

Returns (AUD)	1 month	3 months	1 year	2 years (p.a.)	Since inception (p.a.)
Fund	-1.95				
RBA Cash	0.36				
Active return	-2.31				

NAV: A\$1.5180

down -1.95%

RBA Cash

up: 0.36%

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 Short Market Neutral

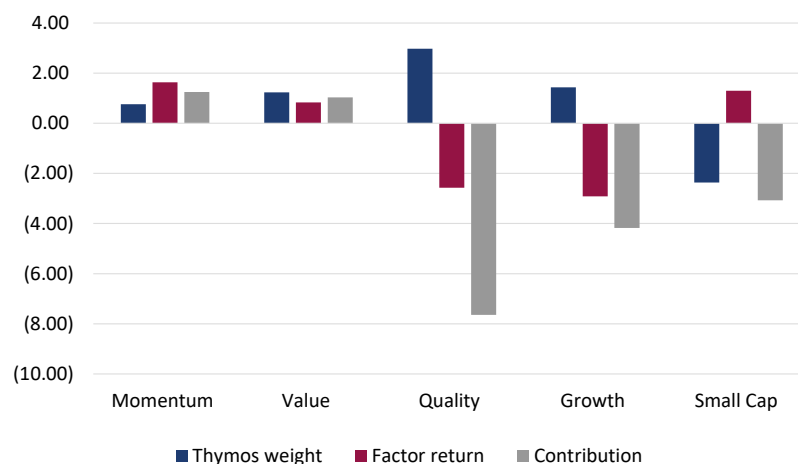
Thymos Global Equities Long Short Market Neutral Fund seeks to generate returns above RBA cash rate that are not correlated with returns of other investment classes such as bonds, equities, real estate or commodities..

LAST MONTH

The fund started trading on 29-April due to one extra day of trading in April, there is a small difference between monthly and since inception return.

Our models have a very strong preference for quality large caps, while we also like exposures to growth and value. In other words, we believe the fundamental drivers will work well but caution on economic outlook has us favouring quality, large cap stocks.

In May, this has not worked in our favour as strong markets and risk appetite saw significant underperformance in growth and quality factors (see chart below). We don't read too much into a single month performance and the -1.8% return is well within our standard volatility range of 3-4%.



LOOKING AHEAD

We think that investor sentiment is quite stretched, pricing in internally inconsistent, positive outcomes. Investors are pricing in better economic growth than leading indicators are suggesting as well as Fed rate cuts. To be sure, it is possible we get these outcomes if the economy stalls but does not enter recession. However, we are now seeing pricing power fade in response to slowing growth, while leading indicators continue to point to cost pressures, especially as productivity growth slows. Profit margins could compress even in a sluggish growth environment, consistent with earnings risk.

In the circumstances, our factor positioning is as follows. We think quality is key. We desire stocks offering strong profitability, strong balance sheets and low exposure to the cycle. Second, we think value overlays are required because there are still some upside risks to bond yields, and sticky inflation could trigger more tightening of multiple dispersion. Third, we must allow for central banks trying to behave credibly to lower rates uncertainty. Typically, growth factors respond well to falling rates uncertainty. Finally, low volatility across bonds and stocks might seem unsustainable - but given that it is the current state of play, it is also worth noting the signal to be slightly long momentum, as investors for now have some faith in trends.

Portfolio	
Holdings (Long / Short)	150 / 150
Largest stock (\$USbn)	3,197
Smallest stock (US\$bn)	5.1
Liquidity (days) *	0.3

Sector	Holdings
Technology	26 / 26
Financials	24 / 24
Healthcare	13 / 13
Consumer Discretionary	18 / 18
Consumer Staple	9 / 8
Commercial Services	12 / 12
Energy	5 / 5
Manufacturing	17 / 17
Utilities	9 / 9
Real Estate	7 / 8
Materials	5 / 5
Industrial Services	5 / 5

Factor exposure	z Score
Value	0.36
Momentum	0.09
Quality	1.65

Region	Holdings
Americas	89 / 89
EMEA	36 / 36
Asia Pac	25 / 25

Size Segment	Holdings
Mega Cap	5 / 0
Large Cap	12 / 4
Mid Cap	37 / 14
Small Cap	96 / 132

* 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 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 thymos@oneinvestment.com.au

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