




## Atchison Active 55 Portfolio

Illuminating  
the way forward





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This document provides details about the portfolio including, fund facts, portfolio objectives and the investment philosophy employed by Atchison Consultants.



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# Atchison Active 55 Portfolio

## What is the Atchison Active 55 portfolio?

The Atchison Active 55 Portfolio (the "Portfolio") offers a total portfolio solution for 'balanced growth' investors. This multi-asset strategy invests across every major asset class, via Atchison's individual asset class sleeve SMAs, combining cash, fixed interest, Australian shares, global shares, real assets and alternatives.

The portfolio is professionally managed by the Atchison Consultants investment committee, from both an asset allocation, geographic and investment selection perspective.

## What is in the Atchison Active 55 portfolio?

The Portfolio is a diversified separately managed account (SMA) that invests into the underlying Atchison asset class sleeve SMA portfolios, which are: Cash, Fixed Interest – Duration, Fixed Interest – Floating, Australian Shares, Global Shares, Real Assets and Alternatives.

Each of these SMAs invest into a curated selection of actively managed funds and index-tracking exchange traded funds (ETFs) across every major asset class. The Portfolio is also diversified across investment strategies, fund managers and sources of return.

The Portfolio has been constructed to provide a diversified exposure to global capital markets and is suited for investors seeking to generate a balanced mix of income and capital returns while minimising the risk of market downturns.

The decision-making framework is guided by Atchison's firm philosophy and investment approach.

Generally, the portfolio will have a long-term average exposure of about 55% to growth and alternative assets and around 45% to defensive assets. However, the allocations will be actively managed based on prevailing market conditions.

The Portfolio can hold up to 65 investments, with a minimum of ten, with the average being 30 to 40 underlying funds.

## Example of underlying holdings and funds within the portfolio

### ETF providers

### Companies



### Specialist fund managers

## What is the objective of the portfolio?

The Portfolio is suited for investors seeking to generate a balanced mix of income and capital returns while minimising the risk of market downturns. As a multi-asset diversified Portfolio, it seeks to generate a consistent return in all market environments and ensure investors are not exposed to significant market drawdowns.

A Portfolio invested into a diversified range of asset classes is deemed medium risk, however, when constructed appropriately, will allow the investor to reduce the volatility and support long-term compounding returns.

## What is the asset allocation?

The Portfolio must invest according to the asset allocation range in the table below. The Portfolio is intended to be fully invested at all times, with the exposure range for cash included to allow for portfolio changes to be implemented over a reasonable period of time. The cash weighting may be used to express views on macroeconomic or valuation conditions. The Investment Committee also has the flexibility to make tactical and dynamic asset allocation calls within the ranges outlined below.

	Range
Australian Shares	10 – 40 %
Global Shares	10 – 40 %
Real Assets	5 – 15 %
Alternatives	2 – 15 %
Fixed Interest – Long Duration	5 – 45 %
Fixed Interest – Floating Rate	5 – 35 %
Cash	2 – 10 %

## Fund facts

- ▲ **Minimum Suggested Investment Timeframe:** 7 Years
- ▲ **Investment Objective:** CPI +2% pa
- ▲ **Benchmark:** FE AMI Mixed Asset – Balanced peer index
- ▲ **Investment Universe:** Managed Funds, ETFs, managed account portfolios and cash
- ▲ **Number of Holdings:** 10 – 65
- ▲ **Standard Risk Measure:** 4
- ▲ **Managed Account Fee:** 0.401% p.a.
- ▲ **Minimum Investment Amount:** \$25,000

## How does Atchison invest?

The Portfolio is managed in line with Atchison's investment philosophy, a summary of which is as follows:

- ▲ **It starts and ends with risk:** The basis of all investment decisions is a focus on identifying and managing risk and nowhere is this more important than in alternative asset classes. Atchison's are advocates of the diversification and return benefits of material allocation to the asset class.
- ▲ **Asset allocation is the primary driver of returns:** Research consistently shows that asset allocation decisions drive as much as 90 per cent of returns. Atchison believes in the value of a more granular approach to asset allocation and the role of alternatives in offering non-correlated returns.
- ▲ **Liquidity is your friend:** Illiquidity is too commonly seen as resulting in less risk associated with an investor, but requires investors to give up on flexibility and optionality. We believe liquidity is paramount within the core of portfolios and thus is the focus of this sleeve.
- ▲ **Costs matter:** While we believe that investment fees should be kept to a minimum, our own research has shown that certain asset classes offer the potential for significant outperformance. Our focus remains on paying higher fees only where the investment offers something truly different.
- ▲ **Active management can smooth returns:** The fast-evolving nature of investment markets warrants a greater focus on the smoothing of volatility. This is best achieved by blending active managers and passive funds but ensuring any cancellation effects are minimized.
- ▲ **Always have an exit strategy:** Too often investment markets and decision makers extrapolate short-term events into long-term trends. We understand that the inputs to every asset class are different and thus we must plan ahead for when circumstances eventually change.
- ▲ **Market (beta) is free:** While an 'Active' portfolio, this option blends both a passive, index-tracking core with active funds and ETFs in an effort to offer and exposure that is resilient to multiple economic outcomes but also ensuring at least the average return is achieved for the portfolio.
- ▲ **Active management can smooth returns:** The fast-evolving nature of investment markets warrants a greater focus on the smoothing of volatility. This is best achieved by blending active managers and passive funds but ensuring any cancellation effects are minimized.
- ▲ **Trust in mean reversion:** Atchison are proponents of the concept that overtime, values and valuations will eventually revert to the mean or average. The emotional nature of investing means that valuations will differ significantly over short periods of time but offer the potential for long-term return generation.

More information on our investment approach and investment philosophy is available in our 'guiding lights' document.

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## Why trust Atchison?

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

## Key Risks

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

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

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- ▶ When investing in international assets, it is essential to be aware that exposure to foreign currency fluctuations naturally occurs. In cases where this exposure is not hedged, it is important to recognise that changes in foreign exchange markets can significantly affect the overall return on an investment. These effects can be both positive and negative and are independent of the performance of the underlying assets.
- ▶ While diversification is a valuable strategy, it is important to acknowledge that it may not fully mitigate systematic risk, such as the risk associated with a global economic crisis, which could impact all asset classes.
- ▶ Over the long term, fund managers and ETFs invested in growth assets like shares and real estate have historically outperformed other investment options. However, in the short term, these markets can exhibit substantial volatility, meaning that the value of your investment will fluctuate. Consequently, investing in growth assets should be approached as a long-term strategy.

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

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