

# Atchison

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## Atchison SMA

Investment Policy Statement

June 2023

Identifying  
Opportunity™



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# 1 Investment Policy Statement

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Prepared By	TAG Asset Consulting Group Pty Ltd Trading As Atchison Consultants (ABN 58 097 703 047) (AFSL No. 230846)
Owner	Portfolio Manager(s)

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## 2 Purpose of the Policy

Atchison Board's key investment functions in relation to the Atchison Separately Managed Account (Atchison SMA) are determining investment objectives and strategies and giving effect to those strategies.

The Board is responsible for sound and prudent management of Atchison SMA's investments, including the formulation, implementation, monitoring, and review of appropriate investment strategies.

This Policy should be read in conjunction with the Atchison SMA – Investment Committee Charter – June 2023.

## 3 Objective of the Policy

This Investment Policy Statement (IPS) is to document Board's approach to developing and implementing an appropriate investment strategy for the Atchison SMA, so that each strategy is in the best interests of investors. Management is responsible for the implementation and management of this Policy.

## 4 Application

This IPS is approved by the Board, on recommendation from the Atchison Investment Committee (IC).

This IPS applies to the IC, Directors, Portfolio Manager(s), staff, and all those operating under delegated authority. This includes third party service providers, where relevant, involved in the management and monitoring of Atchison SMA investments.

## 5 Responsibilities and Delegations

- a) IC will provide a report to the Board, at least quarterly, on the operation of the Atchison SMA, and its compliance with the objectives and the terms of this Policy.
- b) IC is responsible for reviewing this Policy. Changes to the Policy will be approved by the Board.
- c) The Board delegates to the IC appointment of and changes to external Investment Managers, and the range of allocation of funds to Investment Managers in accordance with this Policy.
- d) IC is responsible for the implementation of investments within the range of allocations to approved Investment Managers as delegated by the Board.
- e) IC will keep evidence of, and records relating to, the appointment of Investment Managers and ongoing investment activity.
- f) IC will keep a record of authorised signatories for each investment held.
- g) IC will maintain a record of matters pertinent to the management of the Atchison SMA Portfolio's compliance with this Policy.

## 6 Formulating Investment Strategy

### 6.1 Objectives

Management has established a set of investment objectives for each managed portfolio. Refer to Appendix A for details.

The managed portfolios will be structured across a range of asset classes, including:

- a) equities – shares in companies and related securities
- b) real assets – property and infrastructure
- c) alternative assets – are those that which do not meet conventional investment categories

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- d) debt – fixed interest securities from sovereign or corporate issuers
  - e) cash

A range of investment instruments and investment styles may be utilised as appropriate to achieve the stated objectives, including:

- a) domestic and offshore securities
- b) listed and unlisted securities
- c) active and index management styles
- d) alternative or absolute return management styles
- e) derivatives such as futures and options

Investments will be included in the managed portfolio based on their capacity to contribute to the overall portfolio objectives having regard to the key investment attributes:

- a) expected returns
- b) risk in terms of volatility of returns
- c) liquidity
- d) costs

## 6.1 External Investment Manager

The Board is responsible for the overall conduct, administration, and control of the Atchison SMA. The IC is responsible for the oversight of the investment objectives and strategy (but delegates the investment management to the Portfolio Manager(s)). including:

- a) Review and recommend the Atchison SMA's investment beliefs to the Board for approval.
- b) Review and recommend the Atchison SMA's investment strategies to the Board for approval, including for each investment option offered or to be offered as part of the Atchison SMA, in accordance with section 52(6) of the Superannuation Industry (Supervision) Act 1993 and SPS 530 Investment Governance.
- c) Review and recommend the risk and return objectives and Strategic Asset Allocation and ranges for each investment option within the Fund, or other product offered by the Fund, to the Board for approval.
- d) Review and approval of the target asset allocation, including currency hedging, being the Medium Term Asset Allocation, for each investment option within the Atchison SMA.
- e) Review and approval of the investment strategies for each asset class, including the structure, allocation, and managers within each asset class.
- f) Review and approval of the investment parameters for the Atchison SMA.
- g) Review of investment options within the Atchison SMA, including their creation and closure; and
- h) Consideration of all matters relevant to investment strategy and objectives to assist the IC fulfil its duties relevant to the management and investment of the assets for the Atchison SMA.

The Portfolio Manager(s) will manage the managed portfolios investments via outsourcing to one or more external fund managers who will have full delegated responsibility to manage their respective portfolios, within agreed mandates.

In the selection of investment products (e.g. managed fund, exchange traded fund etc.) for the managed portfolio, the Board will satisfy themselves that the following matters have been properly considered:

- a) an established and reputable organisation;
- b) experience in managing its respective mandate;
- c) a sound track record;
- d) appropriate skills and experience;
- e) operational capabilities;
- f) financial and organisational stability; and
- g) core values consistent with those of the organisation.

The investment managers will be required to comply with prudent standards of judgement, as would be compatible with the skill and expertise of a professional in the business of investment management.

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Investments will be selected based on their capacity to contribute to the overall managed portfolio objectives having regard to the following key investment attributes:

- a) expected returns
- b) security
- c) liquidity
- d) costs

The management of the Atchison SMA's investments will be outsourced to external fund managers who will have full delegated responsibility to manage their respective managed portfolios, within agreed mandates. Investment managers will be chosen as having the relevant attributes: appropriate skills and experience; operational capabilities; financial and organisational stability, and core values consistent with those of the corporation.

The investment managers will be required to comply with prudent standards of judgement, as would be compatible with the skill and expertise of a professional in the business of investment management.

## 6.2 Distributions and Cash Flow

Distributions from a managed fund will generally be taken in cash or in accordance with the Atchison SMA administrator's procedure.

## 6.3 Liquidity Management

The Atchison SMA will be managed to ensure that the organisation has sufficient liquidity to meet its obligations.

## 6.4 Valuations

Accurate and timely valuations are important to ensure equity is maintained across continuing and exiting investors. As such, the Board considers the availability and reliability of valuation information an important aspect of setting and reviewing investment strategies.

# 7 Monitoring and Reporting

## 7.1 Investment Strategy and Performance Reporting

The IC reviews the investment performance of the Atchison SMA at each meeting via reporting provided by the Portfolio Manager(s). Summary investment performance data is also provided to the Board.

A formal report will be provided to the Board at least once a year.

The principal goals of investment performance monitoring are to:

- a) assess the extent to which the investment objectives are being achieved
- b) assess the ability of the asset allocations, sector configurations, derivative overlays, and underlying investment managers to meet their investment objectives
- c) ascertain the existence of any weakness in an underlying investment manager or overlay strategy

## 7.2 Reporting Framework

Portfolio Manager(s) has access to and receives a variety of daily, weekly, monthly, quarterly, and annual reports from, amongst others, administration platform, internal reporting systems, underlying investment managers, custodian, and external consultants, which explain and discuss how the Atchison SMA is performing.

Portfolio Manager(s) is primarily responsible for receiving and monitoring this information and producing summary reports to be presented to the IC and Board as required.

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## 8 Review of Investment Strategy

The investment strategy of the Atchison SMA is to be formally reviewed annually by the Board.

## 9 Review of Policy

The IPS and the arrangements contained in the Policy will be reviewed annually by the Executive for ongoing accuracy and relevance, and the results reported to the IC. Any material changes to the policy will be submitted for Board approval.



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## 14 Scope of Definitions

The following definitions are related to this Charter:

<b>Investment Strategy</b>	An investment strategy is the methodology used by an investor to achieve his or her goals, in terms of risk tolerance and future needs for income and capital. The components of most investment strategies include asset allocation, buy and sell guidelines, and risk guidelines.
<b>Risk Tolerance</b>	Risk tolerance is the degree of variability in investment returns that an investor is willing to withstand.
<b>Asset Allocation</b>	Asset allocation is the process of apportioning a portfolio's assets according to an agreed investment strategy. The main asset classes - equities, property, fixed interest, and cash - have different levels of risk and return, so each will behave differently over time.
<b>Portfolio</b>	A portfolio is a grouping of financial assets such as shares, bonds and cash, as well as their counterparts in managed funds.
<b>Risk Management</b>	Risk management is the process of identification, analysis and acceptance or mitigation of uncertainty in investment decisions. Risk management occurs any time an investor or fund manager analyses and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given his investment objectives and risk tolerance.
<b>Atchison Separately Managed Account (SMA)</b>	A portfolio of assets managed on investors behalf by Atchison SMA
<b>Volatility</b>	Volatility refers to the amount of uncertainty or risk about the size of changes in a security's value. A higher volatility means that a security's value can potentially be spread out over a larger range of values. Volatility is the most common measure of risk in a security or portfolio.
<b>Liquidity</b>	Liquidity describes the degree to which an investment can be quickly bought or sold in the market without affecting the asset's price. An investment that can be fully redeemed within one month is generally regarded as liquid.
<b>Benchmark</b>	A benchmark is a standard against which the performance of a security, managed fund or investment manager can be measured. Generally, broad market and market-segment share, and bond indexes are used for this purpose.
<b>Index</b>	An index is a statistical measure of change in a financial market. Share and bond market indices consist of a defined portfolio of securities representing a particular market or a segment of it.
<b>Investment Mandate</b>	Directive outlining client's investment requirements and preferences.

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**IC**

Investment Committee of Atchison Consultants as it relates to the Atchison SMA

**Policies and Procedures**

Board approved policies and internal procedures based upon and derived from such Policies.

## Appendix A

Atchison managed portfolios – 12 – Investment Objectives Tested June 2023

<b>Names: 6 Active Portfolios</b>	<b>Investment Objective (After Investment Management Fees before Tax)</b>	<b>Growth/Defensive Allocation %</b>	<b>Expected Return %</b>
Atchison Active 20	CPI+0.5% pa over rolling 3-year periods	20/80	3.7
Atchison Active 40	CPI+1.0% pa over rolling 5-year periods	36.3/63.7	4.5
Atchison Active 55	CPI+2.0% pa over rolling 7-year periods	55/45	5.4
Atchison Active 70	CPI+3.0% pa over rolling 8-year periods	73.4/26.6	6.2
Atchison Active 85	CPI+4.0% pa over rolling 10-year periods	87/13	7.0
Atchison Active 100	CPI+5.0% pa over rolling 12-year periods	98/2	7.5
<b>Names: 6 Passive Portfolios</b>			
Atchison Dynamic 20	CPI+0.5% pa over rolling 3-year periods	15.9/84.1	3.7
Atchison Dynamic 40	CPI+1.0% pa over rolling 5-year periods	31.6/68.4	4.5
Atchison Dynamic 55	CPI+2.0% pa over rolling 7-year periods	51/49	5.4
Atchison Dynamic 70	CPI+3.0% pa over rolling 8-year periods	70.4/29.6	6.4
Atchison Dynamic 85	CPI+4.0% pa over rolling 10-year periods	85.2/14.8	7.3
Atchison Dynamic 100	CPI+5.0% pa over rolling 12-year periods	98/2	8.0

# Atchison

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