alternatives Portfolio continued its strong run of absolute returns over the last 12 months. The Portfolio returned 2.7% for the quarter and delivered a solid 10.1% for the financial year. It is pleasing to note that this performance came despite a dramatic shift in Macro return drivers between Q1 and Q2, 2021. Chief amongst these shifts were moves in global bond yields that reversed course after rising sharply in Q1. This led to a notable change in return leadership in the Alternatives Portfolio.

Australian long-short equity strategies Bennelong Long-Short Equity Fund and Regal Tasman Market Neutral Fund both contributed strongly for the quarter as fundamentals re-asserted themselves as a driver of equity returns. Both enjoyed success in identifying outperforming stocks in the resources sector such as Mineral Resources and Orocobre.

The reversal in bond markets did lead to some losses for our trend-following strategies late in the quarter. However, our systematic macro managers that focus on relative value opportunities were able to pivot and capture significant returns from the volatility in yields. Crown Diversified Macro Segregated Portfolio was the strongest performer amongst these managers.

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PORTFOLIO COMMENTARY

The reversal of bond yields that occurred over the course of the quarter led investors to re-assess their equity preferences. Lower yields lead a renaissance in growth orientated tech stocks at the expense of reflationary orientated value stocks. As investors once again contemplated a future of lower for longer bond yields, they craved the superior revenue growth prospects of the darlings of the US tech sector. Risk Premia managers enjoyed another strong quarter despite the reversal in equity factor returns. Whilst there were some losses late in the quarter as value-orientated stocks retreated, these were more than overcome through earlier gains in momentum-based strategies. As with our trend followers, volatility in the USD caused some pain but substantial earlier gains from commodities stood the strategy in good stead.

The Portfolio continues to deliver attractive risk-adjusted returns while we expect to make tangible changes over the next few months in order to increase the robustness of the portfolio during periods of sharp equity market drawdowns.