

Returns (AUD)	1 month	3 months	1 year	2 years (p.a.)	Since inception (p.a.)
Fund	5.84	10.61	28.31	8.05	6.92
MSCI World Index	4.92	11.74	23.69	6.20	6.84
Active return	0.93	-1.13	4.62	1.85	0.08

NAV: A\$1.8855

up: 5.84%

MSCI World Index

up: 4.92%

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 returned 1.7% in January. Style-wise, momentum, value, quality, low-volatility and size factors generated outperformance. Over the month, 10-year bond yields rose to 4% from 3.9%, with investors starting to price out very aggressive rate cuts from the curve. Fed rhetoric was a little more hawkish, with Chair Powell hinting that officials would not cut rates simply in response to mechanical disinflation. Powell also said that a March rate cut would be unlikely, and that quantitative tightening would continue at its recent pace. With bond yields rising, it was understandable that short-duration factors like value added value. What was interesting was also the outperformance of defensive factors, with higher bond yields being a headwind to large and expensive growth/technology stocks.

Although defensive value did well in January, it was noteworthy that commodity exposures within the value bucket underperformed on concerns about China. Also, leveraged exposures like banks have lagged the market because of concerns about regional banks, commercial real estate and system liquidity.

We have positive weights on size, quality, value, and growth. But our smallest weighting is on growth. We are neutral on momentum.

Our factor positioning reflects the view that bond yields could still rise on a more hawkish Fed, heavy bond issuance and inflation concerns. We can see that the US consumer is reaccelerating, leading world growth higher. But we also see a tension between mid-cycle economic indicators and late-cycle asset allocation signals. The risk is that reaccelerating world growth and sticky inflation drive up bond yields, and that expensive growth stocks underperform, weighing on the broader market. Indeed, our forward-looking measures of bond-equity correlation are still suggesting that stocks and bonds are likely to move together in the near future. In our view, if this state of high correlation changes, it will be because the Fed allows credit and financial conditions to tighten via higher-for-longer rates and tightening liquidity in the system. Therefore, bonds might catch a bid because credit and equities underperform.

Portfolio	
Number of stocks	300
Largest stock (\$USbn)	3,002
Smallest stock (US\$bn)	9.3
Liquidity (days) *	0.7

Sector	Holding
Technology	36.9
Financials	14.3
Healthcare	12.7
Consumer Discretionary	12.3
Consumer Staple	5.3
Commercial Services	5.9
Energy	4.0
Manufacturing	3.4
Utilities	3.1
Real Estate	0.1
Materials	0.9
Industrial Services	1.1

Factor exposure	z Score
Value	(0.24)
Momentum	0.45
Quality	1.52

Region	Holding
Americas	72.2
EMEA	19.7
Asia Pac	8.1

Segment	Holding
Mega Cap	43.9
Large Cap	30.6
Mid Cap	15.5
Small Cap	10.0

** estimate of days required to trade \$100m @ 20% ADT
Holdings = number of individual stock positions*

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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