Infinity Australian Equity Portfolio

August 2024

Market Commentary

While financial markets were able to move higher over the month, the performance across several segments of the market varied as volatility increased. No better example of this was Nvidia, which saw its share price drop -16% in the first week of August, to then bounce +31% higher by the middle of the month, only to end up +2.0% higher (from its July close) by the end of August. The move in Nvidia paralleled broader market volatility in global equities as investors digested weaker than forecast payroll numbers out of the US. This combined with a pickup in the unemployment rate led to investors conclude that economic growth in the US was declining at a more rapid pace than originally forecast with potential for the 'soft landing' scenario turning into a recession. The overall increase in volatility in markets through August also hinged on several other factors. While the weaker than anticipated jobs numbers initiated the increase in market volatility, the unwinding of the USD/JPY carry trade also increased market volatility as the BoJ increased cash rates by 0.15% (to 0.25%) over the month. This saw the JPY move to a low of ~160 to the USD back to ~147 by the end of the month as FX traders looked to the outlier policy framework of the BoJ compared to that of other major central banks in the Fed, ECB, BoE and BoC where cash rates have been stable or moving lower. The sharp depreciation in the US$ and shift in capital flows added to the risk-off sentiment in markets. In addition to the fall in the US$, the impact from the decline in the technology sector led by the Magnificent 7 group of companies also added to investor concerns. While Nvidia led the market lower, the other group of technology related companies and major equity index constituents in Microsoft, Amazon, Apple, Alphabet (Google) and Tesla were also lower. This resulted in global equities being one of the worst sectors over the course of the month, and more so in unhedged terms (A$) terms. While financial markets digested the decline in broad global equities, emerging markets also continued their downward trajectory. Emerging markets have been hampered by the ongoing weakness in the Chinese economy, which continues to face spiralling deflationary pressures alongside anaemic economic activity. Overall, the performance (and volatility) of markets through August continues to highlight the ongoing challenges facing investors. Nevertheless, with a view that we are now heading into a period of synchronised lower global cash rates we continue to see opportunities across both 'growth' and 'defensive' sectors over the medium term.

Portfolio Commentary

August was a mixed month for Australian Equities, with Large Caps delivering a solid return, but Small Caps struggling and finishing the month in the red. Amongst this backdrop, the portfolio was held back by its exposure to Small Caps, delivering a solid positive return of 0.24%, although slightly behind the ASX 200 at 0.44%.

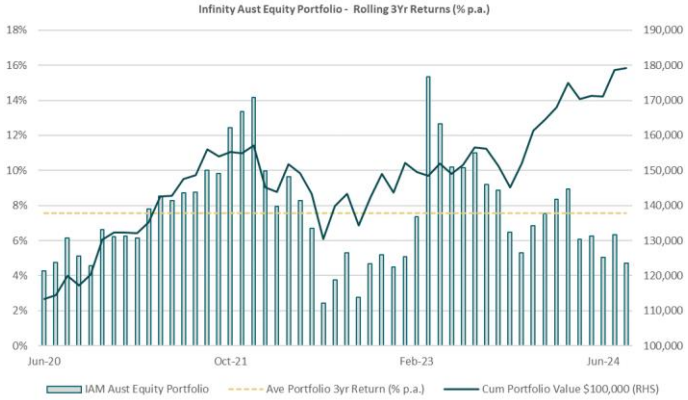
As with the broader market, performance within the portfolio was bifurcated between Large and Small Caps. The best performing strategies were the Large Cap and core Long Short strategies, Paradice Equity Alpha Plus (+1.01%), Infinity Core Australian Equity (+0.89%), and CC Sage Capital Equity Plus (+0.79%). Things were more challenged at the smaller end of the market, although Infinity SMID Australian Equity (+0.63%) was able to deliver impressive outperformance over both the Small Ords and Mid/Small indices. The only real weak spots in the portfolio were Auscap Long Short (-0.69%) and OC Premium Small Companies (-2.03%), both of which were primarily dragged down by their smaller company exposures.

Performance

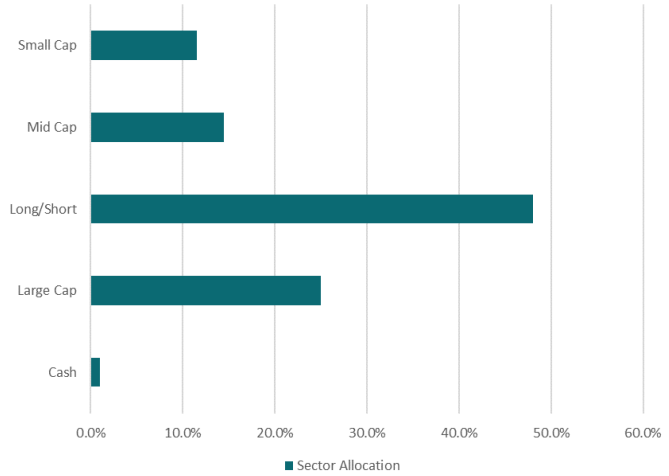
Period	Portfolio (%)	Growth (%)	Income (%)
1mth	0.24%	0.24%	0.00%
3mths	4.54%	3.49%	1.06%
6mths	6.60%	5.53%	1.08%
1yr (p.a.)	14.66%	12.95%	1.71%
3yrs (p.a.)	4.71%	4.61%	0.10%
5yrs (p.a.)	7.85%	6.43%	1.42%

Source: FE Analytics. Since inception July 2017. Past performance is not indicative of future performance.

Cumulative Portfolio Value ($)



Asset Allocation



Portfolio Characteristics

Characteristic	Portfolio
3yr Risk (std dev %)	13.7%
Sharpe Ratio	0.0
Risk/Return Ratio	0.3
Mthly OPR ratio (%)	64.2%
Tracking Error (%)	3.7%
Information Ratio	0.0

Source: Financial Express Analytics, Infinity Asset Mgt.

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Portfolio Changes:

There were no changes made to the portfolio in August. Long Short strategies remain the largest overweight in the portfolio, while long-only Large Caps, Mid Caps, and Small Caps all remain variously underweight their neutral position. There remains no exposure to Micro Caps.

The table below provides a snapshot of the major positions within the portfolio at the end of August.

Manager	Sector	Asset Class	%
Infinity Core Australian Equity Fund	Concentrated Core	Aust Equity	25.00%
CC Sage Capital Equity Plus Fund	Long/Short	Aust Equity	18.50%
Auscap Long Short Equity Fund	Long/Short	Aust Equity	16.50%
Infinity SMID Australian Equity Fund	SMID	Aust Equity	14.50%
Paradice Equity Alpha Plus Fund	Long/Short	Aust Equity	13.00%

Portfolio Overview:

Product Code:	**Panorama:** DAM3239AU	**Hub:** INF007	**NWL:** MAC000379
Asset Class:	Australian Equities		
Style:	Active		
B'chmk Index:	Refer PDS for details		
Min. Inv Horizon:	5 to 7 years		
Min Inv Amt:	A$25,000		
Inv Mgt Fee:	0.3596% p.a.		

Investment Objective:

To deliver outperformance of the benchmark over a rolling three year period.

Designed for Investors who:

Seek exposure to a diversified mix of Australian equity investments with a focus on capital appreciation over the longer term and who can tolerate a high level of investment risk that includes the potential for negative returns in any single year.