

Returns (AUD)	1 month	3 months	6 months	12 months	Since inception (p.a.)
Fund	6.09	-0.29	1.49	-9.61	-8.75
MSCI World Index	7.69	1.23	1.28	-5.74	-5.44
Active return	-1.60	-1.52	0.21	-3.87	-3.31

NAV: A\$1.4719

up: 6.09%

MSCI World Index

up: 7.69%

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**

Equities tried to stage a recovery in October, with the S&P 500 rising 8% over the month. Compositionally, it was value (energy, banks) leading the way, with growth (technology) lagging. Consistent with this profile of returns, bond yields rose. Fundamentally, high inflation has been persistent, forcing central bankers to do more work to get real interest rates to a positive level. Higher real yields have hurt long-duration growth exposures. Interestingly, many of the larger technology names have also become more cyclical growers than structural growers. By virtue of their sheer size, they have been unable to decouple from the effects of rising costs and softening global demand. In contrast, banks have continued to report robust underlying results, with the momentum of post-COVID-19 spending and borrowing continuing, aided and abetted by negative real short-term interest rates. As for energy, oil prices have remained somewhat robust to volatility in the USD, supported by supply constraints.

The weakest equity market was China. In the aftermath of the National Party Congress (NPC) meeting, investors have priced in a more ideological Politburo, and greater tail risk of geo-political conflict. Investors have also become unsettled by the absence of re-opening efforts, even after the NPC has concluded

Looking ahead, Fed officials are telling us that they plan to raise rates to a higher terminal rate, albeit in a more gradual fashion than they have to date. At the same time, investors are likely to become more concerned about the end of the cycle, because global housing markets are experiencing a synchronized downturn. Therefore, we expect short-term rates to rise faster than long-term bond yields, resulting in more flattening and more inversion of the yield curve. Indeed, if a hard landing approaches and inflation pressures come off as a result, long-term bond yields could outright decline. At the very least, it looks like real long-term bond yields around 1.7% could come down on the back of a slowdown and if investors take advantage of a hefty risk premium relative to (lower) real neutral rate estimates.

Curve flattening signals weaker cyclical growth prospects, which hurts high-beta and value exposures. It is hard to time when the momentum of post-COVID-19 spending will start to fade - but if we see labour markets and inflation pressures cool off, we could also see a Fed pause or pivot, supporting a reversal of momentum trades. We are overweight on quality, noting that a material slowing in the global economy is likely. But we are controlling our exposure to long-duration growth, noting that interest rate volatility remains persistently high, even though fundamentals suggest it should eventually fade as the Fed normalizes rate settings.

Portfolio	
Number of stocks	300
Largest stock*	2,477,530
Smallest stock*	7,928
Median Turnover*	216

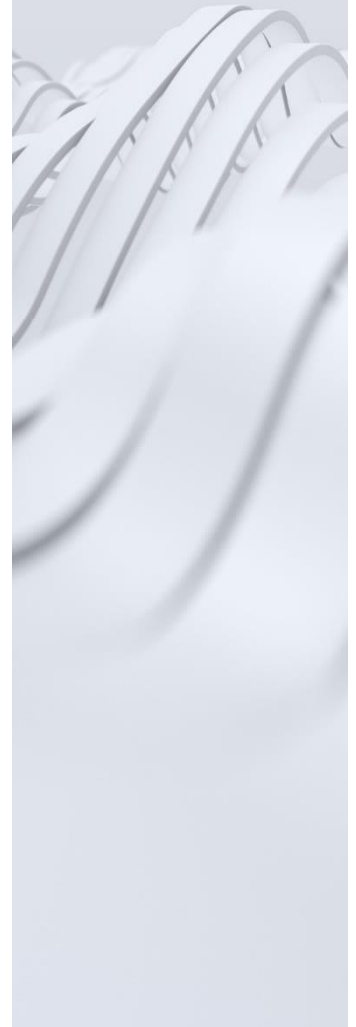
Sectors	Holding
Technology	39.1
Healthcare	16.0
Consumer Discretionary	13.2
Financials	8.6
Commercial Services	6.4
Manufacturing	5.7
Consumer Staple	5.7
Materials	0.3
Utilities	1.6
Energy	1.1
Real Estate	2.0
Industrial Services	0.4

Regions	Holding
Americas	80.4
EMEA	13.3
Asia Pac	6.3

Segment	Holding
Mega Cap	35.0
Large Cap	28.3
Mid Cap	14.3
Small Cap	22.4

*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 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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