

Returns (AUD)	1 month	3 months	1 year	2 years (p.a.)	Since inception (p.a.)
Fund	2.15	0.17			
RBA Cash	0.36	0.74			
Active return	1.79	-0.56			

NAV: A\$1.5507

up: 2.15%

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

US equities gained 3.5% in June. Bond yields declined on evidence of disinflation, supporting the case for rate cuts. Technology stocks were notable outperformers, while materials, energy and utilities sectors lagged. Factor-wise, momentum, profitability, growth and size did well, while value and high-volatility lagged. This profile of performance was broadly consistent with passive and risk parity flows dominating market action.

Undermining value was weakness in the commodities complex. Investors have become more concerned about Chinese yuan devaluation risk, signifying capital outflows from China and more challenging liquidity dynamics under the pegged exchange rate regime. The yuan has come under pressure as the Japanese yen has devalued on concerns about inflation and too slow a response from the Bank of Japan in terms of raising rates.

LOOKING AHEAD

We remain focused on quality. We see upside risks to the private cost of capital either because bond yields rise, credit spreads widen, or both. We also worry about weakness in the global economy and policy coordination failures, manifesting in declining bond-commodity correlation. To be sure, bond-equity correlation remains quite positive to be, such that equities could rally if bond yields fall. But this state of affairs also makes it difficult for central banks to control financial conditions and inflation expectations.

To a lesser extent, we like value and growth, in equal proportions. Value should still do well if bond yields and inflation risk spike higher, because multiple dispersion in equities is too wide. Growth factors have the tailwind of falling rates uncertainty, as central bankers try to behave credibly around policy rules, amid slowing growth and inflation.

Portfolio	
Holdings (Long / Short)	150 / 150
Largest stock (\$USbn)	3,322
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 / 9
Commercial Services	11 / 11
Energy	5 / 5
Manufacturing	17 / 17
Utilities	8 / 8
Real Estate	8 / 8
Materials	6 / 6
Industrial Services	5 / 5

Factor exposure	z Score
Value	0.28
Momentum	0.20
Quality	1.64

Region	Holdings
Americas	90 / 90
EMEA	35 / 35
Asia Pac	25 / 25

Size Segment	Holdings
Mega Cap	3 / 0
Large Cap	13 / 2
Mid Cap	39 / 16
Small Cap	95 / 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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