IMAP Webinar Series

Property and Infrastructure: Do they offer defence in uncertain times?

Allocating to Property and Infrastructure

Matt Swieconek – Findex

William Morgan – Atrium Investment Management

Moderated by

Toby Potter – IMAP

Institute of Managed Account Professionals

How to ask a Question

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Allocating to Property and Infrastructure

Matt Swieconek
Findex

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Using Property, Infrastructure and Alternatives within Managed Accounts

Matt Swieconek – Head of Investment Relations

Friday 20th October 2023

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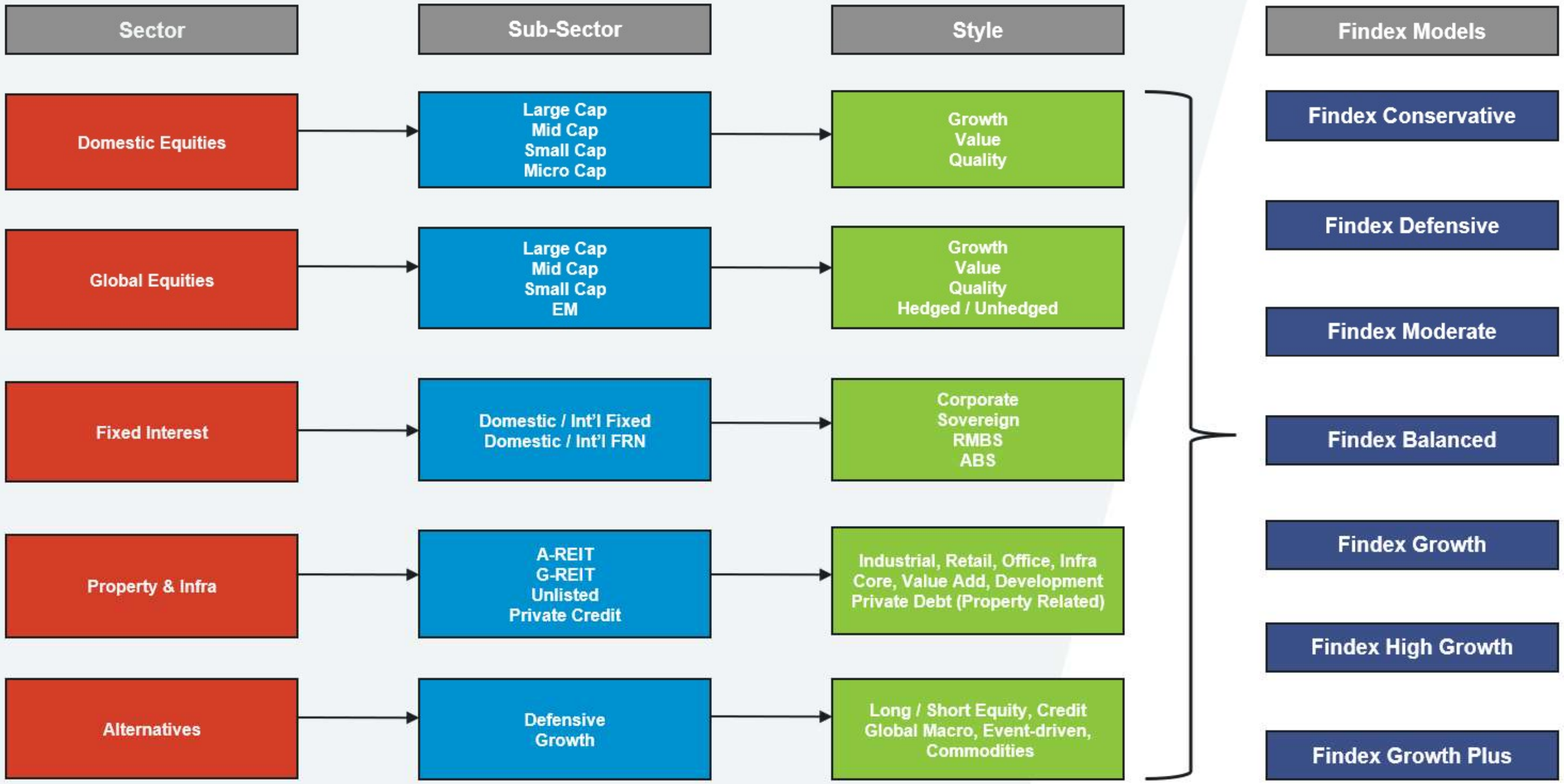
Findex Portfolio Construction

- Findex manages a series of multi-asset, multi-manager models within an MDA.
- All models include an allocation to listed and unlisted property and infrastructure, and alternative assets.
- Models are re-balanced to their TAA on a quarterly basis.
- Considering our rebalancing requirements and client demographic, liquidity is a key consideration.

Findex MDA Model Construction



Findex MDA – Property & Infrastructure Strategy

Item	Description
Portfolio Target Asset Allocation	• 40% AREITS • 10% Listed Infrastructure Securities • 50% Managed Unlisted Assets
Listed Asset Criteria	• Minimum 50% EBIT from property rental, recurring sources or contracted/mature infrastructure income. • Minimum of 50% of assets located in Australia
Unlisted Asset Target Allocation	• 70% Core • 20% Value Add • 10% Development
Asset Class Focus	• Equity and Debt (Unlisted Assets) with a bias generally towards Equity
High Conviction (listed)	• Concentrated portfolio of 12-20 Listed Assets at any one time
Benchmark	• S&P/ASX A-REIT Index • S&P/ASX Infrastructure Index • Mercer Aus Core W'sale Prop Fund Index

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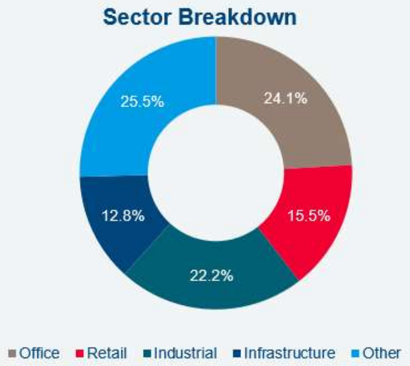
Findex MDA – Current Property & Infrastructure Positioning



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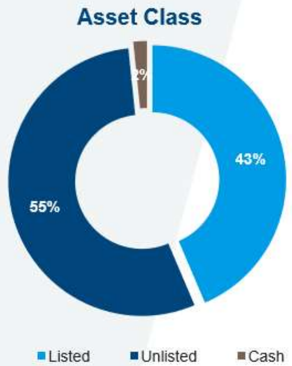

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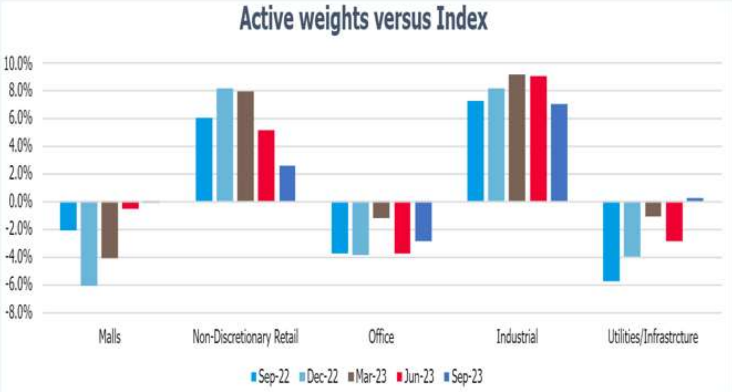

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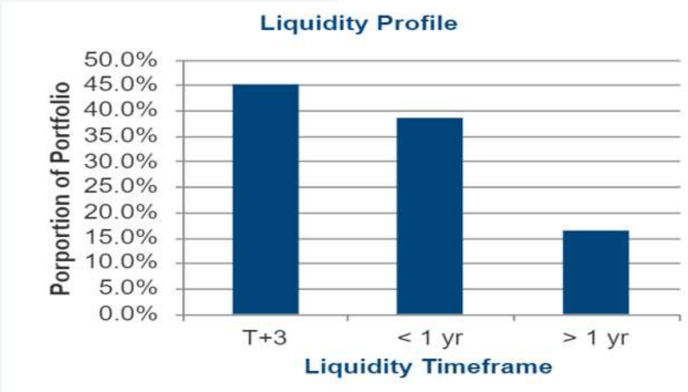

Source: Alceon

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Findex MDA – Alternative Strategies

Guidelines	Defensive Alternatives	Growth Alternatives
Alpha Target (Net of Fees)	Absolute Return X% p.a.	Absolute Return Z% p.a.
Volatility Target	<X%	<Y%
Liquidity	Max. Monthly	Max. Monthly
Reference Benchmark	HFRX Equity Market Neutral Index (Reference index only)	HFRX Equity Market Neutral Index (Reference index only)
Fee Target (MER, Excl. Perf Fees)	Max X%	Max Y%
Number of underlying Strategies	Minimum 5	Minimum 8
Max allocation to one Fund	35%	20%

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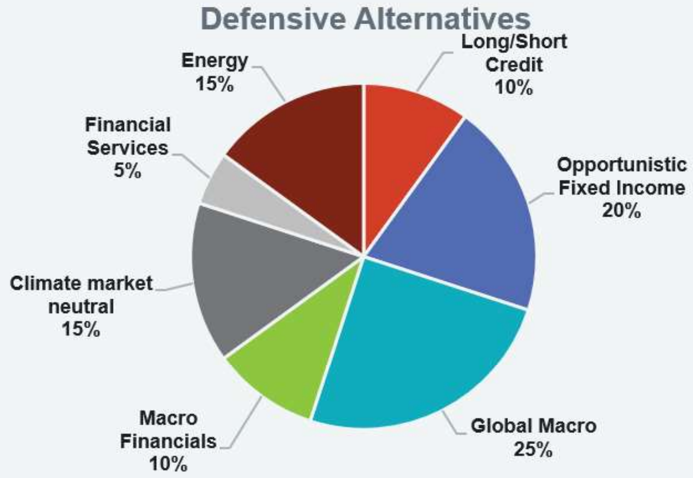
Findex MDA – Current Alternative Positioning



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Findex MDA –Property & Infrastructure

- All-weather property & infrastructure strategy.
- Can rotate b/w listed, unlisted and private debt.
- Findex MDA Models typically allocate ~9% to property & infrastructure and ~14% to alternatives.
- Sufficient liquidity allows for regular re-balancing of overall portfolio.
- Risk / return characteristics suitable for Findex client demographic.


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Allocating to Property and Infrastructure

William Morgan
Atrium Investment Management

IMAP
Institute of Managed Account Professionals

ATRIUM Risk Targeted Investing

IMAP – Allocating to Property and Infrastructure – Private Market Perspective

29 October 2023

William Morgan

Portfolio Manager

Before We Begin

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ATRIUM
INVESTMENT MANAGEMENT

Investing in Property and Infrastructure

- **Atrium has a risk targeted** approach to multi-asset investing.
- One of our fundamental principles be as unconstrained as possible when assessing investment opportunities
- Atrium can allocate to infrastructure and property in both listed and unlisted formats
- Traditionally have invested in infrastructure via the listed markets
- Typically invest in Real Estate through private markets. This has been done across the capital stack, that is via both Equity and Debt






These images are for illustrative purposes only

Source: Atrium 2023
Past performance is not a reliable indicator of future performance. Future performance and return of capital is not guaranteed.

How does Atrium use Private Markets

- **Private market assets** are a key component of our diversifying bucket in our Multi-Asset **Evolution** Portfolios
- The **Atrium Real Assets Fund (ARAF)** is stand-alone fund that allows managed account investors to gain access to private market allocations
- Atrium has been investing in private markets for over a decade and benefitted from consistent returns over this time
- We manage liquidity in **Evolution** by limiting the allocation size. Typically <12%
- **ARAF** requires investors to commit their capital for 5 years. This provides for certainty of capital when engaging on new transaction opportunities
- Our key focus is **diversification** and **valuation**

Source: Atrium 2023
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Our private markets capability

Aim to build a robust portfolio of private market assets diversified by asset class, position in the capital structure and geography with an emphasis on our objective to deliver solid risk adjusted returns over 7 to 10 years

Broad mandate which allows for maximum flexibility and aligns with our philosophy of avoiding unnecessary constraints.

Current exposures include commercial property, asset finance, construction finance, corporate loans and agricultural and water assets

Traditionally invested in real estate debt and equity, but with a variety of exposures to other industries and/or sectors

These images are for illustrative purposes only

Source: Atrium 2023

Investment philosophy

ATRIUM

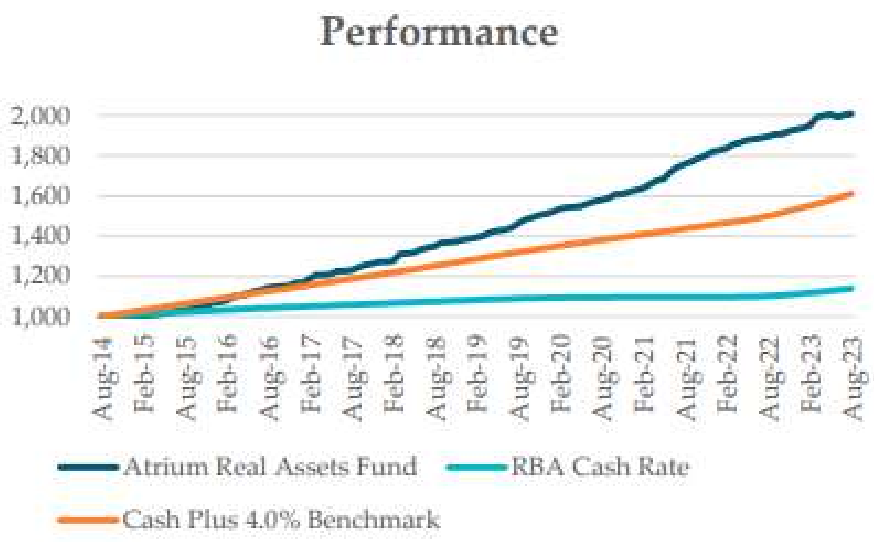
- **Valuation is key** – long term returns are closely related to the starting valuation of any investment opportunity and therefore entry valuation is an essential focus.
- **A focus on the quality and predictability of an investment outcome** – our desire is to provide our clients with consistent return outcomes. This is only possible if the underlying investments are high in quality and predictable in nature.
- Ensure sufficient **margin of safety** that reflects the inherent risk and opportunity of the investment.
- Seek reward for illiquidity. Our investments must reward investors for being patient with their capital.
- **True diversification** – find outstanding investments that have nothing to do with each other (i.e., have low correlation with each other).

These images are for illustrative purposes only

Source: Atrium 2023

Investment performance

Consistency of outcomes during all market cycles



As at 31 August 2023	Atrium Real Assets Fund
1 year	5.93%
3 years (% pa)	8.34%
5 years (% pa)	8.27%
Since inception** (% pa)	8.06%
Volatility since inception (% pa)	1.85%
Sharpe Ratio	3.5

Source: Atrium, IRESS. Data as at 31 August 2023.

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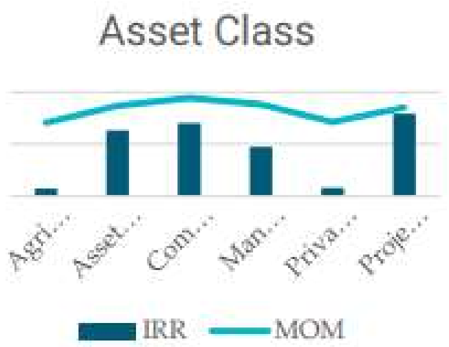
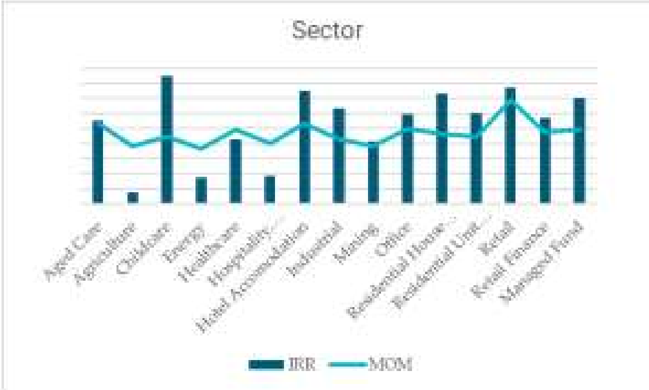
** Inception date of ARAF is 2 September 2014 .

The Importance of Diversification





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QUESTIONS

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