# Infinity Balanced Portfolio

# June 2024

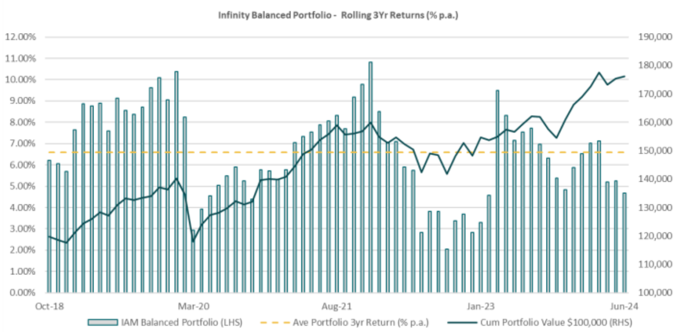
## Market Commentary

Financial markets rebounded pushed higher through June with both major bond and equity markets higher, although performance was volatile over the course of the month as investors continued to digest variable inflation data as central banks continued to reiterate a higher-for-longer stance on cash rates. Most notably, the domestic monthly inflation data continues to highlight a disappointing picture with inflationary pressures remaining elevated. And while the inflation print was only marginally above (+0.2%) markets estimates, it does reflect the ongoing challenge given that core (non-tradeable items) – rent, food, energy, finance, and health - continue to see little downward movement. In addition, higher fiscal spend (from both State and Federal governments) is also continuing to add to domestic inflationary pressures. Domestically, the Australian economy is only growing at an anaemic pace, and much slower than its global peers. In addition, recent jobs data reflects a more worrisome picture with a continued decline in job vacancy rates as the RBA has pushed cash rates higher. While this is having the desired impact of reducing demand and tradeable goods inflation, it is also reflecting a weaker business outlook. This could see job opening continuing to decline adding to the outlook for higher unemployment over the 2h24. Accordingly, we see little room for the RBA to be increasing cash rates in an environment of a deteriorating jobs market. Overall, with inflationary pressures remaining elevated, cash rates are likely to remain higher for longer and certainly so in a domestic context. In addition, the changing political landscape also has the ability to increase market instability in the near term. Nevertheless, we continue to see opportunities across both ‘growth’ and ‘defensive’ sectors with a continued forward looking approach to our asset allocation positioning. To this end, we continue to maintain a broad-based investment strategy across the entirety of our portfolios, but with a view to modifying individual portfolio risk exposures as market dynamics evolve. The need to maintain a flexible investment and asset allocation framework remains an important construct given the current financial, macro and geopolitical backdrop.

## Portfolio Commentary

The Portfolio was up 0.50% over the month as markets recovered post a difficult prior month. Pleasingly, performance was widespread across the Portfolio with equities (Aus/global), REIT, alternatives and credit all contributing solidly. The rally in the A$ also assisted hedged exposures. The better performing strategies included TRP Gbl Equity (+2.6%), JPM REI (+2.3%), MXT Credit (2.2%), Sage Aust Equity (1.8%) and Fulcrum DIF (+1.7%). Longer term returns continue to remain sound, with the Portfolio benefitting from its diverse and flexible asset allocation approach. With a challenging market and macro backdrop, this approach remains an important construct as we continue to look for investment opportunities and approaches to manage portfolio risk.

## Portfolio Performance




## Performance

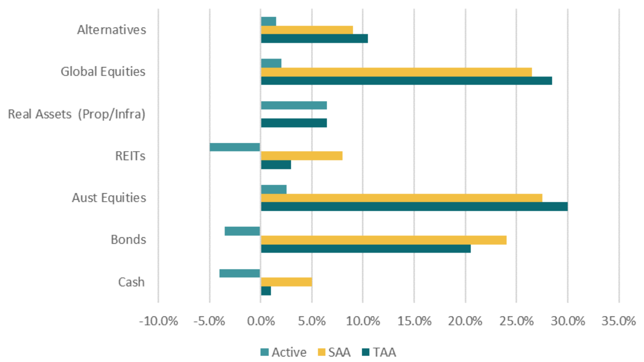
| Period | Portfolio | FE Peer Fund | Quartile | CPI + 5.0% |
|---|---|---|---|---|
| 1mth | 0.48% | 0.66% | 4 | 0.69% |
| 3mths | -0.77% | -0.56% | 4 | 2.04% |
| 6mths | 6.00% | 3.77% | 1 | 4.08% |
| 1yr (p.a.) | 10.57% | 6.84% | 1 | 8.99% |
| 3yrs (p.a.) | 4.67% | 2.92% | 1 | 10.36% |
| 5yrs (p.a.) | 6.13% | 4.12% | 1 | 8.83% |

Source: FE Analytics. B’chmk – Market Weighted Average Asset Allocation
Target Portfolio Objective: CPI+5.0% rolling 3yr periods. Since Incept: October 2015
Infinity SMA performance since November 2017. Quartile rankings are based on industry peer group. Past performance is no guide to future performance.

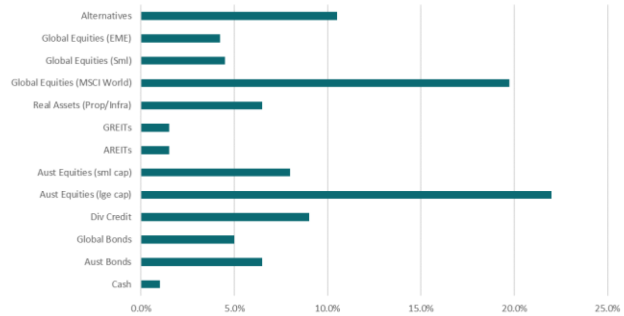
## Growth/Income Split

| Metric | 3 mths | 6 mths | 1yr (p.a.) | 3yrs (p.a.) | 5yrs (p.a.) |
|---|---|---|---|---|---|
| Growth | -2.61% | 3.94% | 7.90% | 2.33% | 3.63% |
| Income | 1.85% | 2.05% | 2.66% | 2.34% | 2.50% |
| Total | -0.77% | 6.00% | 10.57% | 4.67% | 6.13% |

## Asset Allocation




## Sector Allocation




## Portfolio Characteristics

| Characteristic | Portfolio | Characteristic | Portfolio |
|---|---|---|---|
| 3yr Risk (std dev) | 8.8% | Mthly OPR ratio (%) | 54.8% |
| Sharpe Ratio | 0.0 | Tracking Error (%) | 1.44% |
| Risk/Return Ratio | 0.5 | Information Ratio | 0.5 |

Source: Financial Express Analytics, Infinity Asset Mgt.

# Infinity Balanced Portfolio June 2024

## Portfolio Update:

The table below provides a snapshot of the major positions in the portfolio at the end of June. We made no changes to the Portfolio over the month. At a headline level we continue to rotate out of the Portfolio's defensive positioning in Alternatives on the back global cash rates now having peaked with a view that the next move in cash rates will be down, although we have pushed out our expectations of rate cuts both domestically and globally until well into the latter part of the year. This has been a deliberate strategy over the last 12 as cash rates have moved higher, providing the scope to add back into fixed income on more attractive multiples as bond yields have risen. With cash rates now peaked we believe the time is right to selectively add into the more cyclical parts of the market that are more 'leveraged' to any decline in cash rates through the rest of the year. In addition, valuations in these segments of the market are providing attractive entry points as we add to our existing positions. However, with inflationary pressures remaining elevated, we also envisage that cash rates will remain higher though the cycle. This has the ability to see some interest rate sensitive sectors remain more volatile through the remainder of the year. So any repositioning across these sectors will be managed over time. From an asset allocation perspective our position in equities continues to slightly favour domestic over global equities (in absolute percentage terms). While we also continue to maintain an overweight exposure to defensive alternatives, as noted above we have steadily reduced this position. While global economic activity continues to remain relatively sound, the ongoing catalysts for financial markets to push higher through the 1h24 and beyond still persists, although with several markets having reached all-time highs some short term pullback would not be unexpected in the near term. Nevertheless, we would look at any pullback as an opportune time to add to the growth positions across the Portfolio. That being said, geopolitical and other risks (i.e. trade, global election cycle) are likely to throw a number of curve balls for markets and accordingly, we continue to take the view that maintaining a broad asset allocation framework across both defensive as well as growth investments provides the best platform for the Portfolio to continue to generate both sound absolute as well as relative investment performance over the medium to longer term.

| Manager | Sector | Asset Class | % |
|---|---|---|---|
| Infinity Core Australian Equity Fund | Concentrated Core | Aust Equity | 10.50% |
| Ironbark Royal London Concentrated Global Share Fund | Concentrated | Gbl Equity | 10.00% |
| CC Sage Capital Equity Plus Fund | Long/Short | Aust Equity | 7.50% |
| CBRE Global Real Assets Fund | Real Assets | Property & Infrastructure | 6.50% |
| Pendal Fixed Interest Fund | Australian Bonds | Aust Bonds | 6.50% |
| Principal Global Credit Opportunities Fund | Global Credit | Gbl Bonds | 6.00% |
| T. Rowe Price Global Equity Fund | Growth | Gbl Equity | 5.50% |
| Infinity SMID Australian Equity Fund | SMID | Aust Equity | 5.00% |
| JP Morgan Global Strategic Bond Fund | Global Bonds (Uncd) | Gbl Bonds | 5.00% |
| Bell Global Emerging Companies Fund | Gbl Small Cap | Gbl Equity | 4.50% |

## Portfolio Overview:

| | | | | | |
|---|---|---|---|---|---|
| **Product Code:** | **Panorama**: DAM2547AU | **HUB:** INF002 | **NWL: MACC000374** | **Min. Investment Horizon** | 3 to 5 years |
| **Asset Class:** | Diversified – Balanced | | | **Min Investment Amt:** | A$25,000 |
| **Style:** | Active | | | **Inv Mgt Fee:** | 0.3596% p.a. |
| **B'chmk Index:** | Composite of underlying indices. Refer PDS for details | | | | |

## Investment Objective:

To deliver outperformance of the Consumer Price Index + 5.0% p.a. over a rolling three year period.

## Designed for Investors who:

Seek exposure to a diversified mix of income & growth assets with capital appreciation over the longer term and can tolerate a moderate level of investment risk that includes the potential for negative returns in any single year.