

Returns (AUD)	1 month	3 months			Since inception Apr-24
Fund	2.69	2.85			2.87
RBA Cash Rate	0.37	1.10			1.12
Active return	2.32	1.75			1.74

NAV: A\$1.5924

up: 2.69%

RBA Cash Rate

up: 0.37%

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 were volatile, but slightly up in July. Mega-cap technology stocks underperformed, while financials and small caps outperformed. Investors were sensitive to U.S. election risks, with the rising probability of a Trump election victory causing them to position for deregulation, China protectionist measures and anti-monopoly policies. Consistent with this, banks and rate sensitive cyclicals did well relative to large stocks and Chinese exposures. Interestingly, investors have taken Trump as more of a deflationary force through the channels of yuan devaluation, capital outflows, liquidity drain and weaker commodity prices. Japanese yen weakness has also contributed to the yuan devaluation trade. Inflationary concerns from Trump tariffs have taken a back seat.

Curiously, large-cap, long-duration growth stocks have underperformed despite bond yields falling on the back of disinflation and Fed rate cut expectations, perhaps indicating that stocks have simply become too expensive or more cyclically exposed than previously thought.

LOOKING AHEAD

We are significantly dialing back our momentum positioning, with a short factor exposure even on the cards. We can see risks of further unwinding of carry trades, and broadening of unwinding to other asset classes from the initial foreign exchange shock. We think that passive and risk parity investors are yet to unwind their positions. When they do, the risk is that they liquidate their most cherished positions first in the rate- or duration- sensitive large cap space.

We see credit as being exposed to repricing of risk in a more volatile environment. If credit spreads widen, we should expect to see asset prices drive earnings rather than the other way around, undermining some of the efficacy of value factors that assume causation runs in the other direction. We would also expect to see quality factors outperform.

We are materially trimming our large-cap exposure in favour of mid-cap exposure. Our motivation is to recognise that certain positions in large caps have become saturated, such lower rates, the cycle and lack of market breadth become reasons to take on smaller stocks, even though the cycle is still vulnerable.

Portfolio	
Holdings (Long / Short)	150 / 150
Largest stock (\$USbn)	3,371
Smallest stock (US\$bn)	5.1
Liquidity (days) *	0.9

Sector	Holdings
Technology	26 / 25
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	9 / 9
Real Estate	7 / 8
Materials	6 / 6
Industrial Services	5 / 5

Factor exposure	z Score
Value	0.24
Momentum	0.30
Quality	1.66

Region	Holdings
Americas	90 / 90
EMEA	36 / 36
Asia Pac	24 / 24

Size Segment	Holdings
Mega Cap	4 / 0
Large Cap	14 / 2
Mid Cap	37 / 21
Small Cap	95 / 127

* 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

Disclaimer:

One Funds Services Limited (“OFSL”), ACN 615 523 003, AFSL 493421, is the issuer and trustee of the Thymos Global Equities Long Short Market Neutral Fund. The material contained in this communication is general information only and was not prepared by OFSL but has been prepared by Thymos Funds Management Pty Ltd (“Thymos”), a Corporate Authorised Representative Number 426503 of One Wholesale Fund Services Ltd (“OWFS”), ACN 159 624 585, AFSL 426503. Thymos has made every effort to ensure the accuracy and currency of the information contained in this document. However, no warranty is made as to the accuracy or reliability of the information. Investors should consider the Information Memorandum (“IM”) dated 24 January 2024 issued by OFSL before making any decision regarding the Fund. The IM contains important information about investing in the Fund and it is important investors obtain and read a copy of the IM before deciding about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. Past performance is no guarantee of future performance. This report does not take into account a reader’s investment objectives, particular needs or financial situation and is general information only to wholesale investors and should not be considered as investment advice and should not be relied on as an investment recommendation.