

Returns (AUD)	1 month	3 months	6 months	12 months	Since inception (p.a.)
Fund	0.92	4.02	4.71	-12.67	-7.91
MSCI World Index	0.69	4.37	3.09	-7.89	-4.40
Active return	0.22	-0.35	1.62	-4.79	-3.51

NAV: A\$1.4854

up: 0.92%

MSCI World Index

up: 0.69%

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

The S&P 500 rose 5.4% in November, while bond yields fell 42bps. Passive and risk parity funds fared well out of the positive co-movement between bonds and equities. But for trend-followers, November was a volatile month. For example, commodity trading accounts (CTAs) experienced a 5-sigma drawdown on their portfolios. Within equities, momentum strategies lost more than a year's worth of alpha within two days on the back of surprisingly soft US core CPI data and tentative signs of re-opening in China.

Both developments pushed bond yields and the USD lower, wrong-footing trend-followers who had been positioning for higher yields and a stronger USD. Indeed, investors were further encouraged to continue positioning this way in early November when Fed Chair Powell delivered some rather hawkish comments at the meeting press conference. All of this said, momentum strategies did partially recover some of their intra-month losses in the later stages of the month.

LOOKING AHEAD

Looking ahead, we are short momentum and long quality. The bond market continues to suggest that the Fed will overtighten, contributing to a recession. The yield curve is deeply inverted between cash and 10-year bonds. The current depth of inversion was last seen in the early 1980s double-dip recession and is historically consistent with deep rate cuts on the other side. The difficulty this time around is understanding whether inversion is telling us about a slowdown in the real economy, or merely disinflation. For what it is worth, in inflation-adjusted terms, the real yield curve is also deeply inverted - but it is far from clear that the bond market is pricing inflation risk properly across various horizons.

What stands out to us is how quickly the bond market has gone from tantrum mode in the wake of the UK Gilts crisis, to rallying mode more recently. Such a transition typically happens towards the end of the cycle, where long-term bond yields outright decline, even as short-term interest rates continue to rise. Should bonds continue to rally, our portfolio should do well, being short momentum and long quality. Equally, if the yield curve remains deeply inverted, and recession risk becomes more tangible to the street, earnings downgrades should undermine cyclical value exposures which we have negligible exposure to.

Portfolio	
Number of stocks	300
Largest stock*	2,351,379
Smallest stock*	8,558
Median Turnover*	204

Sectors	Holding
Technology	37.3
Healthcare	13.8
Consumer Discretionary	13.8
Financials	10.2
Commercial Services	6.1
Manufacturing	6.2
Consumer Staple	5.8
Materials	0.4
Utilities	2.7
Energy	1.2
Real Estate	1.9
Industrial Services	0.5

Regions	Holding
Americas	77.6
EMEA	15.0
Asia Pac	7.5

Segment	Holding
Mega Cap	32.0
Large Cap	29.6
Mid Cap	15.5
Small Cap	22.8

*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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