

Returns (AUD)	1 month	2 months	3 months	4 months
Fund	-5.87	-5.06	-0.82	0.12
MSCI World Index	-2.32	-0.75	2.72	3.05
Active return	-3.55	-4.31	-3.55	-2.93

NAV: A\$1.6150

down -5.87%

MSCI World Index

down -2.32%

Thymos Capital

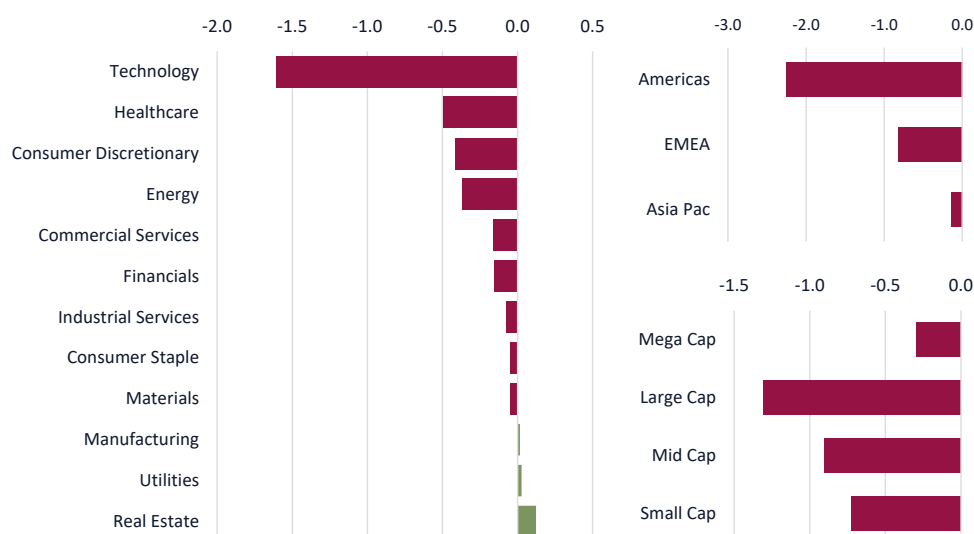
Thymos is an Australian fund manager specialising in global equities. Funds are managed through unique blend of macroeconomic modelling and bottom-up stock quantitative analysis.

Global Equities Long Only

The Fund gives investors a broad exposure to global equities in developed markets. The portfolio is actively managed and aims to achieve above benchmark returns.

LAST MONTH

In January, equities experienced the worst start to a year since 2009. Indeed, it was a painful start for bond and passive investors too. Within equities, weakness was initially driven by longer-duration growth stocks, before broadening out to other sectors. Investors became increasingly nervous about inflation and Fed tightening risks, with money markets even going so far as to price in the possibility of a 50bps rate hike in March. Additionally, Fed officials talked up the prospects of shrinking the balance sheet and outright draining liquidity as another tool in normalizing policy settings. The valuation multiple compression effects of higher rates and higher volatility, combined with the impact of tighter financial conditions on economic growth worked together to drive a sharp drawdown in most long-only portfolios. Our long-only fund was caught up in the sell-off and underperformed because long-duration growth and quality exposures did not provide the defensiveness we expected in a draw-down.



Percentage contribution to portfolio return in USD

Going forward, we still like quality. We can see evidence that global inflation is peaking, albeit at an elevated pace, limiting how much bonds can sell off. We are wary of the risks that central banks go harder in their policy normalization plans. But history tells us that in tightening cycles, short rates tend to rise faster than long-term bond yields, resulting in flatter yield curves. Flattening yield curves signal slowing growth, and slowing growth usually brings with it elevated uncertainty. Our concern is that the equity risk premium will still rise faster than the risk free rate, with the cycle in earnings being dampened by slowing growth in liquidity and activity. Additionally, if central banks are right in their concerns about wage-price spirals emerging, then we must be wary of cost pressures eroding profit margins. These circumstances generally favour low-beta exposures over high-beta ones, as well as profitability factors, both of which form part of the quality portfolio.

To be sure, we have hedges. We are taking on moderate value exposure because we can still see economic expansion ahead, even if it is slowing. We are also taking on negative momentum exposure, because elevated uncertainty and volatility levels could trigger passive and risk parity investors to unwind their most cherished positions, and because high uncertainty typically signals an inflection point in the cycle ahead.

Portfolio	
Number of stocks	300
Largest stock*	2,813,308
Smallest stock*	10,063
Median Turnover*	282

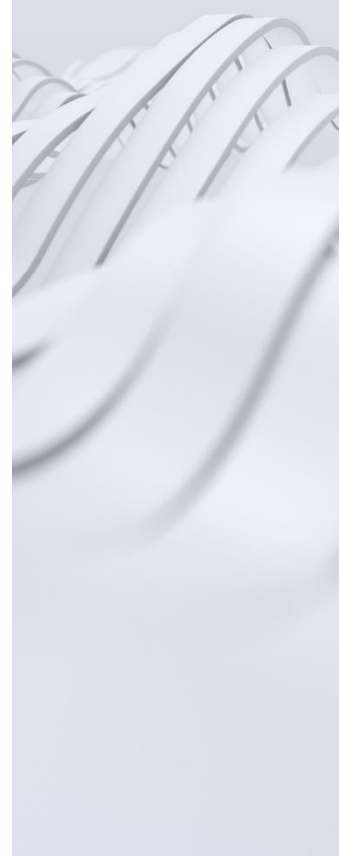
Sectors	Holding
Technology	42.0
Consumer Discretionary	14.6
Healthcare	14.2
Financials	9.4
Manufacturing	5.3
Consumer Staple	6.1
Commercial Services	4.8
Utilities	1.6
Materials	0.9
Real Estate	0.5
Energy	0.4
Industrial Services	0.2

Regions	Holding
Americas	79.0
EMEA	14.1
Asia Pac	6.9

Segment	Holding
Mega Cap	33.5
Large Cap	33.4
Mid Cap	19.4
Small Cap	13.6

*Holding as a % of portfolio, * in USD*

LOOKING AHEAD



Disclosure:

There were no material changes to Thymos staff, investment strategy or risk / return profile of the fund. There were no material changes to service providers.

Important information:

The Fund invests in global stocks whose share prices are denominated in many different currencies such as USD, EUR, JPY, CHF, GBP to name a few. The stocks themselves are often global companies operating in many countries. NAV is calculated using month end share prices of The Fund's holdings, converted to AUD at the month end exchange rates. The benchmark is quoted in USD but then converted to AUD returns such that it can be compared to NAV returns on a like for like basis. Overweight and underweight positions are in relation to the universe of global stocks Thymos invests in.

The purpose of this report is to summarise and highlight the main drivers of performance and current portfolio positioning. This report cannot be relied upon for accuracy or completeness. The past returns are not an indication of future returns. This report is not an invitation to invest in The Fund. This report is not a financial advice. This report cannot be relied upon as a forecast. You should consult your investment adviser before investing.

For more information, please go to www.thymoscapital.com.au or contact client services on (02) 8277 0000 or email operations@oneinvestment.com.au

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