

# Atchison Active Alternatives Portfolio

## What is the Atchison Active Alternatives Portfolio?

The Atchison Active Alternatives Portfolio offers an all-in-one solution for your alternative asset class exposure, investing across a broad spectrum of asset types and structures to deliver a diversified solution.

The Portfolio is a diversified separately managed account (SMA) that invests into a curated selection of actively managed funds and specific index-tracking exchange traded funds (ETFs). The Portfolio has been constructed to provide exposure to the most attractive parts of the alternative asset universe globally and domestically, including listed and unlisted private equity, venture capital, long-short equity, private credit, distressed credit, and hedge funds among others. The decision-making framework is guided by Atchison's firm philosophy and investment approach.

The Portfolio is actively managed, from an asset allocation and investment selection perspective. It carries the 'Active' name due to the selection of both actively managed funds that seek to outperform their benchmark and specific index-tracking investments.

The Portfolio aims to generate returns from active asset allocation and investment selection decisions. The Portfolio is diversified across alternative asset types, listed and unlisted markets, sectors and fund managers, and is continuously reviewed and adjusted by Atchison to ensure the Portfolio remains appropriately positioned to take advantage of evolving investment and economic conditions. Given the nature of investing in alternatives, many of which are traded on global share markets, the minimum suggested timeframe for investors in this portfolio is 10 years.

The Portfolio can hold up to 15 investments, with a minimum of two, with the average being four to six underlying funds. An example of the underlying holdings and funds within the portfolio includes:



## Asset Allocation

The Portfolio must invest according to the asset allocation range in the table below. The Portfolio is intended to be always invested, with the exposure range for cash included to allow for portfolio changes to be implemented over a reasonable period. Atchison will not use the cash weighting to express views on macroeconomic or valuation conditions.

	Range
Alternatives	85 – 99%
Cash	1 – 15%

## What is the objective of the Portfolio?

To outperform the Australian core cash rate over rolling 5-year periods (equivalent being ASX: BILL). The Portfolio is suited for investors seeking to dampen the impact of market volatility on their portfolio and provide a non-correlated source of attractive return. It will combine, when deemed suitable, listed and unlisted private equity and venture capital, hedge funds, distressed and private credit among other alternative investments with the aim of lowering the overall volatility of the Portfolio. At a point in time, a small fraction of the Portfolio may exhibit some illiquidity.

Generally, a Portfolio solely invested in alternatives is deemed risky. However, when aligned with other complimentary Atchison asset class portfolios, enables the financial adviser to create efficiently, tailored and customisable diversified multi asset class, multi manager solutions.

## Fund facts

- **Minimum Suggested Investment Timeframe:** 10 Years
- **Investment Objective:** Performance of BILL reflecting Australian core cash rate returns over rolling 5-year periods.
- **Benchmark:** RBA Cash Rate
- **Investment Universe:** Managed Funds, ETFs, cash
- **Number of Holdings:** 2 - 15
- **Standard Risk Measure:** Medium to High
- **Managed Account Fee:** 0.401% p.a.
- **Minimum Investment Amount:** \$5,000

## How does Atchison invest?

- **It starts and ends with risk:** The basis of all investment decisions is a focus on identifying and managing risk and nowhere is this more important than in alternative asset classes. Atchison's are advocates of the diversification and return benefits of material allocation to an asset class.
- **Asset allocation is the primary driver of returns:** Research consistently shows that asset allocation decisions drive as much as 90 per cent of returns. Atchison believes in the value of a more granular approach to asset allocation and the role of alternatives in offering non-correlated returns.
- **Liquidity is your friend:** Illiquidity is too commonly seen as resulting in less risk associated with an investor but requires investors to give up on flexibility and optionality. We believe liquidity is paramount within the core of portfolios and thus is the focus of this sleeve.
- **Costs matter:** While we believe that investment fees should be kept to a minimum, our own research has shown that certain asset classes offer the potential for significant outperformance. Our focus remains on paying higher fees only where the investment offers something truly different.
- **Always have an exit strategy:** Too often investment markets and decision makers extrapolate short-term events into long-term trends. We understand that the inputs to every asset class are different and thus we must plan for when circumstances eventually change.

## Why trust Atchison?

- **Active management:** Atchison are proponents of active management, at both the asset allocation and investment selection level. Atchison blends both low cost, index-tracking investments with actively managed funds and ETFs to seek the best outcome for investors.
- **Investment expertise:** You can be at peace knowing this portfolio is being constantly monitored and managed by our specialised and experienced investment team, with over 20 years of history supporting institutional investors and financial advisers.
- **Institutional history:** With our groundings in risk analysis, approved product list (APL) and independent research projects, we bring a truly institutional mindset to the management of all portfolios.
- **Communication:** We believe in absolute transparency, highlighting what worked, what didn't work, and how we are fixing it. We provide monthly market updates reviewing the Portfolio including attributions and contributions / graphs and charts / detractors and contributors.
- **True diversification:** We view diversification through multiple lenses, not only the selection of fund managers. This extends into company, sector, style, currency and revenue factors among others, with the aim being to reduce the exposure to any single source of risk.

## Key Risks:

Investing in Atchison Active Alternatives Portfolio can offer diversification and a well-rounded approach to managing your investments in Alternatives. However, like all investment opportunities it carries certain risks, including, market risk, asset allocation risk, manager risk, liquidity risk, interest rate risk, credit risk, inflation risk, tax implications, diversification risk, and compliance risk.

Ensure before proceeding, you are receiving professional advice from a qualified and registered financial planner before considering this product, or any investment product.

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- When investing in alternative assets, it is essential to be aware that exposure to foreign currency fluctuations naturally occurs. In cases where this exposure is not hedged, it is important to recognise that changes in foreign exchange markets can significantly affect the overall return on an investment. These effects can be both positive and negative and are independent of the performance of the underlying assets.
- While diversification is a valuable strategy, it's important to acknowledge that it may not fully mitigate systematic risk, such as the risk associated with an economic crisis, which could impact all Alternatives.
- Fund managers invested in Alternatives have historically delivered uncorrelated and fluctuating returns, based on philosophy, manager, regional exposure, sector allocations and holdings. It's important to note, Alternatives are usually a complimentary asset class, NOT a core asset class when constructing a balanced portfolio. Moreover, short-term markets can exhibit substantial volatility, meaning that the value of your investment can fluctuate.

**Warnings:** Past performance should not be relied upon as a dependable indicator of future performance. Before making any investment decisions, it is essential for the reader to consider whether it aligns with their personal financial circumstances or seek independent financial advice regarding its suitability. If the financial advice pertains to acquiring or potentially acquiring a particular financial product, it is advisable for the reader to obtain and review the Investment Statement or Product Disclosure Statement for each financial product before making any decisions regarding its acquisition.

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