

Returns (AUD)	1 month	3 months	6 months	8 months
Fund	-2.19	-6.31	-16.60	-12.05
MSCI World Index	-1.10	-5.19	-11.06	-7.66
Active return	-1.09	-1.11	-5.54	-4.40

NAV: A\$1.4186

down -2.19%

MSCI World Index

down -1.10%

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

A 1.1% fall in the benchmark (0.16% in USD) pales in significance when compared to frequent 2-3% market moves. On the day the market feels the inflation is peaking and the growth is moderating, the interpretation is that the Fed will be allowed to be gentler, and the inflation is indeed "transitory". On those days the market puts in a good 2-3% swing upwards. On the days the economy shows excessive strength or prices show persistent upwards trajectory, the market sell off is equally big as investors become weary of Fed rate hikes and over-tightening. The month then becomes the sum total of the good and bad days and those in-between, where there is no data to drive it.

Consumer and technology stocks continued to be under pressure while energy continues to be the standout performer. Our portfolio was hurt by our sector positioning but within those sectors, our bias toward the high quality stocks worked well. Apart from month-end NAV vs. benchmark timing differences, the fund finished the month in-line with the benchmark.

LOOKING AHEAD

Going forward, we expect the Fed to continue normalizing policy settings. How aggressively it moves is up for debate, with some officials talking about a September pause and others talking about a more aggressive path, with the difference being about how quickly inflation slows in response to tightening. But regardless of the details, as the Fed gets closer to neutral and as economic growth slows, we can see rates uncertainty peaking. Indeed, there are risks that the Fed overtightens, because neutral is an unobservable moving target that depends on fundamentals in the economy as well as financial market developments. In overtightening scenarios, we would see credit spreads widen, equity volatility rise and the USD strengthen. These developments are negative for the valuations of more leveraged and cyclical companies, compounding the negative effects of slowing activity growth on earnings. In scenarios where the Fed pauses early, bond yields can fall provided inflation is genuinely fading. We note that longer-duration growth stocks have been sold on higher rates and inflation, as well as the expectation of more aggressive tightening to come. These stocks may benefit in a relative sense from reversal flows as rates uncertainty peaks and slowing economic growth contains inflation.

We are long quality and short momentum. We have negligible weight on value, anticipating that there are de-leveraging risks to come as the Fed tightens.

Portfolio	
Number of stocks	300
Largest stock*	2,353,002
Smallest stock*	9,029
Median Turnover*	301

Sectors	Holding
Technology	39.7
Consumer Discretionary	13.8
Healthcare	15.1
Financials	8.6
Manufacturing	6.3
Consumer Staple	6.3
Commercial Services	7.5
Utilities	0.9
Materials	0.6
Real Estate	0.4
Energy	0.8
Industrial Services	0.0

Regions	Holding
Americas	81.1
EMEA	12.6
Asia Pac	6.3

Segment	Holding
Mega Cap	37.2
Large Cap	29.4
Mid Cap	18.7
Small Cap	14.8

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

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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