

Returns (AUD)	1 month	3 months	1 year	2 years (p.a.)	Since inception (p.a.)
Fund	2.04	14.58	29.69	16.24	9.87
MSCI World Index	2.66	13.28	26.17	13.65	9.67
Active return	-0.62	1.31	3.52	2.59	0.20

**NAV: A\$2.0412**

up: 2.04%

MSCI World Index

up: 2.66%

### 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 3.2% in March. US 10-year bond yields fell slightly. Rates volatility (MOVE) and BBB-rates credit spreads compressed to their lowest levels since late 2021. The US dollar (DXY) rose slightly despite the Bank of Japan (BoJ) raising rates and short-term rate differentials moving against the US.

Within US equities, we have seen some interesting factor developments. Despite bond yields falling, value factors have led the gains, with investors keeping an eye on unusually wide multiple dispersion in the market. Momentum has also generated excess returns, continuing its run as the best performing factor year-to-date. Momentum has been supported by the fall in cross-asset volatility, supporting confidence in following yesterday's trends.

Sectorally, materials, energy and utilities sectors have led the market higher. Outperformance of commodity exposures has come despite a stronger USD, with investors concerned that the Fed may be cutting rates too early and preserving the state of excess liquidity in the system, thereby raising the prices of scarce assets like commodities. Also, investors have started to take notice of renewable energy and transmission thematic in China and tentative signs of stabilization in the property market.

# LOOKING AHEAD

Global risk appetite is close to euphoric or overbought territory. It is rising ahead of world growth momentum, which is itself accelerating. The improvement in sentiment represents easing of financial conditions, which puts more pressure on the Fed to defer rate cuts. Also, even when cuts come, the risk is that they are quite shallow. In the circumstances, we could see some weakness in bonds and steepening of the yield curve, favouring value exposures. Commodities sit firmly in the value bucket, and are lagging noticeably relative to growth and financial exposures. They could have some room to catch up in a final leg higher in risk appetite.

However, large parts of the market are looking very overbought. If and when risk appetite pulls back, we would expect quality exposures to outperform these overbought stocks and sectors.

We have a small positive weight on momentum, partly recognising that cross-asset volatility has fallen recently. But our faith in momentum could be easily shaken by a pull back in risk appetite and spikes in equity and rates volatility.

Portfolio	
Number of stocks	300
Largest stock (\$USbn)	3,126
Smallest stock (US\$bn)	9.9
Liquidity (days) *	0.7

Sector	Holding
Technology	38.8
Financials	13.0
Healthcare	12.4
Consumer Discretionary	12.4
Consumer Staple	5.5
Commercial Services	6.3
Energy	3.1
Manufacturing	4.1
Utilities	2.4
Real Estate	0.1
Materials	0.7
Industrial Services	1.1

Factor exposure	z Score
Value	(0.39)
Momentum	0.67
Quality	1.60

Region	Holding
Americas	73.6
EMEA	17.1
Asia Pac	9.3

Segment	Holding
Mega Cap	43.7
Large Cap	30.5
Mid Cap	14.9
Small Cap	10.9

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

## 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](http://www.thymoscapital.com.au) or contact client services on (02) 8277 0000 or email [operations@oneinvestment.com.au](mailto:operations@oneinvestment.com.au)

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