



## Atchison Active Australian Shares 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 Australian Shares Portfolio

The Atchison Active Australian Shares Portfolio (the “portfolio”) offers an all-in-one solution for your Australian share exposure, investing across a broad spectrum of asset types and structures to deliver a diversified solution.

## What is the Atchison Active Australian Shares Portfolio?

The Portfolio is a diversified separately managed account (SMA) that invests into a curated selection of actively managed funds and index-tracking exchange traded funds (ETFs).

The Portfolio has been constructed to provide an exposure to every part of the Australian sharemarket, including large, medium and smaller companies. The decision-making framework is guided by Atchison’s firm philosophy and investment approach.

## What is in the Atchison Active Australian Shares Portfolio?

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

The Portfolio aims to generate returns from active asset allocation and investment selection decisions. The Portfolio is diversified across fund managers, companies, investment styles and factors and is continuously reviewed and adjusted to ensure it remains appropriately positioned to deal with evolving investment and economic conditions.

Given the nature of investments in share markets, the minimum suggested timeframe for investors in this portfolio is 10 years.

The Portfolio can hold up to 15 investments, with a minimum of two, with the average being seven to eight underlying funds.

## Example of underlying holdings and funds within the portfolio



## 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. We will not use the cash weighting to express views on macroeconomic or valuation conditions.

	Range
Australian Shares	85 – 99%
Cash	1 – 15%

## What is the objective of the portfolio?

The Portfolio is suited for investors seeking to generate income and capital returns but is subject to the risks associated with investing in the Australian share market.

Generally, a Portfolio solely invested in Australian Equities is deemed risky, however when combined with the other Atchison asset class portfolios, will allow the financial adviser and investor to create a tailored and customised diversified multi asset class portfolio investing through some of best investment managers available.

## Fund facts

- ▲ **Minimum Suggested Investment Timeframe:** 10 Years
- ▲ **Investment Objective:** Outperform the Australian share market over rolling 5-year periods
- ▲ **Benchmark:** FE AMI Equity – Australian peer index
- ▲ **Investment Universe:** Managed Funds, ETFs, cash
- ▲ **Number of Holdings:** 2 - 15
- ▲ **Standard Risk Measure:** 6
- ▲ **Managed Account Fee:** 0.401% p.a.
- ▲ **Minimum Investment Amount:** \$25,000
- ▲ **Indirect cost ratio (indicative):** 0.401% p.a.

## 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, but most importantly ensuring that every risk is compensated in the form of the potential for greater returns. Atchison seeks to ensure that the Portfolio does not accept uncompensated risk, such as index-tracking active funds, or sector over-weightings, preferring compensated risks like smaller company and style exposures.
- ▲ **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 an 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.
- ▲ **Costs matter:** While we believe investment fees should be kept to a minimum, many assets offer a real opportunity for better investment outcomes, thus we advocate that any fees are spent wisely. Similarly, there are trading costs in changing portfolios, which should be limited only to truly material changes.

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

## 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 Atchison Active Australian Shares Portfolio can offer diversification and a well-rounded approach to managing your investments in Australian equities. 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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- ▲ While diversification is a valuable strategy, it's important to acknowledge that it may not fully mitigate systematic risk, such as the risk associated with an economic crisis, which could impact Australian holdings.
- ▲ 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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# Atchison

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## **Atchison Consultants**

Level 4, 125 Flinders Lane,  
Melbourne Vic 3000  
P: +61 (0) 3 9642 3835  
[enquiries@atchison.com.au](mailto:enquiries@atchison.com.au)  
[www.atchison.com.au](http://www.atchison.com.au)

