Atchison

Atchison SMA

Review of Investment Objectives & Asset Allocation

March 2023

Identifying Opportunity™

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1 Executive Summary

Trustees utilising the Atchison SMA strategies, consistent with the obligation to act in the best interests of beneficiaries, are required to implement a sound investment governance framework which focuses on managing relevant risks and returns of the investment strategy.

A review the investment strategies provides recommendations on strategic asset allocation (SAA), expected return profile, time horizon, volatility, risk objective, expected behaviour under stressed scenarios, and expected liquidity profile.

Atchison will offer the choice of the following diversified investment options. Refer Table 1 below.

Table 1: Investment Options

Investment Strategy	Growth/Defensive Allocations
Atchison20	20.0% Growth assets/80.0% Defensive assets
Atchison40	36.3% Growth assets/63.7% Defensive assets
Atchison55	55.0% Growth assets/45.0% Defensive assets
Atchison70	73.4% Growth assets/26.6% Defensive assets
Atchison85	85.0% Growth assets/15.0% Defensive assets
Atchison98	98.0% Growth assets/2.0% Defensive assets
Atchison20ETF	15.9% Growth assets/84.1% Defensive assets
Atchison40ETF	31.6% Growth assets/68.4% Defensive assets
Atchison55ETF	51.0% Growth assets/49.0% Defensive assets
Atchison70ETF	70.4% Growth assets/29.6% Defensive assets
Atchison85ETF	85.2% Growth assets/14.8% Defensive assets
Atchison98ETF	98.0% Growth assets/2.0% Defensive assets

The scope of this review has been conducted in accordance with APRA Prudential Standard 530 Investment Governance Guidelines and summarised in Table 2 below:

Table 2: The scope of this review

Investment Strategy	SAA Review	Investment Objective	Scenario Stress Testing	Liquidity Stress Testing	ESG Stress Testing	Standard Risk Measure
Atchison20	✓	✓	✓	✓	✓	✓
Atchison40	✓	✓	✓	✓	✓	✓
Atchison55	✓	✓	✓	✓	✓	✓
Atchison70	✓	✓	✓	✓	✓	✓
Atchison85	✓	✓	✓	✓	✓	✓
Atchison98	✓	✓	✓	✓	✓	✓
Atchison20ETF	✓	✓	✓	✓	✓	✓
Atchison40ETF	✓	✓	✓	✓	✓	✓
Atchison55ETF	✓	✓	✓	✓	✓	✓
Atchison70ETF	✓	✓	✓	✓	✓	✓
Atchison85ETF	✓	✓	✓	✓	✓	✓
Atchison98ETF	✓	✓	✓	✓	✓	✓

More specially, this review encompasses:

Review of Strategic Asset Allocation, Investment Objectives and Standard Risk Measures

Asset Allocations and investment objectives have been analysed to ascertain whether the SAA, asset allocation ranges, investment objective and SRM for Atchison remain current.

Conducting Scenario Stress Testing

Stress testing scenarios have been performed on Atchison strategies in accordance with APRA Prudential Standard SPS 530, factoring investment returns, SAA, and risk factors that have the potential to influence major asset classes and therefore have an impact on the investment performance of the investment strategy.

- A probability of greater than 50% is sought for an investment objective to be considered adequate. The Atchison strategies would have achieved its investment objective more than 50% of the time.
- As a result of this review, the trigger level has been derived as a pre-emptive flag to be monitored as part of the ongoing supervision of the investment strategy included in Appendix B.
- On a quarterly basis, the performance of the Atchison strategies is to be monitored against the trigger level to ensure that the investment strategy maintains at least a 50% probability to achieve its investment objective.
- The investment option ranges have been stress tested by the addition of the most volatile portfolio (P1) for each investment option

Conducting ESG Stress Testing

Review of how the investment options performed during key environment disasters.

- None of the environment disasters were a significant contributor (either negative or positive) to portfolio returns, likely due to the slow impact of climate change on asset class returns and the ability to take corrective actions as and when detrimental disasters etc. occur

Conducting Liquidity Stress Testing

The liquidity position of Atchison has been reviewed taking into consideration relevant asset classes and underlying investments.

- Consideration has been given to the liquidity of the underlying investments in normal and stressed market conditions for Atchison. The asset allocation is expected to remain liquid under stressed market scenarios.
- It is recommended that cash flow requirements are closely monitored to ensure sufficient cash is available to meet liabilities as they arise.

2 Conclusions and Recommendations

Annual Review

SAAs and investment objectives have been analysed on a historical and forecast basis to ascertain whether the existing and proposed SAA, asset allocation ranges, investment objectives and standard risk measure (SRM) for the investment options remain current (after investment management fees and tax) and whether the proposed SAA has a material detrimental consequence on member outcomes.

Table 3 to 14 below provide a comparison for Atchison investment options between their current investment objectives, SAA, asset class ranges, and SRMs against the Asset Consultants proposed recommendation based on this review.

Atchison20

The following table provides information of Atchison20 Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 3: Current and recommended asset allocation of Atchison20

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	20.0/80.0	100	20.0/80.0	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	7.1	0.0-15.0	7.1	0.0-15.0
Real Assets	1.4	0.0-5.0	1.4	0.0-5.0
Alternatives	5.0	0.0-10.0	5.0	0.0-10.0
International Equities	6.5	0.0-15.0	6.5	0.0-15.0
Cash	16.0	5.0-30.0	16.0	5.0-30.0
Duration	24.0	10.0-40.0	24.0	10.0-40.0
Floating	40.0	15.0-60.0	40.0	15.0-60.0
Investment Objective	**CPI + 0.5% pa over rolling 3-year periods**		**CPI + 0.5% pa over rolling 3-year periods**	
Standard Risk Measure	**Medium**		**Medium**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 0.5% pa over rolling 3-year periods
- Maintain the current SRM of Medium

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison40

The following table provides information of Atchison40 Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 4: Current and recommended asset allocation of Atchison40

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	36.3/63.7	100	36.3/63.7	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	14.2	5.0-25.0	14.2	5.0-25.0
Real Assets	2.3	0.0-6.0	2.3	0.0-6.0
Alternatives	7.0	0.0-15.0	7.0	0.0-15.0
International Equities - Unhedged	12.8	5.0-20.0	12.8	5.0-20.0

Cash	12.7	5.0-20.0	12.7	5.0-20.0
Duration	19.1	10.0-30.0	19.1	10.0-30.0
Floating	31.9	15.0-50.0	31.9	15.0-50.0
Investment Objective	**CPI + 1.0% pa over rolling 5-year periods**		**CPI + 1.0% pa over rolling 5-year periods**	
Standard Risk Measure	**Medium**		**Medium to High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 1.0% pa over rolling 5-year periods
- Adopt an SRM of Medium to High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison55

The following table provides information of Atchison55 Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 5: Current and recommended asset allocation of Atchison55

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	55.0/45.0	100	55.0/45.0	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	23.5	10.0-35.0	23.5	10.0-35.0
Real Assets	3.7	0.0-8.0	3.7	0.0-8.0
Alternatives	8.0	2.0-15.0	8.0	2.0-15.0
International Equities - Unhedged	19.8	10.0-30.0	19.8	10.0-30.0
Cash	9.0	5.0-20.0	9.0	5.0-20.0
Duration	13.5	5.0-20.0	13.5	5.0-20.0
Floating	22.5	5.0-35.0	22.5	5.0-35.0
Investment Objective	**CPI + 2.0% pa over rolling 7-year periods**		**CPI + 2.0% pa over rolling 7-year periods**	
Standard Risk Measure	**Medium**		**High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 2.0% pa over rolling 7-year periods
- Adopt an SRM of High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison70

The following table provides information of Atchison70 Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 6: Current and recommended asset allocation of Atchison70

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	73.4/26.6	100	73.4/26.6	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	31.8	15.0-45.0	31.8	15.0-45.0

Real Assets	5.4	0.0-10.0	5.4	0.0-10.0
Alternatives	10.0	2.0-20.0	10.0	2.0-20.0
International Equities - Unhedged	26.2	10.0-40.0	26.2	10.0-40.0
Cash	5.3	2.0-20.0	5.3	2.0-20.0
Duration	8.0	0.0-15.0	8.0	0.0-15.0
Floating	13.3	5.0-20.0	13.3	5.0-20.0
Investment Objective	**CPI + 3.0% pa over rolling 8-year periods**		**CPI + 3.0% pa over rolling 8-year periods**	
Standard Risk Measure	**Medium**		**High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 3.0% pa over rolling 8-year periods
- Adopt an SRM of High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison85

The following table provides information of Atchison85 Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 7: Current and recommended asset allocation of Atchison85

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	87.0/13.0	100	87.0/13.0	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	38.8	15.0-45.0	38.8	15.0-45.0
Real Assets	4.4	0.0-10.0	4.4	0.0-10.0
Alternatives	12.0	2.0-22.0	12.0	2.0-22.0
International Equities - Unhedged	31.8	15.0-50.0	31.8	15.0-50.0
Cash	2.6	2.0-20.0	2.6	2.0-20.0
Duration	3.9	0.0-12.0	3.9	0.0-12.0
Floating	6.5	5.0-15.0	6.5	5.0-15.0
Investment Objective	**CPI + 4.0% pa over rolling 10-year periods**		**CPI + 4.0% pa over rolling 10-year periods**	
Standard Risk Measure	**High**		**High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 4.0% pa over rolling 10-year periods
- Maintain the current SRM of High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison98

The following table provides information of Atchison98 Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 8: Current and recommended asset allocation of Atchison98

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	98.0/2.0	100	98.0/2.0	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	42.0	15.0-45.0	42.0	15.0-45.0
Real Assets	2.0	0.0-10.0	2.0	0.0-10.0
Alternatives	15.0	2.0-28.0	15.0	2.0-28.0
International Equities - Unhedged	39.0	15.0-55.0	39.0	15.0-55.0
Cash	2.0	2.0-20.0	2.0	2.0-20.0
Duration	0.0	0.0-5.0	0.0	0.0-5.0
Floating	0.0	0.0-5.0	0.0	0.0-5.0
Investment Objective	**CPI + 5.0% pa over rolling 12-year periods**		**CPI + 5.0% pa over rolling 12-year periods**	
Standard Risk Measure	**Very High**		**High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 5.0% pa over rolling 12-year periods
- Adopt an SRM of High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison20ETF

The following table provides information of Atchison20ETF Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 9: Current and recommended asset allocation of Atchison20ETF

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	15.9/84.1	100	15.9/84.1	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	7.5	0.0-15.0	7.5	0.0-15.0
Real Assets	1.5	0.0-5.0	1.5	0.0-5.0
Alternatives	0.0	0.0-10.0	0.0	0.0-10.0
International Equities - Unhedged	6.9	0.0-15.0	6.9	0.0-15.0
Cash	16.8	5.0-30.0	16.8	5.0-30.0
Duration	25.3	10.0-40.0	25.3	10.0-40.0
Floating	42.0	15.0-60.0	42.0	15.0-60.0
Investment Objective	**CPI + 0.5% pa over rolling 3-year periods**		**CPI + 0.5% pa over rolling 3-year periods**	
Standard Risk Measure	**Medium**		**Medium**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 0.5% pa over rolling 3-year periods
- Maintain the current SRM of Medium

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison40ETF

The following table provides information of Atchison40ETF Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 10: Current and recommended asset allocation of Atchison40ETF

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	31.6/68.4	100	31.6/68.4	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	15.3	5.0-25.0	15.3	5.0-25.0
Real Assets	2.5	0.0-6.0	2.5	0.0-6.0
Alternatives	0.0	0.0-15.0	0.0	0.0-15.0
International Equities - Unhedged	13.8	5.0-20.0	13.8	5.0-20.0
Cash	13.7	5.0-20.0	13.7	5.0-20.0
Duration	20.6	10.0-30.0	20.6	10.0-30.0
Floating	34.1	15.0-50.0	34.1	15.0-50.0
Investment Objective	**CPI + 1.0% pa over rolling 5-year periods**		**CPI + 1.0% pa over rolling 5-year periods**	
Standard Risk Measure	**Medium**		**Medium to High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 1.0% pa over rolling 5-year periods
- Adopt an SRM of Medium to High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison55ETF

The following table provides information of Atchison55ETF Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 11: Current and recommended asset allocation of Atchison55ETF

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	51.0/49.0	100	51.0/49.0	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	25.5	10.0-35.0	25.5	10.0-35.0
Real Assets	4.0	0.0-8.0	4.0	0.0-8.0
Alternatives	0.0	2.0-15.0	0.0	2.0-15.0
International Equities - Unhedged	21.5	10.0-30.0	21.5	10.0-30.0
Cash	9.8	5.0-20.0	9.8	5.0-20.0
Duration	14.7	5.0-20.0	14.7	5.0-20.0
Floating	24.5	5.0-35.0	24.5	5.0-35.0
Investment Objective	**CPI + 2.0% pa over rolling 7-year periods**		**CPI + 2.0% pa over rolling 7-year periods**	
Standard Risk Measure	**Medium**		**High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 2.0% pa over rolling 7-year periods
- Adopt an SRM of High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison70ETF

The following table provides information of Atchison70ETF Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 12: Current and recommended asset allocation of Atchison70ETF

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	70.4/29.6	100	70.4/29.6	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	35.3	15.0-45.0	35.3	15.0-45.0
Real Assets	6.0	0.0-10.0	6.0	0.0-10.0
Alternatives	0.0	2.0-20.0	0.0	2.0-20.0
International Equities - Unhedged	29.1	10.0-40.0	29.1	10.0-40.0
Cash	5.9	2.0-20.0	5.9	2.0-20.0
Duration	8.9	0.0-15.0	8.9	0.0-15.0
Floating	14.8	5.0-20.0	14.8	5.0-20.0
Investment Objective	**CPI + 3.0% pa over rolling 8-year periods**		**CPI + 3.0% pa over rolling 8-year periods**	
Standard Risk Measure	**Medium**		**High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 3.0% pa over rolling 8-year periods
- Adopt an SRM of High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison85ETF

The following table provides information of Atchison85ETF Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 13: Current and recommended asset allocation of Atchison85ETF

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	85.2/14.8	100	85.2/14.8	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	44.1	20.0-60.0	44.1	20.0-60.0
Real Assets	5.0	0.0-10.0	5.0	0.0-10.0
Alternatives	0.0	2.0-22.0	0.0	2.0-22.0
International Equities - Unhedged	36.1	15.0-50.0	36.1	15.0-50.0
Cash	3.0	2.0-12.0	3.0	2.0-12.0
Duration	4.4	0.0-12.0	4.4	0.0-12.0
Floating	7.4	5.0-15.0	7.4	5.0-15.0
Investment Objective	**CPI + 4.0% pa over rolling 10-year periods**		**CPI + 4.0% pa over rolling 10-year periods**	
Standard Risk Measure	**High**		**High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 4.0% pa over rolling 10-year periods
- Maintain the current SRM of High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Atchison98ETF

The following table provides information of Atchison98ETF Investment Strategy on the investment objective, SAA, asset allocation ranges, and SRM with the Asset Consultants recommendation based on this review.

Table 14: Current and recommended asset allocation of Atchison98ETF

Strategic Asset Allocation (%)	Current		Recommended	
Growth/Defensive Allocation (%)	98.0/2.0	100	98.0/2.0	100

Asset Class	Current SAA(%)	Ranges(%)	Recommended SAA(%)	Ranges(%)
Australian Shares	49.5	25.0-70.0	49.5	25.0-70.0
Real Assets	2.5	0.0-10.0	2.5	0.0-10.0
Alternatives	0.0	2.0-5.0	0.0	2.0-5.0
International Equities - Unhedged	46.0	20.0-60.0	46.0	20.0-60.0
Cash	2.0	0.0-10.0	2.0	0.0-10.0
Duration	0.0	0.0-5.0	0.0	0.0-5.0
Floating	0.0	0.0-5.0	0.0	0.0-5.0
Investment Objective	**CPI + 5.0% pa over rolling 12-year periods**		**CPI + 5.0% pa over rolling 12-year periods**	
Standard Risk Measure	**Very High**		**High**	

Conclusion

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 5.0% pa over rolling 12-year periods
- Adopt an SRM of High

Recommendation

- The above tabled recommendations to be approved
- It is also recommended that a review of SAA, investment objectives, asset class ranges and SRM be conducted in accordance with APRA Prudential Standard 530 Investment Governance on an annual basis

Scenario Stress Testing

Stress testing scenarios have been performed on the Fund's multi-asset investment options in accordance with APRA Prudential Standard SPS 530, factoring investment returns, SAA and risk factors that have the potential to influence major asset classes and therefore have an impact on the investment performance of the investment options.

Conclusion

- Stress testing demonstrates that all multi-asset investment options are likely achieve their respective investment objective at least greater than 50% of the time

The recommended risk disclosures for all multi-asset investment options remain suitable

Recommendation

On a quarterly basis, performance of the investment options is to be monitored against their trigger levels to ensure that the options maintain at least a 50% probability to achieve their respective investment objectives. Trigger levels are derived using a 2 standard deviation event from the mean expected return of the respective portfolio. 2 standard deviations from the mean reflect a confidence interval of 95%.

A trigger level represents the minimum tolerance of a strategy's quarterly absolute performance. A breach of the trigger level i.e. a defined loss or minimum return to be achieved by the investment option between formal annual reviews. Should the actual investment performance fall below the relevant trigger level, the strategy may be deemed unlikely to meet its investment objective over the rest of the investment horizon and therefore will initiate a review of the investment strategy.

Environmental Stress Testing

An RSE licensee is required to consider the environmental (ESG) impacts of investments when formulating and implementing an investment strategy. APRA CPG 229 provides guidance on APRA's view of sound practice in particular areas in relation to prudent practices to climate change financial risk management.

Given the unique nature and asset allocations, the approach taken by the asset consultant to managing environmental risk is to test the Atchison multi-asset investment portfolios expected investment performance through various significant historical environmental disasters. Refer to Appendix B.

Conclusion

- None of the environment disasters was a significant contributor (either negative or positive) to portfolio returns, likely due to the slow impact of climate change on asset class returns and the ability to take corrective actions as and when detrimental disasters etc. occur

Recommendation

- ESG stress testing to be performed annually

Liquidity Stress Testing

The SIS Act requires an RSE licensee to consider the liquidity of investments when formulating and implementing an investment strategy, while also considering the expected cash flow requirements of the RSE.

The Atchison Administrator reports contribution flows and member exits/outflows to the Trustee and investment manager to assist in the early identification of unusual patterns.

In managing liquidity risk the following matters may be included:

- Cash flow projections and past cash flow will be prepared on a regular basis to check the liquidity level needed
- Whether there are appropriate early warning indicators of liquidity risk for the single investment of the Atchison, and
- Reporting to the Research and Investment Team, Trustee Investment Committee and Board.

Conclusion

- The majority of the assets can be liquidated in 30 days under both normal and stressed liquidity conditions
- These investment options are therefore deemed liquid

Recommendation

- It is recommended that cash flow requirements are closely monitored to ensure sufficient cash is available to meet liabilities as they arise

3 Introduction

Trustees utilising the Atchison SMA strategies, consistent with the obligation to act in the best interests of beneficiaries, are required to implement a sound investment governance framework which focuses on managing relevant risks and returns of the investment strategy.

The key requirements are that the Trustee:

- Formulate specific and measurable investment objectives for the investment portfolio, including return and risk objectives;
- Develop, maintain and implement an effective due diligence process for the selection of investments;
- Determine appropriate measures to monitor and assess the performance of investments on an ongoing basis;
- Review the investment objectives and investment strategies on a periodic basis;
- Develop, maintain and implement a comprehensive investment stress testing program;
- Formulate a liquidity management plan; and
- Develop, maintain, and implement an effective valuation governance framework.

A review the investment strategies provides recommendations on strategic asset allocation (SAA), expected return profile, time horizon, volatility, risk objective, expected behaviour under stressed scenarios, and expected liquidity profile.

The scope of this review has been conducted in accordance with APRA Prudential Standard 530 Investment Governance Guidelines and summarised in Table 3 below:

Table 15: The scope of this review

Investment Strategy	SAA Review	Investment Objective	Scenario Stress Testing	Liquidity Stress Testing	ESG Stress Testing	Standard Risk Measure
Atchison20	✓	✓	✓	✓	✓	✓
Atchison40	✓	✓	✓	✓	✓	✓
Atchison55	✓	✓	✓	✓	✓	✓
Atchison70	✓	✓	✓	✓	✓	✓
Atchison85	✓	✓	✓	✓	✓	✓
Atchison98	✓	✓	✓	✓	✓	✓
Atchison20ETF	✓	✓	✓	✓	✓	✓
Atchison40ETF	✓	✓	✓	✓	✓	✓
Atchison55ETF	✓	✓	✓	✓	✓	✓
Atchison70ETF	✓	✓	✓	✓	✓	✓
Atchison85ETF	✓	✓	✓	✓	✓	✓
Atchison98ETF	✓	✓	✓	✓	✓	✓

4 Review of Investment Strategies

A review of the current and proposed investment strategy and policy has been conducted. The investment objective, asset allocation and risk label have been examined.

4.1 Scenario Analysis

Scenario analysis, on a forecast and historical basis, of annual portfolio returns and volatility of returns, growth/defensive asset allocation and probability of a negative return for Atchison has been undertaken and analysis is presented in Table 16.

Value at risk measures the largest loss likely to be incurred over one year with a confidence level (varies upon scenarios). Standard Risk Measure, as per the FSC/AFSA guidelines has been derived for each investment option.

Scenarios will be applied across strategy analysis, detailed information is shown in Table 16.

Table 16: Scenarios settings

Category	Scenario 1	Scenario 2
Date Type	After management fees and pre-tax	After management fees and pre-tax
Confidence Level	95.0%	95.0%
Return and Volatility	Historical 30-year	Forecast 10-year
Correlation and methods	Historical 30-year	Historical 5-year, using Covariance Matrix
CPI	2.6%	2.0%

4.2 Analysis of Strategy: Atchison 20

4.2.1 Analysis of Asset Allocation

Table 17 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 0.5% pa over 3-year periods, on a historical basis, after management fees and before tax.

Table 17: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	7.1
Real Assets(%)	1.4
Alternatives(%)	5.0
International Equities - Unhedged(%)	6.5
Cash(%)	16.0
Duration(%)	24.0
Floating(%)	40.0
Total	**100**
Growth(%)	20.0
Defensive(%)	80.0
Scenario Analysis	
Return(%,p.a.)	5.7
Volatility(%,p.a.)	2.6
Sharpe	0.56
Risk Band	1.0
Risk Level	Very Low
Probability of Achieving CPI-based Return Target	
CPI+0.5%p.a. over a 3-year rolling period(%)	**96.9**
CPI+1.0%p.a. over a 3-year rolling period(%)	93.5
CPI+1.5%p.a. over a 3-year rolling period(%)	87.5
CPI+2.0%p.a. over a 3-year rolling period(%)	78.3
CPI+2.5%p.a. over a 3-year rolling period(%)	66.1
Annualised Value at Risk	
1 in 20 year event(%)	0
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	0.3
Probability of a Negative Annual Return(%)	1.4

Table 18 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 0.5% pa over 3-year periods, on a forecast basis, after management fees and before tax.

Table 18: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	7.1
Real Assets(%)	1.4
Alternatives(%)	5.0
International Equities - Unhedged(%)	6.5
Cash(%)	16.0
Duration(%)	24.0
Floating(%)	40.0
Total	**100**
Growth(%)	20.0
Defensive(%)	80.0
Scenario Analysis	
Return(%,p.a.)	3.7
Volatility(%,p.a.)	3.2
Sharpe	0.31
Risk Band	4.0
Risk Level	Medium
Probability of Achieving CPI-based Return Target	
CPI+0.5%p.a. over a 3-year rolling period(%)	**65.7**
CPI+1.0%p.a. over a 3-year rolling period(%)	54.8
CPI+1.5%p.a. over a 3-year rolling period(%)	43.3
CPI+2.0%p.a. over a 3-year rolling period(%)	32.3
CPI+2.5%p.a. over a 3-year rolling period(%)	22.6
Annualised Value at Risk	
1 in 20 year event(%)	-1.6
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	2.5
Probability of a Negative Annual Return(%)	12.6

4.2.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 0.5% pa over a 3-year rolling period is likely to be achieved at a 96.9% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at 0% for the current allocation. The level of investment risk, as captured by SRM, is Very Low for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 0.5% pa over a 3-year rolling period is likely to be achieved at a 65.7% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -1.6% for the current allocation. The level of investment risk, as captured by SRM, is Medium for the current SAA.

4.2.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 0.5% pa over rolling 3-year periods
- Maintain the current SRM of Medium

4.3 Analysis of Strategy: Atchison 40

4.3.1 Analysis of Asset Allocation

Table 19 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 1.0% pa over 5-year periods, on a historical basis, after management fees and before tax.

Table 19: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	14.2
Real Assets(%)	2.3
Alternatives(%)	7.0
International Equities - Unhedged(%)	12.8
Cash(%)	12.7
Duration(%)	19.1
Floating(%)	31.9
Total	**100**
Growth(%)	36.3
Defensive(%)	63.7
Scenario Analysis	
Return(%,p.a.)	6.4
Volatility(%,p.a.)	3.7
Sharpe	0.59
Risk Band	2.0
Risk Level	Low
Probability of Achieving CPI-based Return Target	
CPI+0.0%p.a. over a 5-year rolling period(%)	99.7
CPI+0.5%p.a. over a 5-year rolling period(%)	99.1
CPI+1.0%p.a. over a 5-year rolling period(%)	**97.9**
CPI+1.5%p.a. over a 5-year rolling period(%)	95.4
CPI+2.0%p.a. over a 5-year rolling period(%)	90.8
Annualised Value at Risk	
1 in 20 year event(%)	-2.0
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	0.8
Probability of a Negative Annual Return(%)	4.2

Table 20 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 1.0% pa over 5-year periods, on a forecast basis, after management fees and before tax.

Table 20: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	14.2
Real Assets(%)	2.3
Alternatives(%)	7.0
International Equities - Unhedged(%)	12.8
Cash(%)	12.7
Duration(%)	19.1
Floating(%)	31.9
Total	**100**
Growth(%)	36.3
Defensive(%)	63.7
Scenario Analysis	
Return(%,p.a.)	4.5
Volatility(%,p.a.)	4.6
Sharpe	0.39
Risk Band	5.0
Risk Level	Medium to High
Probability of Achieving CPI-based Return Target	
CPI+0.0%p.a. over a 5-year rolling period(%)	86.4
CPI+0.5%p.a. over a 5-year rolling period(%)	79.7
CPI+1.0%p.a. over a 5-year rolling period(%)	**71.0**
CPI+1.5%p.a. over a 5-year rolling period(%)	60.8
CPI+2.0%p.a. over a 5-year rolling period(%)	49.5
Annualised Value at Risk	
1 in 20 year event(%)	-3.1
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	3.3

Probability of a Negative Annual Return(%)	16.6

4.3.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 1.0% pa over a 5-year rolling period is likely to be achieved at a 97.9% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at 0% for the current allocation. The level of investment risk, as captured by SRM, is Low for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 1.0% pa over a 5-year rolling period is likely to be achieved at a 71.0% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -3.1% for the current allocation. The level of investment risk, as captured by SRM, is Medium to High for the current SAA.

4.3.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 1.0% pa over rolling 5-year periods
- Adopt an SRM of Medium to High

4.4 Analysis of Strategy: Atchison 55

4.4.1 Analysis of Asset Allocation

Table 21 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 2.0% pa over 7-year periods, on a historical basis, after management fees and before tax.

Table 21: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	23.5
Real Assets(%)	3.7
Alternatives(%)	8.0
International Equities - Unhedged(%)	19.8
Cash(%)	9.0
Duration(%)	13.5
Floating(%)	22.5
Total	**100**
Growth(%)	55.0
Defensive(%)	45.0
Scenario Analysis	
Return(%,p.a.)	7.2
Volatility(%,p.a.)	5.4
Sharpe	0.55
Risk Band	3.0
Risk Level	Low to Medium
Probability of Achieving CPI-based Return Target	
CPI+1.0%p.a. over a 7-year rolling period(%)	99.2
CPI+1.5%p.a. over a 7-year rolling period(%)	98.2
CPI+2.0%p.a. over a 7-year rolling period(%)	**96.3**
CPI+2.5%p.a. over a 7-year rolling period(%)	92.7
CPI+3.0%p.a. over a 7-year rolling period(%)	86.9
Annualised Value at Risk	
1 in 20 year event(%)	-1.7
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	1.8
Probability of a Negative Annual Return(%)	9.1

Table 22 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 2.0% pa over 7-year periods, on a forecast basis, after management fees and before tax.

Table 22: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	23.5
Real Assets(%)	3.7
Alternatives(%)	8.0
International Equities - Unhedged(%)	19.8
Cash(%)	9.0
Duration(%)	13.5
Floating(%)	22.5
Total	**100**
Growth(%)	55.0
Defensive(%)	45.0
Scenario Analysis	
Return(%,p.a.)	5.4
Volatility(%,p.a.)	6.7
Sharpe	0.40
Risk Band	6.0
Risk Level	High
Probability of Achieving CPI-based Return Target	
CPI+1.0%p.a. over a 7-year rolling period(%)	83.5
CPI+1.5%p.a. over a 7-year rolling period(%)	76.6
CPI+2.0%p.a. over a 7-year rolling period(%)	**68.2**
CPI+2.5%p.a. over a 7-year rolling period(%)	58.4
CPI+3.0%p.a. over a 7-year rolling period(%)	47.7
Annualised Value at Risk	
1 in 20 year event(%)	-5.6
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	4.2
Probability of a Negative Annual Return(%)	21.0

4.4.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 2.0% pa over a 7-year rolling period is likely to be achieved at a 96.3% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -1.7% for the current allocation. The level of investment risk, as captured by SRM, is Low to Medium for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 2.0% pa over a 7-year rolling period is likely to be achieved at a 68.2% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -5.6% for the current allocation. The level of investment risk, as captured by SRM, is High for the current SAA.

4.4.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 2.0% pa over rolling 7-year periods
- Adopt an SRM of High

4.5 Analysis of Strategy: Atchison 70

4.5.1 Analysis of Asset Allocation

Table 23 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 3.0% pa over 8-year periods, on a historical basis, after management fees and before tax.

Table 23: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	31.8
Real Assets(%)	5.4
Alternatives(%)	10.0
International Equities - Unhedged(%)	26.2
Cash(%)	5.3
Duration(%)	8.0
Floating(%)	13.3
Total	**100**
Growth(%)	73.4
Defensive(%)	26.6
Scenario Analysis	
Return(%,p.a.)	8.0
Volatility(%,p.a.)	7.0
Sharpe	0.54
Risk Band	4.0
Risk Level	Medium
Probability of Achieving CPI-based Return Target	
CPI+2.0%p.a. over a 8-year rolling period(%)	98.2
CPI+2.5%p.a. over a 8-year rolling period(%)	96.5
CPI+3.0%p.a. over a 8-year rolling period(%)	**93.6**
CPI+3.5%p.a. over a 8-year rolling period(%)	88.9
CPI+4.0%p.a. over a 8-year rolling period(%)	81.9
Annualised Value at Risk	
1 in 20 year event(%)	-3.6
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	2.6
Probability of a Negative Annual Return(%)	12.8

Table 24 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 3.0% pa over 8-year periods, on a forecast basis, after management fees and before tax.

Table 24: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	31.8
Real Assets(%)	5.4
Alternatives(%)	10.0
International Equities - Unhedged(%)	26.2
Cash(%)	5.3
Duration(%)	8.0
Floating(%)	13.3
Total	**100**
Growth(%)	73.4
Defensive(%)	26.6
Scenario Analysis	
Return(%,p.a.)	6.2
Volatility(%,p.a.)	8.7
Sharpe	0.41
Risk Band	6.0
Risk Level	High
Probability of Achieving CPI-based Return Target	
CPI+2.0%p.a. over a 8-year rolling period(%)	79.4
CPI+2.5%p.a. over a 8-year rolling period(%)	72.4

CPI+3.0%p.a. over a 8-year rolling period(%)	**64.1**
CPI+3.5%p.a. over a 8-year rolling period(%)	54.8
CPI+4.0%p.a. over a 8-year rolling period(%)	44.9
Annualised Value at Risk	
1 in 20 year event(%)	-8.0
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	4.7
Probability of a Negative Annual Return(%)	23.6

4.5.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 3.0% pa over a 8-year rolling period is likely to be achieved at a 93.6% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -3.6% for the current allocation. The level of investment risk, as captured by SRM, is Medium for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 3.0% pa over a 8-year rolling period is likely to be achieved at a 64.1% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -8.0% for the current allocation. The level of investment risk, as captured by SRM, is High for the current SAA.

4.5.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 3.0% pa over rolling 8-year periods
- Adopt an SRM of High

4.6 Analysis of Strategy: Atchison 85

4.6.1 Analysis of Asset Allocation

Table 25 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 4.0% pa over 10-year periods, on a historical basis, after management fees and before tax.

Table 25: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	38.8
Real Assets(%)	4.4
Alternatives(%)	12.0
International Equities - Unhedged(%)	31.8
Cash(%)	2.6
Duration(%)	3.9
Floating(%)	6.5
Total	**100**
Growth(%)	87.0
Defensive(%)	13.0
Scenario Analysis	
Return(%,p.a.)	8.6
Volatility(%,p.a.)	8.5
Sharpe	0.52
Risk Band	5.0
Risk Level	Medium to High
Probability of Achieving CPI-based Return Target	
CPI+3.0%p.a. over a 10-year rolling period(%)	98.2
CPI+3.5%p.a. over a 10-year rolling period(%)	96.3
CPI+4.0%p.a. over a 10-year rolling period(%)	**92.7**
CPI+4.5%p.a. over a 10-year rolling period(%)	86.8
CPI+5.0%p.a. over a 10-year rolling period(%)	77.8

Annualised Value at Risk	
1 in 20 year event(%)	-5.4
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	3.1
Probability of a Negative Annual Return(%)	15.5

Table 26 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 4.0% pa over 10-year periods, on a forecast basis, after management fees and before tax.

Table 26: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	38.8
Real Assets(%)	4.4
Alternatives(%)	12.0
International Equities - Unhedged(%)	31.8
Cash(%)	2.6
Duration(%)	3.9
Floating(%)	6.5
Total	**100**
Growth(%)	87.0
Defensive(%)	13.0
Scenario Analysis	
Return(%,p.a.)	7.0
Volatility(%,p.a.)	10.4
Sharpe	0.41
Risk Band	6.0
Risk Level	High
Probability of Achieving CPI-based Return Target	
CPI+3.0%p.a. over a 10-year rolling period(%)	77.6
CPI+3.5%p.a. over a 10-year rolling period(%)	69.5
CPI+4.0%p.a. over a 10-year rolling period(%)	**59.8**
CPI+4.5%p.a. over a 10-year rolling period(%)	49.0
CPI+5.0%p.a. over a 10-year rolling period(%)	37.9
Annualised Value at Risk	
1 in 20 year event(%)	-10.2
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	5.1
Probability of a Negative Annual Return(%)	25.3

4.6.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 4.0% pa over a 10-year rolling period is likely to be achieved at a 92.7% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -5.4% for the current allocation. The level of investment risk, as captured by SRM, is Medium to High for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 4.0% pa over a 10-year rolling period is likely to be achieved at a 59.8% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -10.2% for the current allocation. The level of investment risk, as captured by SRM, is High for the current SAA.

4.6.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 4.0% pa over rolling 10-year periods
- Maintain the current SRM of High

4.7 Analysis of Strategy: Atchison 98

4.7.1 Analysis of Asset Allocation

Table 27 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 5.0% pa over 12-year periods, on a historical basis, after management fees and before tax.

Table 27: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	42.0
Real Assets(%)	2.0
Alternatives(%)	15.0
International Equities - Unhedged(%)	39.0
Cash(%)	2.0
Duration(%)	0.0
Floating(%)	0.0
Total	**100**
Growth(%)	98.0
Defensive(%)	2.0
Scenario Analysis	
Return(%,p.a.)	9.1
Volatility(%,p.a.)	9.7
Sharpe	0.50
Risk Band	5.0
Risk Level	Medium to High
Probability of Achieving CPI-based Return Target	
CPI+4.0%p.a. over a 12-year rolling period(%)	98.1
CPI+4.5%p.a. over a 12-year rolling period(%)	95.5
CPI+5.0%p.a. over a 12-year rolling period(%)	**90.4**
CPI+5.5%p.a. over a 12-year rolling period(%)	81.5
CPI+6.0%p.a. over a 12-year rolling period(%)	68.0
Annualised Value at Risk	
1 in 20 year event(%)	-6.9
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	3.5
Probability of a Negative Annual Return(%)	17.4

Table 28 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 5.0% pa over 12-year periods, on a forecast basis, after management fees and before tax.

Table 28: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	42.0
Real Assets(%)	2.0
Alternatives(%)	15.0
International Equities - Unhedged(%)	39.0
Cash(%)	2.0
Duration(%)	0.0
Floating(%)	0.0
Total	**100**
Growth(%)	98.0
Defensive(%)	2.0
Scenario Analysis	
Return(%,p.a.)	7.5
Volatility(%,p.a.)	11.8
Sharpe	0.41
Risk Band	6.0
Risk Level	High
Probability of Achieving CPI-based Return Target	
CPI+4.0%p.a. over a 12-year rolling period(%)	74.0
CPI+4.5%p.a. over a 12-year rolling period(%)	63.4

CPI+5.0%p.a. over a 12-year rolling period(%)	**51.1**
CPI+5.5%p.a. over a 12-year rolling period(%)	38.0
CPI+6.0%p.a. over a 12-year rolling period(%)	25.7
Annualised Value at Risk	
1 in 20 year event(%)	-11.9
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	5.2
Probability of a Negative Annual Return(%)	26.2

4.7.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 5.0% pa over a 12-year rolling period is likely to be achieved at a 90.4% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -6.9% for the current allocation. The level of investment risk, as captured by SRM, is Medium to High for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 5.0% pa over a 12-year rolling period is likely to be achieved at a 51.1% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -11.9% for the current allocation. The level of investment risk, as captured by SRM, is High for the current SAA.

4.7.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 5.0% pa over rolling 12-year periods
- Adopt an SRM of High

4.8 Analysis of Strategy: Atchison 20ETF

4.8.1 Analysis of Asset Allocation

Table 29 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 0.5% pa over 3-year periods, on a historical basis, after management fees and before tax.

Table 29: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	7.5
Real Assets(%)	1.5
Alternatives(%)	0.0
International Equities - Unhedged(%)	6.9
Cash(%)	16.8
Duration(%)	25.3
Floating(%)	42.0
Total	**100**
Growth(%)	15.9
Defensive(%)	84.1
Scenario Analysis	
Return(%,p.a.)	5.3
Volatility(%,p.a.)	2.6
Sharpe	0.42
Risk Band	1.0
Risk Level	Very Low
Probability of Achieving CPI-based Return Target	
CPI+0.5%p.a. over a 3-year rolling period(%)	**94.5**
CPI+1.0%p.a. over a 3-year rolling period(%)	89.3
CPI+1.5%p.a. over a 3-year rolling period(%)	81.0
CPI+2.0%p.a. over a 3-year rolling period(%)	69.6

CPI+2.5%p.a. over a 3-year rolling period(%)	55.8
Annualised Value at Risk	
1 in 20 year event(%)	0
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	0.4
Probability of a Negative Annual Return(%)	2.0

Table 30 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 0.5% pa over 3-year periods, on a forecast basis, after management fees and before tax.

Table 30: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	7.5
Real Assets(%)	1.5
Alternatives(%)	0.0
International Equities - Unhedged(%)	6.9
Cash(%)	16.8
Duration(%)	25.3
Floating(%)	42.0
Total	**100**
Growth(%)	15.9
Defensive(%)	84.1
Scenario Analysis	
Return(%,p.a.)	3.7
Volatility(%,p.a.)	3.4
Sharpe	0.28
Risk Band	4.0
Risk Level	Medium
Probability of Achieving CPI-based Return Target	
CPI+0.5%p.a. over a 3-year rolling period(%)	**63.9**
CPI+1.0%p.a. over a 3-year rolling period(%)	53.4
CPI+1.5%p.a. over a 3-year rolling period(%)	42.5
CPI+2.0%p.a. over a 3-year rolling period(%)	32.1
CPI+2.5%p.a. over a 3-year rolling period(%)	22.9
Annualised Value at Risk	
1 in 20 year event(%)	-1.9
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	2.8
Probability of a Negative Annual Return(%)	14.1

4.8.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 0.5% pa over a 3-year rolling period is likely to be achieved at a 94.5% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at 0% for the current allocation. The level of investment risk, as captured by SRM, is Very Low for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 0.5% pa over a 3-year rolling period is likely to be achieved at a 63.9% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -1.9% for the current allocation. The level of investment risk, as captured by SRM, is Medium for the current SAA.

4.8.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 0.5% pa over rolling 3-year periods
- Maintain the current SRM of Medium

4.9 Analysis of Strategy: Atchison 40ETF

4.9.1 Analysis of Asset Allocation

Table 31 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 1.0% pa over 5-year periods, on a historical basis, after management fees and before tax.

Table 31: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	15.3
Real Assets(%)	2.5
Alternatives(%)	0.0
International Equities - Unhedged(%)	13.8
Cash(%)	13.7
Duration(%)	20.6
Floating(%)	34.1
Total	**100**
Growth(%)	31.6
Defensive(%)	68.4
Scenario Analysis	
Return(%,p.a.)	5.9
Volatility(%,p.a.)	3.8
Sharpe	0.45
Risk Band	3.0
Risk Level	Low to Medium
Probability of Achieving CPI-based Return Target	
CPI+0.0%p.a. over a 5-year rolling period(%)	99.0
CPI+0.5%p.a. over a 5-year rolling period(%)	97.7
CPI+1.0%p.a. over a 5-year rolling period(%)	**95.1**
CPI+1.5%p.a. over a 5-year rolling period(%)	90.5
CPI+2.0%p.a. over a 5-year rolling period(%)	83.1
Annualised Value at Risk	
1 in 20 year event(%)	-0.3
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	1.2
Probability of a Negative Annual Return(%)	5.8

Table 32 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 1.0% pa over 5-year periods, on a forecast basis, after management fees and before tax.

Table 32: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	15.3
Real Assets(%)	2.5
Alternatives(%)	0.0
International Equities - Unhedged(%)	13.8
Cash(%)	13.7
Duration(%)	20.6
Floating(%)	34.1
Total	**100**
Growth(%)	31.6
Defensive(%)	68.4
Scenario Analysis	
Return(%,p.a.)	4.5
Volatility(%,p.a.)	4.9
Sharpe	0.36
Risk Band	5.0
Risk Level	Medium to High
Probability of Achieving CPI-based Return Target	
CPI+0.0%p.a. over a 5-year rolling period(%)	84.5
CPI+0.5%p.a. over a 5-year rolling period(%)	77.8

CPI+1.0%p.a. over a 5-year rolling period(%)	**69.4**
CPI+1.5%p.a. over a 5-year rolling period(%)	59.7
CPI+2.0%p.a. over a 5-year rolling period(%)	49.2
Annualised Value at Risk	
1 in 20 year event(%)	-3.7
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	3.7
Probability of a Negative Annual Return(%)	18.4

4.9.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 1.0% pa over a 5-year rolling period is likely to be achieved at a 95.1% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -0.3% for the current allocation. The level of investment risk, as captured by SRM, is Low to Medium for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 1.0% pa over a 5-year rolling period is likely to be achieved at a 69.4% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -3.7% for the current allocation. The level of investment risk, as captured by SRM, is Medium to High for the current SAA.

4.9.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 1.0% pa over rolling 5-year periods
- Adopt an SRM of Medium to High

4.10 Analysis of Strategy: Atchison 55ETF

4.10.1 Analysis of Asset Allocation

Table 33 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 2.0% pa over 7-year periods, on a historical basis, after management fees and before tax.

Table 33: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	25.5
Real Assets(%)	4.0
Alternatives(%)	0.0
International Equities - Unhedged(%)	21.5
Cash(%)	9.8
Duration(%)	14.7
Floating(%)	24.5
Total	**100**
Growth(%)	51.0
Defensive(%)	49.0
Scenario Analysis	
Return(%,p.a.)	6.7
Volatility(%,p.a.)	5.6
Sharpe	0.45
Risk Band	4.0
Risk Level	Medium
Probability of Achieving CPI-based Return Target	
CPI+1.0%p.a. over a 7-year rolling period(%)	97.6
CPI+1.5%p.a. over a 7-year rolling period(%)	95.4
CPI+2.0%p.a. over a 7-year rolling period(%)	**91.6**

CPI+2.5%p.a. over a 7-year rolling period(%)	85.6
CPI+3.0%p.a. over a 7-year rolling period(%)	77.1
Annualised Value at Risk	
1 in 20 year event(%)	-2.5
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	2.3
Probability of a Negative Annual Return(%)	11.5

Table 34 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 2.0% pa over 7-year periods, on a forecast basis, after management fees and before tax.

Table 34: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	25.5
Real Assets(%)	4.0
Alternatives(%)	0.0
International Equities - Unhedged(%)	21.5
Cash(%)	9.8
Duration(%)	14.7
Floating(%)	24.5
Total	**100**
Growth(%)	51.0
Defensive(%)	49.0
Scenario Analysis	
Return(%,p.a.)	5.4
Volatility(%,p.a.)	7.2
Sharpe	0.38
Risk Band	6.0
Risk Level	High
Probability of Achieving CPI-based Return Target	
CPI+1.0%p.a. over a 7-year rolling period(%)	82.2
CPI+1.5%p.a. over a 7-year rolling period(%)	75.7
CPI+2.0%p.a. over a 7-year rolling period(%)	**67.8**
CPI+2.5%p.a. over a 7-year rolling period(%)	58.7
CPI+3.0%p.a. over a 7-year rolling period(%)	48.9
Annualised Value at Risk	
1 in 20 year event(%)	-6.5
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	4.5
Probability of a Negative Annual Return(%)	22.6

4.10.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 2.0% pa over a 7-year rolling period is likely to be achieved at a 91.6% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -2.5% for the current allocation. The level of investment risk, as captured by SRM, is Medium for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 2.0% pa over a 7-year rolling period is likely to be achieved at a 67.8% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -6.5% for the current allocation. The level of investment risk, as captured by SRM, is High for the current SAA.

4.10.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 2.0% pa over rolling 7-year periods

- Adopt an SRM of High

4.11 Analysis of Strategy: Atchison 70ETF

4.11.1 Analysis of Asset Allocation

Table 35 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 3.0% pa over 8-year periods, on a historical basis, after management fees and before tax.

Table 35: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	35.3
Real Assets(%)	6.0
Alternatives(%)	0.0
International Equities - Unhedged(%)	29.1
Cash(%)	5.9
Duration(%)	8.9
Floating(%)	14.8
Total	**100**
Growth(%)	70.4
Defensive(%)	29.6
Scenario Analysis	
Return(%,p.a.)	7.5
Volatility(%,p.a.)	7.5
Sharpe	0.44
Risk Band	5.0
Risk Level	Medium to High
Probability of Achieving CPI-based Return Target	
CPI+2.0%p.a. over a 8-year rolling period(%)	94.9
CPI+2.5%p.a. over a 8-year rolling period(%)	91.5
CPI+3.0%p.a. over a 8-year rolling period(%)	**86.4**
CPI+3.5%p.a. over a 8-year rolling period(%)	79.4
CPI+4.0%p.a. over a 8-year rolling period(%)	70.2
Annualised Value at Risk	
1 in 20 year event(%)	-4.9
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	3.2
Probability of a Negative Annual Return(%)	15.9

Table 36 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 3.0% pa over 8-year periods, on a forecast basis, after management fees and before tax.

Table 36: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	35.3
Real Assets(%)	6.0
Alternatives(%)	0.0
International Equities - Unhedged(%)	29.1
Cash(%)	5.9
Duration(%)	8.9
Floating(%)	14.8
Total	**100**
Growth(%)	70.4
Defensive(%)	29.6
Scenario Analysis	
Return(%,p.a.)	6.4
Volatility(%,p.a.)	9.6
Sharpe	0.39
Risk Band	6.0
Risk Level	High
Probability of Achieving CPI-based Return Target	

CPI+2.0%p.a. over a 8-year rolling period(%)	79.2
CPI+2.5%p.a. over a 8-year rolling period(%)	72.9
CPI+3.0%p.a. over a 8-year rolling period(%)	**65.5**
CPI+3.5%p.a. over a 8-year rolling period(%)	57.2
CPI+4.0%p.a. over a 8-year rolling period(%)	48.3
Annualised Value at Risk	
1 in 20 year event(%)	-9.4
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	5.1
Probability of a Negative Annual Return(%)	25.3

4.11.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 3.0% pa over a 8-year rolling period is likely to be achieved at a 86.4% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -4.9% for the current allocation. The level of investment risk, as captured by SRM, is Medium to High for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 3.0% pa over a 8-year rolling period is likely to be achieved at a 65.5% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -9.4% for the current allocation. The level of investment risk, as captured by SRM, is High for the current SAA.

4.11.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 3.0% pa over rolling 8-year periods
- Adopt an SRM of High

4.12 Analysis of Strategy: Atchison 85ETF

4.12.1 Analysis of Asset Allocation

Table 37 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 4.0% pa over 10-year periods, on a historical basis, after management fees and before tax.

Table 37: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	44.1
Real Assets(%)	5.0
Alternatives(%)	0.0
International Equities - Unhedged(%)	36.1
Cash(%)	3.0
Duration(%)	4.4
Floating(%)	7.4
Total	**100**
Growth(%)	85.2
Defensive(%)	14.8
Scenario Analysis	
Return(%,p.a.)	8.1
Volatility(%,p.a.)	9.3
Sharpe	0.42
Risk Band	5.0
Risk Level	Medium to High
Probability of Achieving CPI-based Return Target	
CPI+3.0%p.a. over a 10-year rolling period(%)	93.8
CPI+3.5%p.a. over a 10-year rolling period(%)	89.4

CPI+4.0%p.a. over a 10-year rolling period(%)	**83.0**
CPI+4.5%p.a. over a 10-year rolling period(%)	74.0
CPI+5.0%p.a. over a 10-year rolling period(%)	62.6
Annualised Value at Risk	
1 in 20 year event(%)	-7.2
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	3.8
Probability of a Negative Annual Return(%)	19.2

Table 38 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 4.0% pa over 10-year periods, on a forecast basis, after management fees and before tax.

Table 38: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	44.1
Real Assets(%)	5.0
Alternatives(%)	0.0
International Equities - Unhedged(%)	36.1
Cash(%)	3.0
Duration(%)	4.4
Floating(%)	7.4
Total	**100**
Growth(%)	85.2
Defensive(%)	14.8
Scenario Analysis	
Return(%,p.a.)	7.3
Volatility(%,p.a.)	11.8
Sharpe	0.38
Risk Band	6.0
Risk Level	High
Probability of Achieving CPI-based Return Target	
CPI+3.0%p.a. over a 10-year rolling period(%)	79.3
CPI+3.5%p.a. over a 10-year rolling period(%)	72.4
CPI+4.0%p.a. over a 10-year rolling period(%)	**64.3**
CPI+4.5%p.a. over a 10-year rolling period(%)	54.9
CPI+5.0%p.a. over a 10-year rolling period(%)	45.0
Annualised Value at Risk	
1 in 20 year event(%)	-12.2
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	5.4
Probability of a Negative Annual Return(%)	27.0

4.12.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 4.0% pa over a 10-year rolling period is likely to be achieved at a 83.0% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -7.2% for the current allocation. The level of investment risk, as captured by SRM, is Medium to High for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 4.0% pa over a 10-year rolling period is likely to be achieved at a 64.3% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -12.2% for the current allocation. The level of investment risk, as captured by SRM, is High for the current SAA.

4.12.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 4.0% pa over rolling 10-year periods
- Maintain the current SRM of High

4.13 Analysis of Strategy: Atchison 98ETF

4.13.1 Analysis of Asset Allocation

Table 39 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 5.0% pa over 12-year periods, on a historical basis, after management fees and before tax.

Table 39: Scenario 1 Historical Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	49.5
Real Assets(%)	2.5
Alternatives(%)	0.0
International Equities - Unhedged(%)	46.0
Cash(%)	2.0
Duration(%)	0.0
Floating(%)	0.0
Total	**100**
Growth(%)	98.0
Defensive(%)	2.0
Scenario Analysis	
Return(%,p.a.)	8.5
Volatility(%,p.a.)	11.0
Sharpe	0.39
Risk Band	6.0
Risk Level	High
Probability of Achieving CPI-based Return Target	
CPI+4.0%p.a. over a 12-year rolling period(%)	91.2
CPI+4.5%p.a. over a 12-year rolling period(%)	84.7
CPI+5.0%p.a. over a 12-year rolling period(%)	**75.2**
CPI+5.5%p.a. over a 12-year rolling period(%)	62.5
CPI+6.0%p.a. over a 12-year rolling period(%)	47.5
Annualised Value at Risk	
1 in 20 year event(%)	-9.5
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	4.4
Probability of a Negative Annual Return(%)	21.9

Table 40 tests and demonstrates the returns, volatility of returns and the probabilities of the current SAA meeting the current stated investment objective of CPI + 5.0% pa over 12-year periods, on a forecast basis, after management fees and before tax.

Table 40: Scenario 2 Forecast Analysis – Strategic Asset Allocations

Category	Current SAA
Asset Classes	
Australian Shares(%)	49.5
Real Assets(%)	2.5
Alternatives(%)	0.0
International Equities - Unhedged(%)	46.0
Cash(%)	2.0
Duration(%)	0.0
Floating(%)	0.0
Total	**100**
Growth(%)	98.0
Defensive(%)	2.0
Scenario Analysis	
Return(%,p.a.)	8.0
Volatility(%,p.a.)	13.9

Sharpe	0.38
Risk Band	6.0
Risk Level	High
Probability of Achieving CPI-based Return Target	
CPI+4.0%p.a. over a 12-year rolling period(%)	79.7
CPI+4.5%p.a. over a 12-year rolling period(%)	71.8
CPI+5.0%p.a. over a 12-year rolling period(%)	**62.1**
CPI+5.5%p.a. over a 12-year rolling period(%)	51.0
CPI+6.0%p.a. over a 12-year rolling period(%)	39.2
Annualised Value at Risk	
1 in 20 year event(%)	-14.8
Frequency of Negative Annual Total Return	
Number of Negative Annual Return in any 20-year period	5.6
Probability of a Negative Annual Return(%)	28.1

4.13.2 Current Investment Strategy

The current SAA for the investment strategy has been tested against a series of CPI-based investment objectives. Specific assessment seeking to confirm that the current SAA remains acceptable and that the current investment objective is likely to be achieved.

A probability of greater than 50% is sought to indicate that an investment objective is likely to be achieved.

Analysis for Scenario 1 has been conducted after management fees and before tax:

- Under Scenario 1 the current investment objective of CPI + 5.0% pa over a 12-year rolling period is likely to be achieved at a 75.2% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -9.5% for the current allocation. The level of investment risk, as captured by SRM, is High for the current SAA.

Analysis for Scenario 2 has been conducted after management fees and before tax:

- Under Scenario 2 the current investment objective of CPI + 5.0% pa over a 12-year rolling period is likely to be achieved at a 62.1% probability. Value at Risk upon a 1 in 20-year event (95% probability) is expected at -14.8% for the current allocation. The level of investment risk, as captured by SRM, is High for the current SAA.

4.13.3 Recommendations

- Maintain the current Strategic Asset Allocation
- Maintain the current investment objective of CPI + 5.0% pa over rolling 12-year periods
- Adopt an SRM of High

4.14 Stress Testing

4.14.1 Scenario Stress Testing

Stress testing scenarios have been performed on the proposed investment strategy in accordance with APRA Prudential Standard SPS 530, factoring investment returns, SAA and risk factors that have the potential to influence the asset classes and therefore have an impact on the investment performance of the investment strategy.

Scenario stress testing has been considered for investment strategy; risk factors in relation to designated asset classes, respective asset allocation and investment objective.

Scenarios have been analysed on both a historical and forecast basis.

Detailed stress testing analysis is included in Appendix B.

Conclusions

The following conclusions have been reached:

1. Investment objectives:
   - On a historical basis, the proposed investment strategy assessed would have achieved its respective investment objective more than 50% of the time.
   - On a forecast basis, stress testing demonstrates that the investment strategy is likely to achieve its respective investment objectives at least 50% of the time.
2. Risk Analysis:

- Over the 20-year period to 31 March 2023, the proposed investment strategy would have achieved its respective risk objectives.
- On a forecast basis, the current risk remains suitable.

Recommendations

It is recommended that the performance of the proposed investment strategy is monitored against the relevant trigger level on a quarterly basis.

Table 41: Trigger Levels

Portfolios	Trigger Level(% p.a.)
Atchison 20	-2.7
Atchison 40	-4.7
Atchison 55	-8.0
Atchison 70	-11.2
Atchison 85	-13.8
Atchison 98	-16.1
Atchison 20ETF	-3.1
Atchison40ETF	-5.3
Atchison 55ETF	-9.0
Atchison 70ETF	-12.8
Atchison 85ETF	-16.3
Atchison 98ETF	-19.8

4.14.2 Environmental Stress Testing

An RSE licensee is required to consider the environmental (ESG) impacts of investments when formulating and implementing an investment strategy. APRA CPG 229 provides guidance on APRA's view of sound practice in particular areas in relation to prudent practices to climate change financial risk management.

Given the unique nature and asset allocations, the approach taken by the asset consultant to managing environmental risk is to test the Atchison multi-asset investment portfolios expected investment performance through various significant historical environmental disasters. Refer to Appendix B.

Conclusion

- None of the environment disasters was a significant contributor (either negative or positive) to portfolio returns, likely due to the slow impact of climate change on asset class returns and the ability to take corrective actions as and when detrimental disasters etc. occur

Recommendation

- ESG stress testing to be performed annually

4.15 Liquidity Stress Testing

The SIS Act requires an RSE licensee to consider the liquidity of investments when formulating and implementing an investment strategy, while also considering the expected cash flow requirements of the RSE. Given the unique nature and asset allocations, the approach taken to managing liquidity risk is primarily focused on the Atchison meeting its financial obligations and cash flow requirements in the best interests of the Trust members.

In view of the nature of the underlying investment, the Asset Consultant concludes that performing, in accordance with the APRA Prudential Standard SPS 530 liquidity stress testing programs, is deemed appropriate as there are adequate liquid assets in the asset allocations to meet fund members' redemption requests. The detailed liquidity testing analysis and methodology are included in Appendix C.

Conclusion

Consideration has been given to the liquidity of the underlying investments in stressed market conditions for Atchison. All strategies are expected to remain liquid under stressed market scenarios.

Recommendation

It is recommended that cash flow requirements are closely monitored to ensure sufficient cash is available to meet liabilities as they arise.

5 Appendix A – Assumptions and Optimisation

5.1 Analysis of Asset Classes

Forecast returns and volatility of returns for the relevant asset classes used in the asset allocation study are shown in Table 42 below. Forecast returns are compound annual returns. In respect of the forecast of returns and volatility of returns, no allowance has been made for prospective value add through active investment management or the inclusion of sub-asset classes, except where specifically identified.

Historical returns and volatility of returns for the major asset classes to 31 March 2023 are shown in Table 42.

Table 42: Investment Returns and Volatility of Returns

Asset Class	Historical 30 Years Return(% p.a.)	Historical 30 Years Volatility(% p.a.)	Forecast 10 Years Return(% p.a.)	Forecast 10 Years Volatility(% p.a.)
Australian Shares	9.5	13.5	8.0	14.5
Real Assets	9.1	3.4	4.8	8.0
Alternatives	13.8	6.8	6.0	7.0
International Equities - Unhedged	7.6	12.5	8.5	12.9
Cash	4.3	0.6	2.8	0.5
Duration	4.4	0.9	4.4	8.0
Floating	5.6	4.3	2.5	3.5

6 Appendix B – Scenario Stress Testing

6.1 Background

In July 2013, APRA released Prudential Standard SPS 530 'Investment Governance' for RSE licensees to implement a framework to understand and gauge how severe the impact on a Fund's investment performance would be in the event of an extraordinary market condition. Among the requirements for the framework is for an RSE licensee to conduct appropriate stress testing scenarios for each investment strategy.

To meet APRA's prudential standard, the Asset Consultant has been commissioned by the Trustee of the Trust to develop and conduct scenario stress testing on Atchison based on the proposed SAA.

A range of stress testing scenarios have been developed and conducted on Atchison.

The Asset Consultant has considered the following when conducting stress testing scenarios:

- Strategic asset allocations
- Return objectives
- Risk factors that can influence major asset classes

Scenario stress testing has considered risk factors in nominated asset classes, asset allocation and investment objectives of Atchison.

The trigger level has been determined for Atchison.

- A breach of the trigger level i.e. a defined loss or minimum return to be achieved by Atchison in any one year may prompt a review of the causes of the loss and/or reconsider the ongoing suitability of the underlying strategy

Atchison Consultants has utilised a proxy approach to generate the most volatile portfolio for each investment option, denoted as P1. This portfolio has been structured to ensure that the allocation of assets conforms to the minimum range requirement for each asset class, while concurrently allocating the maximum range value to the most volatile asset classes. The performance of P1 will be presented in Tables 45 & 46 & 47, alongside the strategic asset allocation.

6.2 Investment Option

Following this review of the underlying investment strategies of Atchison, scenario stress testing is being conducted on recommended SAA and investment objective incorporating the Asset Consultants historical and forecast returns and volatilities per asset class.

The recommended investment objective of the Atchison and respective Standard Risk Measure (SRM - as a measure of risk) is presented in Table 43 below.

Table 43: Investment Objective

Investment Strategy	Investment Objectives	Risk Objectives
Atchison20	CPI+0.5% pa over rolling 3-year periods	2 - 3 (Medium)
Atchison40	CPI+1.0% pa over rolling 5-year periods	2 - 3 (Medium)
Atchison55	CPI+2.0% pa over rolling 7-year periods	2 - 3 (Medium)
Atchison70	CPI+3.0% pa over rolling 8-year periods	2 - 3 (Medium)
Atchison85	CPI+4.0% pa over rolling 10-year periods	4 - 6 (High)
Atchison98	CPI+5.0% pa over rolling 12-year periods	6 or Greater (Very High)
Atchison20ETF	CPI+0.5% pa over rolling 3-year periods	2 - 3 (Medium)
Atchison40ETF	CPI+1.0% pa over rolling 5-year periods	2 - 3 (Medium)
Atchison55ETF	CPI+2.0% pa over rolling 7-year periods	2 - 3 (Medium)
Atchison70ETF	CPI+3.0% pa over rolling 8-year periods	2 - 3 (Medium)
Atchison85ETF	CPI+4.0% pa over rolling 10-year periods	4 - 6 (High)
Atchison98ETF	CPI+5.0% pa over rolling 12-year periods	6 or Greater (Very High)

6.3 Risk Factors

The Asset Consultants portfolio construction process takes into consideration forward looking return, volatility of return and correlation forecasts across asset classes. These forecasts represent the aggregation of risk factors and their estimated impact at the asset class level.

Risk factor modelling assists in the assessment of the sensitivity of a portfolio to underlying risk-factors.

The rationale behind risk-factor modelling is that asset classes represent the grouping of underlying securities or investments which demonstrate similar types of underlying risk characteristics. Risk factors may be broadly divided into systematic and unsystematic categories and have varying types and levels of impact across different asset classes. Unsystematic risk, also known as 'specific risk', is the type of uncertainty that comes with the company or industry invested in. Unsystematic risk can be reduced through diversification.

Changes in the underlying risk-factors are due to changing macro and micro-economic conditions as well as financial market perceptions. These changes drive the risk-return profiles of assets over time and are generally not consistent. This is demonstrated through inconsistent historical asset class correlations across time.

6.3.1 Example of Risk Factors

Asset classes and asset sub-classes have different primary risk attributes. Table 44 provides an example of primary risk factors within asset classes.

Table 44: Indicative Primary Risk Attributes across Asset Classes

Asset Classes	Inflation	Revenue Growth	Margins	Interest Rate	Credit Spreads	Currency
Australian Shares	✓	✓	✓			
International Shares	✓	✓	✓			✓
Australian Listed Property	✓	✓		✓		
International Listed Property	✓	✓		✓		✓
Australian Fixed Interest	✓			✓	✓	
International Fixed Interest	✓			✓	✓	✓
Cash	✓			✓		✓

6.4 Methodology

6.4.1 Scenario Stress Testing

Extensive scenario testing of investment returns, the frequency and depth of drawdowns, and investment objective based on the SAA has been conducted for Atchison.

- 20-year historical analysis has incorporated actual asset class returns generated for each annual period to 31 March 2023
- Forecast analysis has utilised randomly generated returns to generate large number of possible scenarios, each simulating asset class performance over periods in alignment with the options' specific investment objectives

Cholesky modelling has been employed to forecast a set of randomly correlated asset class returns in collaboration with the Asset Consultant asset class return and volatility forecast and the Monte Carlo Simulation modelling to test large number of investment return simulations. A brief overview of the Cholesky decomposition and Monte Carlo Simulation follows.

6.4.2 Cholesky Modelling

Cholesky modelling generates a series of randomly correlated returns on basis of historical asset class returns. The underlying assumption is that correlation of future returns will be similar to historical correlations.

Below is a brief overview of the steps involved in Cholesky modelling.

- A matrix of historical correlation between asset classes has been calculated over a 20-year period to 31 March 2023. This historical correlation informs the Cholesky decomposition
- A large set of uncorrelated return scenarios are generated using the expected return and volatility of return profile of asset classes
- The Cholesky decomposition technique transforms the set of uncorrelated returns into returns that are similarly correlated to the historical correlation matrix

The Cholesky decomposition is commonly used in conjunction with Monte Carlo simulation to run a large range of scenarios. Results of the scenarios are analysed from a statistical perspective.

6.4.3 Monte Carlo Simulation Analysis

Monte Carlo simulation is a widely used technique in scenario analysis. Analysis has been conducted by performing 1,000 iterations of randomly generated, Cholesky decomposition correlated asset class returns series.

The model subsequently generates a series of probable outputs, from which the average or mean, ranges and 95% confidence limit for a particular test can be observed.

Monte Carlo simulation is a widely used mathematical technique that allows financial analysts and investment managers to account for variability in their process, thus enhancing quantitative analysis and decision-making processes.

6.5 Historical Analysis – Results

The proposed and recommended SAA for Atchison has been stress tested on basis of historical annual asset class returns to 31 March 2023. The analysis assumes that Atchison is rebalanced to the proposed and recommended SAA on an annual frequency.

The analysis is founded on market returns from asset classes and therefore does not take into account the active management of asset classes or sub-classes.

6.5.1 Historical Drawdowns

Atchison has been stress tested through historical drawdown periods. Table 45 demonstrates the market and the Atchison performances during these periods.

Table 45: Historical Drawdown

Categories	Emerging Market Debt Crisis (07/1997-08/1998)%	Tech Reck (03/2000-10/2002)%	Global Financial Crisis (11/2007-02/2009)%	European Debt Crisis (01/2009-12/2010)%	Covid-19 Market Drawdown (12/2019-04/2020)%	Inflation Spike (01/2022-10/2022)%
Australian Shares	-5.4	6.1	-45.6	46.3	-16.3	2.4
Real Assets	10.5	29.0	4.1	-1.2	-4.5	7.8
Alternatives	9.1	18.2	-15.7	17.6	-5.4	11.0
International Equities - Unhedged	26.4	-38.0	-33.3	-2.5	-5.3	-12.3
Cash	5.5	14.6	9.0	7.9	0.3	0.7
Duration	3.9	15.6	3.2	13.8	0.2	0.5
Floating	7.5	21.2	17.2	2.2	3.6	-8.4
Atchison 20	**6.8**	**13.8**	**3.0**	**9.4**	**-0.3**	**-3.1**
Atchison 20 P1	**7.1**	**7.7**	**-8.1**	**13.6**	**-3.1**	**-1.6**
Atchison 40	**7.3**	**9.5**	**-4.5**	**11.8**	**-2.2**	**-2.8**
Atchison 40 P1	**7.1**	**4.1**	**-13.9**	**15.7**	**-4.8**	**-2.5**
Atchison 55	**7.8**	**4.6**	**-13.3**	**14.8**	**-4.6**	**-2.5**
Atchison 55 P1	**8.3**	**-2.5**	**-24.1**	**18.3**	**-7.5**	**-2.3**
Atchison 70	**8.3**	**0.2**	**-21.6**	**17.6**	**-6.8**	**-2.0**
Atchison70 P1	**9.4**	**-9.0**	**-32.9**	**20.4**	**-9.6**	**-3.6**
Atchison 85	**8.6**	**-3.9**	**-28.5**	**20.1**	**-8.6**	**-1.8**
Atchison85 P1	**10.4**	**-13.0**	**-35.1**	**20.3**	**-9.7**	**-4.8**
Atchison 98	**9.7**	**-8.7**	**-34.2**	**21.2**	**-9.8**	**-2.0**
Atchison98 P1	**11.3**	**-16.0**	**-37.6**	**20.1**	**-10.1**	**-5.0**
Atchison 20ETF	**6.6**	**13.6**	**3.9**	**9.0**	**-0.0**	**-3.8**
Atchison20ETF P1	**7.1**	**7.7**	**-8.1**	**13.6**	**-3.1**	**-1.6**
Atchison40ETF	**7.2**	**8.9**	**-3.7**	**11.4**	**-2.0**	**-3.8**
Atchison40ETF P1	**7.1**	**4.1**	**-13.9**	**15.7**	**-4.8**	**-2.5**
Atchison 55ETF	**7.7**	**3.5**	**-13.1**	**14.6**	**-4.5**	**-3.6**
Atchison55ETF P1	**8.3**	**-2.5**	**-24.1**	**18.3**	**-7.5**	**-2.3**
Atchison 70ETF	**8.2**	**-1.8**	**-22.2**	**17.6**	**-7.0**	**-3.4**
Atchison70ETF P1	**9.4**	**-9.0**	**-32.9**	**20.4**	**-9.6**	**-3.6**
Atchison 85ETF	**8.6**	**-6.9**	**-30.2**	**20.5**	**-9.0**	**-3.6**
Atchison85ETF P1	**5.6**	**-6.4**	**-37.0**	**27.6**	**-11.3**	**-2.6**
Atchison 98ETF	**9.8**	**-13.4**	**-37.6**	**21.9**	**-10.6**	**-4.3**
Atchison98ETF P1	**3.8**	**-6.0**	**-41.6**	**32.1**	**-13.0**	**-1.5**

Current SAA

During the GFC drawdown period,

- Atchison 20 would have generated a return of 3.0%:
- Atchison 40 would have generated a return of -4.5%
- Atchison 55 would have generated a return of -13.3%
- Atchison 70 would have generated a return of -21.6%
- Atchison 85 would have generated a return of -28.5%
- Atchison 98 would have generated a return of -34.2%,

- Atchison 20ETF would have generated a return of 3.9%,
- Atchison40ETF would have generated a return of -3.7%
- Atchison 55ETF would have generated a return of -13.1%
- Atchison 70ETF would have generated a return of -22.2%
- Atchison 85ETF would have generated a return of -30.2%
- Atchison 98ETF would have generated a return of -37.6%

During the Asian Financial Crisis drawdown period,

- Atchison 20 would have generated a return of 6.8%
- Atchison 40 would have generated a return of 7.3%
- Atchison 55 would have generated a return of 7.8%
- Atchison 70 would have generated a return of 8.3%
- Atchison 85 would have generated a return of 8.6%
- Atchison 98 would have generated a return of 9.7%

- Atchison 20ETF would have generated a return of 6.6%
- Atchison40ETF would have generated a return of 7.2%
- Atchison 55ETF would have generated a return of 7.7%
- Atchison 70ETF would have generated a return of 8.2%
- Atchison 85ETF would have generated a return of 8.6%
- Atchison 98ETF would have generated a return of 9.8%,

During the Tech Bubble drawdown period,

- Atchison 20 would have generated a return of 13.8%
- Atchison 40 would have generated a return of 9.5%
- Atchison 55 would have generated a return of 4.6%
- Atchison 70 would have generated a return of 0.2%
- Atchison 85 would have generated a return of -3.9%
- Atchison 98 would have generated a return of -8.7%

- Atchison 20ETF would have generated a return of 13.6%
- Atchison40ETF would have generated a return of 8.9%
- Atchison 55ETF would have generated a return of 3.5%
- Atchison 70ETF would have generated a return of -1.8%
- Atchison 85ETF would have generated a return of -6.9%
- Atchison 98ETF would have generated a return of -13.4%

During the European Debt Crisis 2009-10 drawdown period,

- Atchison 20 would have generated a return of 9.4%
- Atchison 40 would have generated a return of 11.8%
- Atchison 55 would have generated a return of 14.8%
- Atchison 70 would have generated a return of 17.6%
- Atchison 85 would have generated a return of 20.1%
- Atchison 98 would have generated a return of 21.2%

- Atchison 20ETF would have generated a return of 9.0%
- Atchison40ETF would have generated a return of 11.4%
- Atchison 55ETF would have generated a return of 14.6%
- Atchison 70ETF would have generated a return of 17.6%
- Atchison 85ETF would have generated a return of 20.5%
- Atchison 98ETF would have generated a return of 21.9%

During the Covid-19 drawdown period,

- Atchison 20 would have generated a return of -0.3%
- Atchison 40 would have generated a return of -2.2%
- Atchison 55 would have generated a return of -4.6%
- Atchison 70 would have generated a return of -6.8%
- Atchison 85 would have generated a return of -8.6%
- Atchison 98 would have generated a return of -9.8%

- Atchison 20ETF would have generated a return of -0.0%
- Atchison40ETF would have generated a return of -2.0%
- Atchison 55ETF would have generated a return of -4.5%
- Atchison 70ETF would have generated a return of -7.0%
- Atchison 85ETF would have generated a return of -9.0%
- Atchison 98ETF would have generated a return of -10.6%

During the Inflation Spike 2022 drawdown period,

- Atchison 20 would have generated a return of -3.1%
- Atchison 40 would have generated a return of -2.8%
- Atchison 55 would have generated a return of -2.5%
- Atchison 70 would have generated a return of -2.0%
- Atchison 85 would have generated a return of -1.8%
- Atchison 98 would have generated a return of -2.0%

- Atchison 20ETF would have generated a return of -3.8%
- Atchison40ETF would have generated a return of -3.8%
- Atchison 55ETF would have generated a return of -3.6%
- Atchison 70ETF would have generated a return of -3.4%
- Atchison 85ETF would have generated a return of -3.6%
- Atchison 98ETF would have generated a return of -4.3%

Most Volatile Portfolio (P1)

During the GFC drawdown period,

- Atchison20 P1 would have generated a return of -8.1%
- Atchison40 P1 would have generated a return of -13.9%
- Atchison55 P1 would have generated a return of -24.1%

- Atchison70 P1 would have generated a return of -32.9%
- Atchison85 P1 would have generated a return of -35.1%
- Atchison98 P1 would have generated a return of -37.6%

- Atchison20ETF P1 would have generated a return of -8.1%
- Atchison40ETF P1 would have generated a return of -13.9%
- Atchison55ETF P1 would have generated a return of -24.1%
- Atchison70ETF P1 would have generated a return of -32.9%
- Atchison85ETF P1 would have generated a return of -37.0%
- Atchison98ETF P1 would have generated a return of -41.6%

During the Asian Financial Crisis drawdown period,

- Atchison20 P1 would have generated a return of 7.1%
- Atchison40 P1 would have generated a return of 7.1%
- Atchison55 P1 would have generated a return of 8.3%
- Atchison70 P1 would have generated a return of 9.4%
- Atchison85 P1 would have generated a return of 10.4%
- Atchison98 P1 would have generated a return of 11.3%

- Atchison20ETF P1 would have generated a return of 7.1%
- Atchison40ETF P1 would have generated a return of 7.1%
- Atchison55ETF P1 would have generated a return of 8.3%
- Atchison70ETF P1 would have generated a return of 9.4%
- Atchison85ETF P1 would have generated a return of 5.6%
- Atchison98ETF P1 would have generated a return of 3.8%

During the Tech Bubble drawdown period,

- Atchison20 P1 would have generated a return of 7.7%
- Atchison40 P1 would have generated a return of 4.1%
- Atchison55 P1 would have generated a return of -2.5%
- Atchison70 P1 would have generated a return of -9.0%
- Atchison85 P1 would have generated a return of -13.0%
- Atchison98 P1 would have generated a return of -16.0%

- Atchison20ETF P1 would have generated a return of 7.7%
- Atchison40ETF P1 would have generated a return of 4.1%
- Atchison55ETF P1 would have generated a return of -2.5%
- Atchison70ETF P1 would have generated a return of -9.0%
- Atchison85ETF P1 would have generated a return of -6.4%
- Atchison98ETF P1 would have generated a return of -6.0%

During the European Debt Crisis 2009-10 drawdown period,

- Atchison20 P1 would have generated a return of 13.6%.
- Atchison40 P1 would have generated a return of 15.7%.
- Atchison55 P1 would have generated a return of 18.3%.
- Atchison70 P1 would have generated a return of 20.4%.
- Atchison85 P1 would have generated a return of 20.3%.
- Atchison98 P1 would have generated a return of 20.1%.

- Atchison20ETF P1 would have generated a return of 13.6%.
- Atchison40ETF P1 would have generated a return of 15.7%.
- Atchison55ETF P1 would have generated a return of 18.3%.

- Atchison70ETF P1 would have generated a return of 20.4%.
- Atchison85ETF P1 would have generated a return of 27.6%.
- Atchison98ETF P1 would have generated a return of 32.1%

During the Covid-19 drawdown period,

- Atchison20 P1 would have generated a return of -3.1%.
- Atchison40 P1 would have generated a return of -4.8%.
- Atchison55 P1 would have generated a return of -7.5%.
- Atchison70 P1 would have generated a return of -9.6%.
- Atchison85 P1 would have generated a return of -9.7%.
- Atchison98 P1 would have generated a return of -10.1%.

- Atchison20ETF P1 would have generated a return of -3.1%.
- Atchison40ETF P1 would have generated a return of -4.8%.
- Atchison55ETF P1 would have generated a return of -7.5%.
- Atchison70ETF P1 would have generated a return of -9.6%.
- Atchison85ETF P1 would have generated a return of -11.3%.
- Atchison98ETF P1 would have generated a return of -13.0%.

During the Inflation Spike 2022 drawdown period,

- Atchison20 P1 would have generated a return of -1.6%.
- Atchison40 P1 would have generated a return of -2.5%.
- Atchison55 P1 would have generated a return of -2.3%.
- Atchison70 P1 would have generated a return of -3.6%.
- Atchison85 P1 would have generated a return of -4.8%.
- Atchison98 P1 would have generated a return of -5.0%.

- Atchison20ETF P1 would have generated a return of -1.6%.
- Atchison40ETF P1 would have generated a return of -2.5%.
- Atchison55ETF P1 would have generated a return of -2.3%.
- Atchison70ETF P1 would have generated a return of -3.6%.
- Atchison85ETF P1 would have generated a return of -2.6%.
- Atchison98ETF P1 would have generated a return

6.5.2 Environmental Drawdowns

In accordance with the Prudential Standard SPG 530 Investment Governance, November 2022, APRA expects an RSE licensee to demonstrate an understanding of the risk and opportunities present in a range of Environmental, Social and Governance (ESG) factors. To which extent they may have a material impact on the financial risk-return profile of the RSE's licensee's investment portfolio, including an assessment of climate risk exposures. In this respect the asset consultant has considered major environmental drawdown periods for each investment option e.g. nuclear disasters, hurricanes, oil leaks and other extreme climate conditions. Table 46 evaluates the impact of the major historical environmental events on climate change and the performance of the investment options.

Table 46: Environmental Drawdown

Categories	Chernobyl Nuclear Disaster (03/1986-04/1986)%	Fukushima Nuclear Disaster (02/2011-03/2011)%	Hurricane Sandy (09/2012-11/2012)%	Hurricane Harvey (07/2017-09/2017)%	Amazon Wildfires (12/2018-10/2019)%	Australian Bushfire Season (08/2019-03/2021)%	Eastern Australia floods (01/2022-04/2022)%
Australian Shares	-2.7	0.7	3.5	0.7	22.1	8.4	8.2
Real Assets	3.9	1.2	1.2	2.5	5.0	3.3	2.6
Alternatives	6.3	0.5	1.2	2.5	8.4	-29.7	3.5

International Equities - Unhedged	-4.5	-2.6	0.2	4.3	23.2	31.7	-6.9
Cash	2.0	0.4	0.6	0.3	1.3	0.7	-0.0
Duration	2.5	0.5	1.1	0.5	2.6	2.5	-0.3
Floating	4.6	0.6	-0.3	-0.5	9.2	-2.5	-6.7
Atchison 20	**2.6**	**0.3**	**0.6**	**0.5**	**8.1**	**0.9**	**-2.4**
Atchison 20 P1	**1.2**	**0.1**	**1.1**	**1.1**	**9.9**	**5.4**	**-0.6**
Atchison 40	**1.8**	**0.2**	**0.8**	**0.9**	**10.4**	**3.0**	**-1.6**
Atchison 40 P1	**0.2**	**-0.0**	**1.3**	**1.3**	**12.7**	**9.0**	**-0.3**
Atchison 55	**0.7**	**-0.0**	**1.1**	**1.3**	**13.2**	**5.8**	**-0.6**
Atchison 55 P1	**-1.2**	**-0.3**	**1.6**	**1.9**	**16.2**	**12.4**	**0.7**
Atchison 70	**-0.3**	**-0.2**	**1.4**	**1.7**	**15.7**	**8.1**	**0.4**
Atchison70 P1	**-2.4**	**-0.6**	**1.7**	**2.2**	**20.2**	**16.0**	**0.8**
Atchison 85	**-1.1**	**-0.4**	**1.7**	**2.0**	**17.9**	**9.9**	**1.1**
Atchison85 P1	**-2.9**	**-0.8**	**1.7**	**2.3**	**21.3**	**17.7**	**0.3**
Atchison 98	**-1.8**	**-0.6**	**1.8**	**2.4**	**19.7**	**11.5**	**1.3**
Atchison98 P1	**-3.3**	**-1.0**	**1.7**	**2.6**	**22.0**	**19.4**	**0.2**
Atchison 20ETF	**2.4**	**0.3**	**0.5**	**0.4**	**8.1**	**2.6**	**-2.7**
Atchison20ETF P1	**1.2**	**0.1**	**1.1**	**1.1**	**9.9**	**5.4**	**-0.6**
Atchison40ETF	**1.4**	**0.1**	**0.8**	**0.7**	**10.6**	**5.5**	**-2.0**
Atchison40ETF P1	**0.2**	**-0.0**	**1.3**	**1.3**	**12.7**	**9.0**	**-0.3**
Atchison 55ETF	**0.2**	**-0.1**	**1.1**	**1.2**	**13.6**	**8.9**	**-1.0**
Atchison55ETF P1	**-1.2**	**-0.3**	**1.6**	**1.9**	**16.2**	**12.4**	**0.7**
Atchison 70ETF	**-1.0**	**-0.3**	**1.5**	**1.6**	**16.5**	**12.3**	**0.0**
Atchison70ETF P1	**-2.4**	**-0.6**	**1.7**	**2.2**	**20.2**	**16.0**	**0.8**
Atchison 85ETF	**-2.1**	**-0.5**	**1.7**	**2.0**	**19.2**	**15.3**	**0.7**
Atchison85ETF P1	**-2.6**	**-0.3**	**2.2**	**1.8**	**21.1**	**14.2**	**2.5**
Atchison 98ETF	**-3.3**	**-0.8**	**1.9**	**2.4**	**21.8**	**18.8**	**0.9**
Atchison98ETF P1	**-3.0**	**-0.2**	**2.5**	**1.7**	**22.1**	**14.2**	**3.9**

In terms of the returns for each option:

- There is no prominent underperformance for each asset class across all the environmental drawdown periods mentioned above
- Some downtrends might be driven by the market drawdown or other economic indicators

6.5.3 Risk Objectives

The number of negative annual returns generated by Atchison over twenty years to 31 March 2023 is shown in Table 14 and a comparison has been made to their respective number of negative annual returns over any 20-year period (Standard Risk Measure) for Atchison.

Table 47: Risk Objectives

Options	Risk Objectives	Negative Annual Returns	Drawdown Years	Risk Objective Met
Atchison 20	2 - 3	1	2022	Yes
Atchison 40	2 - 3	1	2009	Yes
Atchison 55	2 - 3	2	2003 2009	Yes
Atchison 70	2 - 3	3	2003 2009 2012	Yes
Atchison 85	4 - 6	3	2003 2009 2012	Yes
Atchison 98	6 or Greater	3	2003 2009 2012	Yes
Atchison 20ETF	2 - 3	1	2022	Yes
Atchison40ETF	2 - 3	3	2003 2009 2022	Yes
Atchison 55ETF	2 - 3	2	2003 2009	Yes
Atchison 70ETF	2 - 3	3	2003 2009 2012	Yes
Atchison 85ETF	4 - 6	3	2003 2009 2012	Yes
Atchison 98ETF	6 or Greater	4	2003 2009 2012 2019	Yes

All strategis of Atchison has achieved the number of negative annual returns over the 20-year period to 31 March 2023.

6.6 Forecast Analysis – Results

6.6.1 Return Analysis

Table 48 shows the return characteristics of the asset allocations using simulated investment returns over their investment horizons correspondingly.

Table 48: Forecast Return Distribution

Investment Option	Min	5% Confidence Interval	50% Confidence Interval	95% Confidence Interval	Max	Standard Deviation
Atchison 20	-3.3	3.0	3.1	3.3	9.5	2.1
Atchison 20 P1	-6.8	3.7	3.9	4.2	16.6	3.8
Atchison 40	-5.7	3.5	3.7	3.9	14.4	3.4
Atchison 40 P1	-11.9	4.4	4.8	5.1	21.6	5.6
Atchison 55	-13.5	4.6	5.0	5.3	23.3	5.6
Atchison 55 P1	-20.1	5.3	5.8	6.3	30.9	8.1
Atchison 70	-14.6	5.0	5.4	5.9	27.1	7.3
Atchison70 P1	-22.4	5.8	6.4	7.0	37.5	10.3
Atchison 85	-23.5	6.0	6.6	7.1	34.6	9.0
Atchison85 P1	-28.6	5.7	6.4	7.1	39.9	10.8
Atchison 98	-33.1	5.8	6.4	7.0	41.3	9.8
Atchison98 P1	-28.7	6.2	6.9	7.7	44.5	11.5
Atchison 20ETF	-4.2	3.0	3.1	3.3	10.7	2.1
Atchison20ETF P1	-9.0	3.9	4.1	4.3	15.4	3.9
Atchison40ETF	-8.2	3.5	3.8	4.0	16.1	3.9
Atchison40ETF P1	-12.0	4.3	4.7	5.0	21.3	5.6
Atchison 55ETF	-10.8	4.2	4.6	5.0	20.4	6.0
Atchison55ETF P1	-20.1	5.2	5.7	6.2	35.0	7.8
Atchison 70ETF	-20.7	4.8	5.3	5.8	28.5	7.9
Atchison70ETF P1	-29.0	6.2	6.8	7.5	41.5	10.4
Atchison 85ETF	-28.4	5.2	5.8	6.5	35.4	10.4
Atchison85ETF P1	-28.9	6.4	7.1	7.8	43.8	11.6
Atchison 98ETF	-29.1	5.9	6.6	7.4	44.9	11.5
Atchison98ETF P1	-36.0	6.3	7.1	8.0	51.4	13.2

With a confidence level of 95%,

Atchison Models:

- Atchison 20 is expected to return between 3.0% p.a. and 3.3% p.a., with an average return of 3.1% p.a.
- Atchison20 P1 is expected to return between 3.7% p.a. and 4.2% p.a., with an average return of 3.9% p.a.

- Atchison 40 is expected to return between 3.5% p.a. and 3.9% p.a., with an average return of 3.7% p.a.
- Atchison40 P1 is expected to return between 4.4% p.a. and 5.1% p.a., with an average return of 4.8% p.a.

- Atchison 55 is expected to return between 4.6% p.a. and 5.3% p.a., with an average return of 5.0% p.a.
- Atchison55 P1 is expected to return between 5.3% p.a. and 6.3% p.a., with an average return of 5.8% p.a.

- Atchison 70 is expected to return between 5.0% p.a. and 5.9% p.a., with an average return of 5.4% p.a.
- Atchison70 P1 is expected to return between 5.8% p.a. and 7.0% p.a., with an average return of 6.4% p.a.

- Atchison 85 is expected to return between 6.0% p.a. and 7.1% p.a., with an average return of 6.6% p.a.
- Atchison85 P1 is expected to return between 5.7% p.a. and 7.1% p.a., with an average return of 6.4% p.a.

- Atchison 98 is expected to return between 5.8% p.a. and 7.0% p.a., with an average return of 6.4% p.a.
- Atchison98 P1 is expected to return between 6.2% p.a. and 7.7% p.a., with an average return of 6.9% p.a.

Atchison ETF Models:

- Atchison 20ETF is expected to return between 3.0% p.a. and 3.3% p.a., with an average return of 3.1% p.a.
- Atchison20ETF P1 is expected to return between 3.9% p.a. and 4.3% p.a., with an average return of 4.1% p.a.

- Atchison40ETF is expected to return between 3.5% p.a. and 4.0% p.a., with an average return of 3.8% p.a.
- Atchison40ETF P1 is expected to return between 4.3% p.a. and 5.0% p.a., with an average return of 4.7% p.a.

- Atchison 55ETF is expected to return between 4.2% p.a. and 5.0% p.a., with an average return of 4.6% p.a.
- Atchison55ETF P1 is expected to return between 5.2% p.a. and 6.2% p.a., with an average return of 5.7% p.a.

- Atchison 70ETF is expected to return between 4.8% p.a. and 5.8% p.a., with an average return of 5.3% p.a.
- Atchison70ETF P1 is expected to return between 6.2% p.a. and 7.5% p.a., with an average return of 6.8% p.a.

- Atchison 85ETF is expected to return between 5.2% p.a. and 6.5% p.a., with an average return of 5.8% p.a.
- Atchison85ETF P1 is expected to return between 6.4% p.a. and 7.8% p.a., with an average return of 7.1% p.a.

- Atchison 98ETF is expected to return between 5.9% p.a. and 7.4% p.a., with an average return of 6.6% p.a.
- Atchison98ETF P1 is expected to return between 6.3% p.a. and 8.0% p.a., with an average return of 7.1% p.a.

6.6.2 Risk Analysis

Table 49 shows the expected number of negative years for the strategic asset allocations relative to their respective number of negative annual returns over any 20-year period as proxied by their current risk disclosures (Standard Risk Measure):

- Forecasted returns and volatility of returns, and
- Simulated 1,000 scenarios of 20-year investment periods. Assessment for the scenario stress testing was conducted on basis of the average number of negative annual returns.

Table 49: Number of Negative Annual Returns in a 20-year Period

Investment Option	Negative Annual Returns
Atchison 20	1
Atchison 40	2
Atchison 55	2
Atchison 70	3
Atchison 85	3
Atchison 98	4
Atchison 20ETF	4
Atchison40ETF	5
Atchison 55ETF	4
Atchison 70ETF	5
Atchison 85ETF	5
Atchison 98ETF	5

6.7 Trigger levels

Whilst it is proposed that Atchison be reviewed annually, a trigger level has been defined to approximate a loss or minimum return that will erode the level of confidence in achieving the investment objective of Atchison over the defined investment horizon to a probability of less than 50%.

On a quarterly basis, performance of Atchison is to be monitored against the trigger level to ensure that Atchison maintains at least a 50% probability to achieve its investment objective

A breach of the trigger level i.e. a defined loss or minimum return to be achieved by Atchison between formal annual reviews, should prompt a review of the causes of the loss and/or reconsider the ongoing suitability of Atchison underlying strategy.

Trigger level have been determined for Atchison and provided in Table 50 below.

Table 50: Trigger Levels

Portfolios	Trigger Level(% p.a.)
Atchison 20	-2.7

Atchison 40	-4.7
Atchison 55	-8.0
Atchison 70	-11.2
Atchison 85	-13.8
Atchison 98	-16.1
Atchison 20ETF	-3.1
Atchison40ETF	-5.3
Atchison 55ETF	-9.0
Atchison 70ETF	-12.8
Atchison 85ETF	-16.3
Atchison 98ETF	-19.8

6.8 Conclusions

Stress testing scenarios have been performed on Atchison in accordance with APRA Prudential Standard SPS 530, factoring investment returns, asset allocations and risk factors that have the potential to influence major asset classes which therefore have an impact on theinvestment performance of each investment strategy/option.

7 Appendix C - Liquidity Stress Testing

The SIS Act requires an RSE licensee to consider the liquidity of investments when formulating and implementing an investment strategy, while also considering the expected cash flow requirements of the RSE. Given the unique nature and asset allocations, the approach taken to managing liquidity risk is primarily focused on the Atchison meeting its financial obligations and cash flow requirements in the best interests of the Trust members.

In view of the nature of the underlying investment, the Asset Consultant concludes that performing, in accordance with the APRA Prudential Standard SPS 530 liquidity stress testing programs, is deemed appropriate as there are adequate liquid assets in the asset allocations to meet fund members' redemption requests.

The tables below show the liquidity assets allocation of the current SAA in normal and stressed liquidity condition. The assets that cannot be readily liquidated within 30 days are deemed illiquid.

Table 51: Liquidity asset allocation for Atchison20

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	93.6	93.6
Illiquid assets (> 30 days)	6.4	6.4

Table 52: Liquidity asset allocation for Atchison40

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	90.7	90.7
Illiquid assets (> 30 days)	9.3	9.3

Table 53: Liquidity asset allocation for Atchison55

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	88.3	88.3
Illiquid assets (> 30 days)	11.7	11.7

Table 54: Liquidity asset allocation for Atchison70

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	84.6	84.6
Illiquid assets (> 30 days)	15.4	15.4

Table 55: Liquidity asset allocation for Atchison85

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	83.6	83.6
Illiquid assets (> 30 days)	16.4	16.4

Table 56: Liquidity asset allocation for Atchison98

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	83.0	83.0
Illiquid assets (> 30 days)	17.0	17.0

Table 57: Liquidity asset allocation for Atchison20ETF

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	98.5	98.5
Illiquid assets (> 30 days)	1.5	1.5

Table 58: Liquidity asset allocation for Atchison40ETF

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	97.5	97.5
Illiquid assets (> 30 days)	2.5	2.5

Table 59: Liquidity asset allocation for Atchison55ETF

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	96.0	96.0
Illiquid assets (> 30 days)	4.0	4.0

Table 60: Liquidity asset allocation for Atchison70ETF

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	94.0	94.0
Illiquid assets (> 30 days)	6.0	6.0

Table 61: Liquidity asset allocation for Atchison85ETF

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	95.0	95.0
Illiquid assets (> 30 days)	5.0	5.0

Table 62: Liquidity asset allocation for Atchison98ETF

Liquidity	Current SAA Normal(%)	Current SAA Stressed(%)
Liquid assets (<= 30 days)	97.5	97.5
Illiquid assets (> 30 days)	2.5	2.5

7.1 Liquidity Profile

The tables below indicate the Asset Consultants expected time to liquidate assets within each single asset class and each allocation under a normal and stressed economic environment and the stacked bar charts display the liquidity profile of both the actual and strategic asset allocations under normal and stressed liquidity conditions. The licensee is required to be aware of the likely liquidity of different underlying investment strategies under stressed financial market conditions.

Table 63: Liquidity in days per asset class

Asset Classes	Normal Liquidity (Days)	Stressed Liquidity (Days)
Australian Shares	2.0	10.0
Real Assets	365.0	1825.0
Alternatives	366.0	1825.0
International Equities - Unhedged	5.0	15.0
Cash	1.0	1.0
Duration	5.0	30.0
Floating	5.0	15.0

Table 64: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 20	27.2	131.8

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 27.2 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 131.8 days or less liquidity.

Figure 1 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 2 years under normal market condition but over 2 years under stressed market condition.

Figure 1: Liquidity Profiles of Atchison20

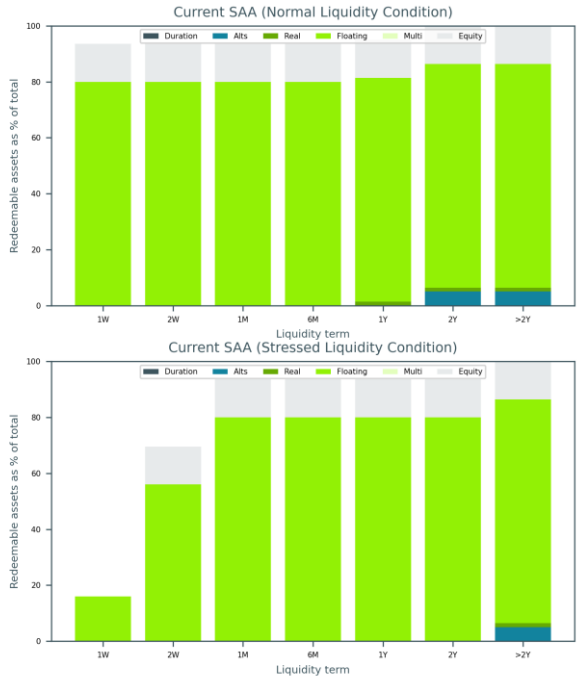


Table 65: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 40	37.6	183.7

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 37.6 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 183.7 days or less liquidity.

Figure 2 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 2 years under normal market condition but over 2 years under stressed market condition.

Figure 2: Liquidity Profiles of Atchison40

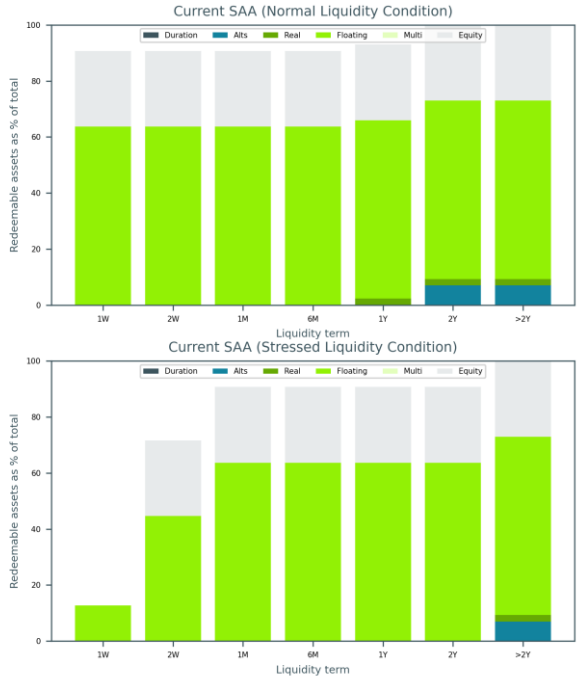


Table 66: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 55	46.1	226.4

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 46.1 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 226.4 days or less liquidity.

Figure 3 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 2 years under normal market condition but over 2 years under stressed market condition.

Figure 3: Liquidity Profiles of Atchison55

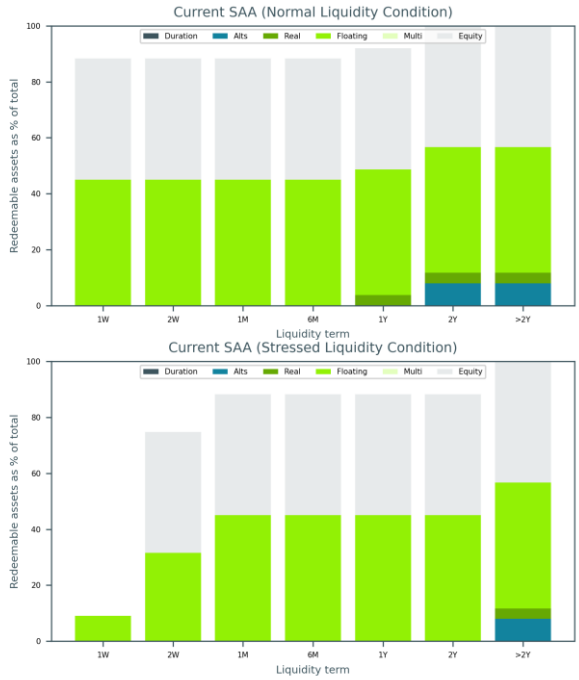


Table 67: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 70	59.4	292.6

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 59.4 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 292.6 days or less liquidity.

Figure 4 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 2 years under normal market condition but over 2 years under stressed market condition.

Figure 4: Liquidity Profiles of Atchison70

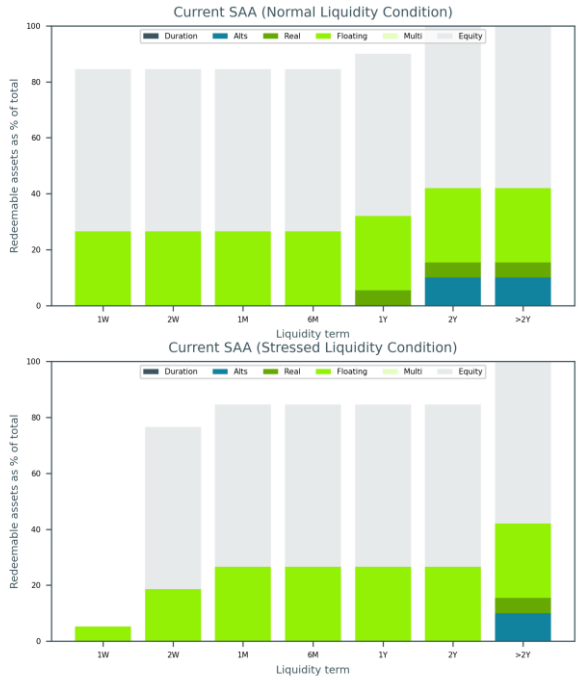


Table 68: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 85	62.9	310.1

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 62.9 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 310.1 days or less liquidity.

Figure 5 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 2 years under normal market condition but over 2 years under stressed market condition.

Figure 5: Liquidity Profiles of Atchison85

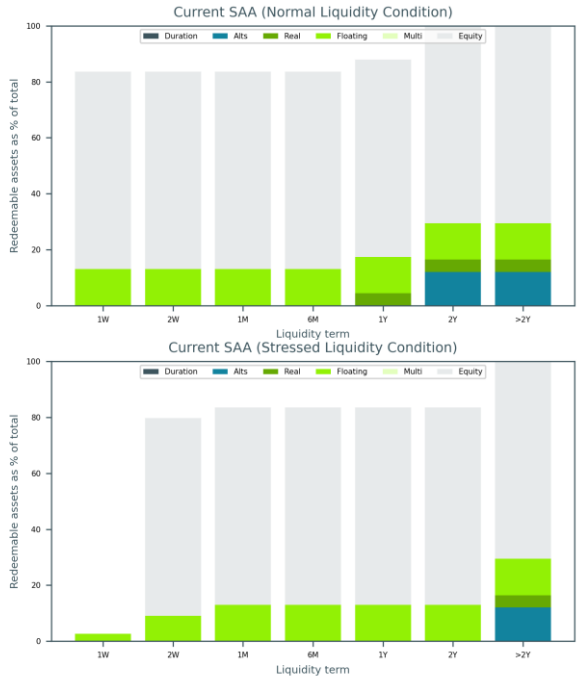


Table 69: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 98	65.0	320.3

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 65.0 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 320.3 days or less liquidity.

Figure 6 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 2 years under normal market condition but over 2 years under stressed market condition.

Figure 6: Liquidity Profiles of Atchison98

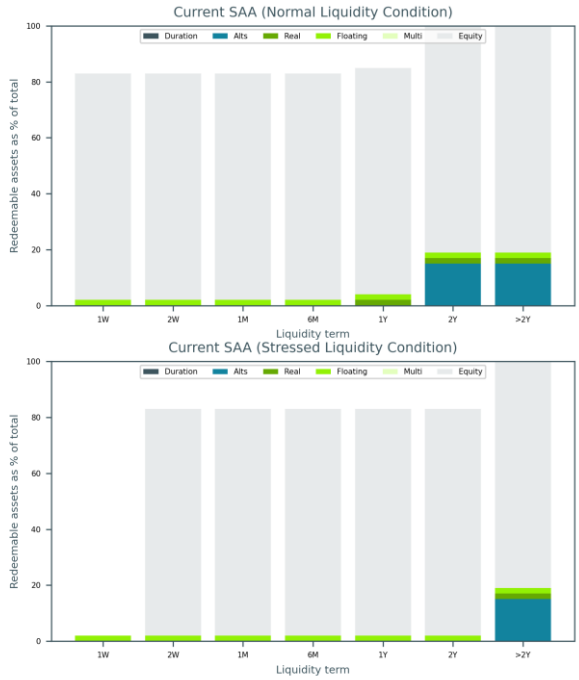


Table 70: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 20ETF	9.5	43.2

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 9.5 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 43.2 days or less liquidity.

Figure 7 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 1 year under normal market condition but over 2 years under stressed market condition.

Figure 7: Liquidity Profiles of Atchison20ETF

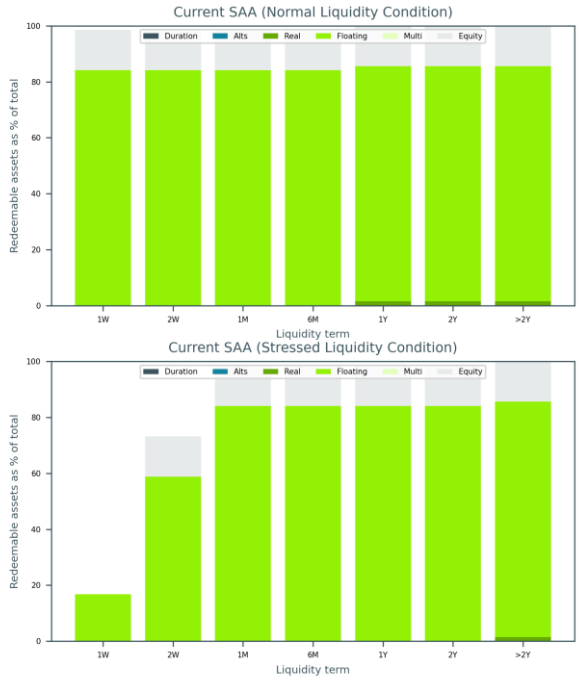


Table 71: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison40ETF	13.0	60.7

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 13.0 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 60.7 days or less liquidity.

Figure 8 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 1 year under normal market condition but over 2 years under stressed market condition.

Figure 8: Liquidity Profiles of Atchison40ETF

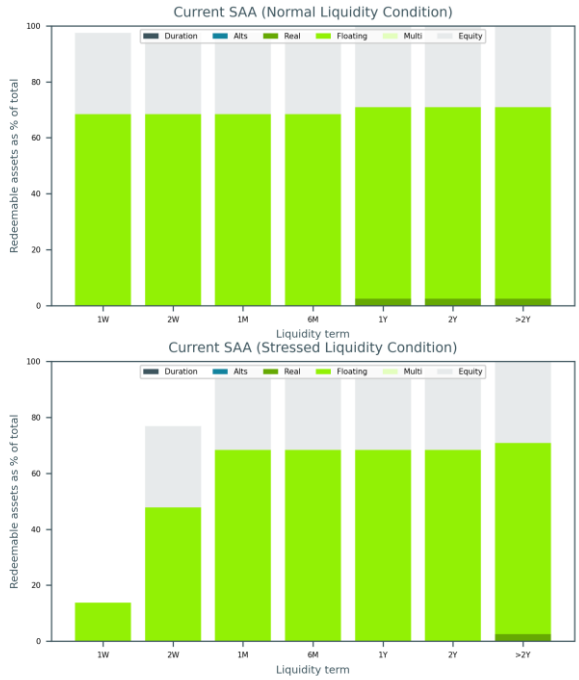


Table 72: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 55ETF	18.2	87.0

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 18.2 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 87.0 days or less liquidity.

Figure 9 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 1 year under normal market condition but over 2 years under stressed market condition.

Figure 9: Liquidity Profiles of Atchison55ETF

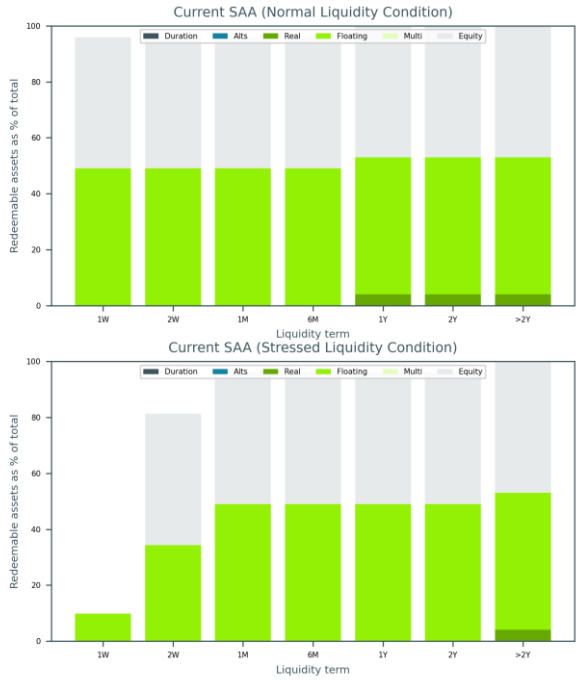


Table 73: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 70ETF	25.3	122.3

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 25.3 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 122.3 days or less liquidity.

Figure 10 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 1 year under normal market condition but over 2 years under stressed market condition.

Figure 10: Liquidity Profiles of Atchison70ETF

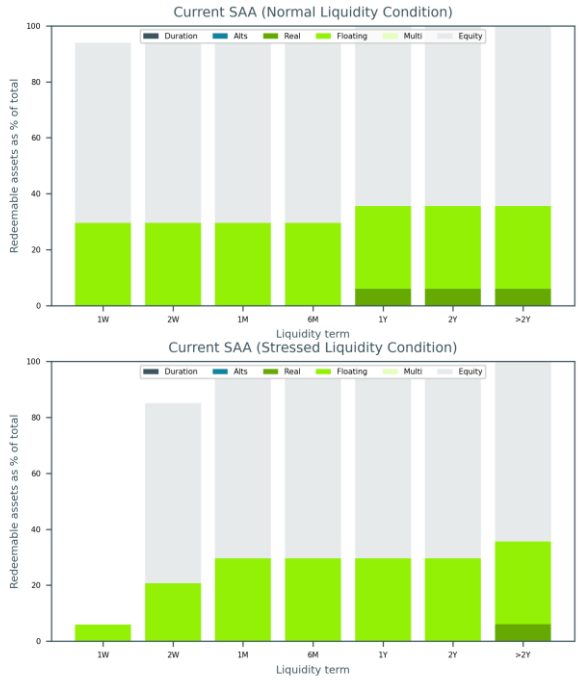


Table 74: Liquidity in days for investment strategy

Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 85ETF	21.6	103.5

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 21.6 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 103.5 days or less liquidity.

Figure 11 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 1 year under normal market condition but over 2 years under stressed market condition.

Figure 11: Liquidity Profiles of Atchison85ETF

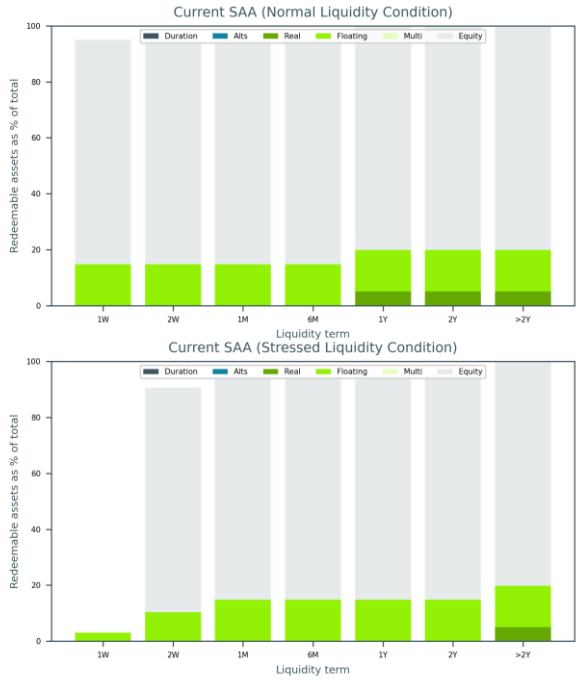


Table 75: Liquidity in days for investment strategy

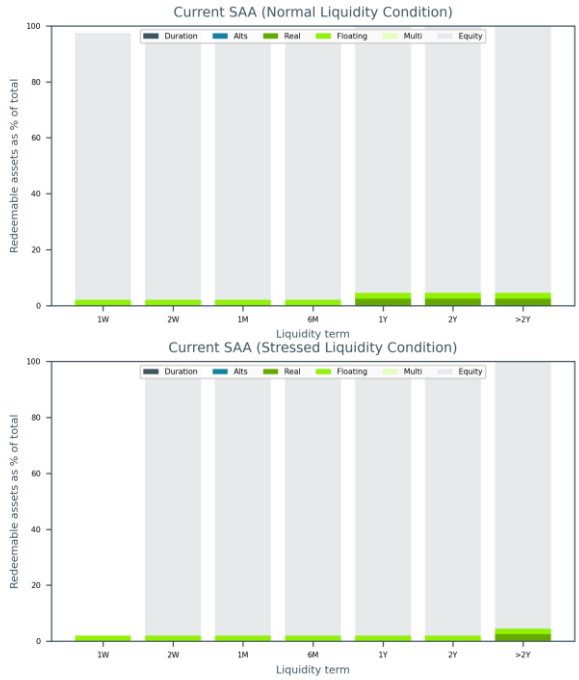
Portfolios	Normal Liquidity (Days)	Stressed Liquidity (Days)
Atchison 98ETF	12.4	57.5

- Under normal market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 12.4 days or less liquidity.
- Under stressed market conditions, on weighted average basis, the recommended strategy is invested 100% in assets with 57.5 days or less liquidity.

Figure 12 below shows percentage of assets by asset class, that are liquid illustrated over various time horizons.

- The expected time to liquidate 100% assets for the current SAA is within 1 year under normal market condition but over 2 years under stressed market condition.

Figure 12: Liquidity Profiles of Atchison98ETF



The liquidity analysis was performed across the asset allocations under various liquidity conditions:

- Extreme market conditions would deteriorate the liquidity expectation leading to longer period for Atchison to liquidate 100% of the assets.

7.2 Liquidity Risk Management

The Atchison Administrator reports contribution flows and member exits/outflows to the Trustee and investment manager to assist in the early identification of unusual patterns.

In managing liquidity risk the following matters may be included:

- Cash flow projections and past cash flow will be prepared on a regular basis to check the liquidity level needed
- Whether there are appropriate early warning indicators of liquidity risk for the single investment of the Atchison, and
- Reporting to the Research and Investment Team, Trustee Investment Committee and Board.

7.2.1 Conclusion

Consideration has been given to the liquidity of the underlying investments in stressed market conditions for Atchison. All strategies are expected to remain liquid under stressed market scenarios.

7.2.2 Recommendation

It is recommended that cash flow requirements are closely monitored to ensure sufficient cash is available to meet liabilities as they arise.