

Returns (AUD)	1 month	3 months	6 months	12 months	Since inception (p.a.)
Fund	2.50	1.40	5.48	-0.52	-6.62
MSCI World Index	2.21	0.63	5.03	-1.61	-3.58
Active return	0.29	0.77	0.45	1.09	-3.04

NAV: A\$1.5062

up: 2.50%

MSCI World Index

up: 2.21%

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 lost 2.6% in February. Cyclical underperformed defensives. Style wise, value and momentum outperformed growth. This was consistent with a rise in bond yields over the month, penalising long duration exposures, with central banks expressing renewed hawkishness about the inflation outlook, and economic growth surprising a little to the upside.

AUD has fallen 4.6% vs USD the fund's NAV in AUD finished the month 2.5% higher. The weakness in AUD can be attributed to investor scepticism around China re-opening.

LOOKING AHEAD

We can see the case for higher for longer inflation. Chinese reopening is now proving moderately inflationary, having been a deflationary impulse until very recently. Wages pressures are elevated because of tight labour markets and structural challenges to the size of the working population. Used vehicle prices are bottoming out. And rental inflation is slowing but rather sticky given contractual agreements and tightness in rental vacancies.

If inflation risk is high, we typically see multiple dispersion in the equity market narrow as high inflation prompts central bank tightening, which benefits short duration value stocks relative to long duration growth stocks. But the balancing factor is that long term bond yields are not rising anywhere near as quickly as short-term rates. Indeed, they may even be falling because bonds now offer income and protection that is at least as good as equities based on the near equality of dividend yields and inflation-linked bond yields. If real long term bond yields are capped, there are limits to how much long duration growth stocks can sell off. Also, if real long term bond yields fall while real short-term rates rise, the slope of the yield curve becomes more inverted, consistent with accumulating downside risk to the cycle. This in turn favours quality.

We think we are in a regime where a compromise of value, growth and quality can generate alpha, especially if we also overlay anti-momentum to pick up oversold exposures. We remain slightly short momentum because uncertainty is still outside its normal range, even after it has come off its highs.

Portfolio	
Number of stocks	300
Largest stock*	2,389,589
Smallest stock*	8,754
Median Turnover*	230

Sectors	Holding
Technology	32.5
Healthcare	16.4
Consumer Discretionary	11.0
Financials	12.0
Commercial Services	6.5
Manufacturing	4.6
Consumer Staple	7.7
Materials	0.7
Utilities	2.7
Energy	5.0
Real Estate	0.6
Industrial Services	0.5

Regions	Holding
Americas	75.1
EMEA	15.7
Asia Pac	9.2

Segment	Holding
Mega Cap	41.9
Large Cap	29.6
Mid Cap	15.9
Small Cap	12.6

*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 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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