

## 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

The portfolio had a more challenging month in August as several of the quantitative strategies struggled to navigate significant volatility and inflection points in August. The portfolio finished August -2.47%.

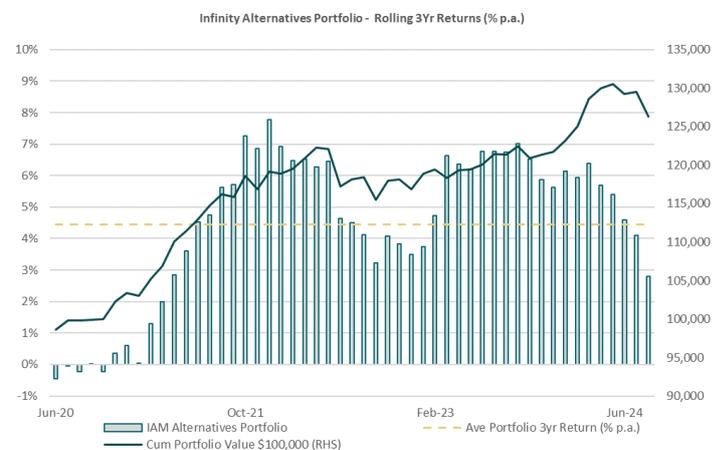
As mentioned, it was primarily the portfolio's quantitative strategies that hurt performance, with Ironbark GCM Global Macro (-6.45%) and MAN AHL Alpha (-3.96%) being caught flat-footed by volatility in equity and rates markets, and P/E FX Alpha (-7.05%) being hurt by its long position in the USD as rate moderation in the US saw the USD fall. On the positive side of the ledger, Dexus Core Infrastructure (+0.81%) enjoyed the benefits of strength in the listed infrastructure market, as well as strong operating performance in their underlying unlisted positions (notably a strong recovery in ConGlobal, the largest operator of logistics Depots in the US). Similarly, Partners Group Global Multi Asset (+0.67%) has a positive month, buoyed by both its exposure to listed and unlisted markets.

## Performance

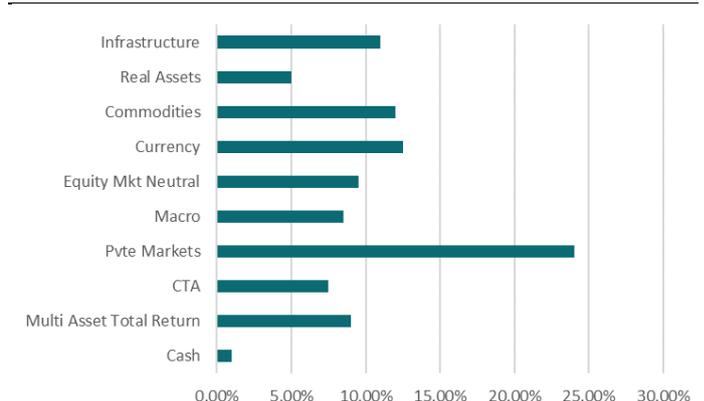
Period	Portfolio (%)	Growth (%)	Income (%)
1mth	-2.47%	-2.47%	0.00%
3mths	-3.21%	-4.81%	1.59%
6mths	1.01%	-0.65%	1.66%
1yr (p.a.)	4.08%	2.28%	1.79%
3yrs (% p.a.)	2.81%	1.01%	1.80%
5yrs (% p.a.)	3.78%	2.41%	1.37%

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

## Cumulative Portfolio Value (\$)



## Asset Allocation



## Portfolio Characteristics

Characteristic	Portfolio	Characteristic	Portfolio
3yr Risk (std dev %)	4.9%	Information Ratio	0.1
Sharpe Ratio	-0.3	Sortino Ratio	-1.7
Risk/Return Ratio	0.6	3yr Downside (std dev %)	0.9%
Mthly OPR ratio (%)	75.6%	3yr Risk Return Ratio	57.2%
Tracking Error (%)	4.9%	3yr Pos Return Ratio	65.9%

Source: Financial Express Analytics, Infinity Asset Mgt.

## Portfolio Changes:

There were a few small changes made to the portfolio in August. The crux of these changes was an increase in the portfolio's exposure to Infrastructure in the form of the Dexus Core Infrastructure Fund, with the funding coming from reductions to both MAN AGL Alpha Plus and P/E Global FX Alpha. This change is partially a reflection of the more positive prospective environment that we see for Infrastructure in the medium term (rate moderation, increased deal activity, and a resilient economic environment) and the difficulties that quantitative strategies have had (and we expect will continue to have) in a higher volatility environment.

Overall, these changes don't materially alter the shape of the portfolio, but slightly reposition the mix between quantitative/liquid alternatives and Private Markets strategies. There continues to be ample diversification across a range of underlying strategies with different characteristics, but with a preference for Currency, Private Markets, and Commodities. This balanced approach has helped to generate a strong return profile that is relatively uncorrelated with traditional equity and bond markets.

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

Manager	Sector	Asset Class	%
Macquarie P/E Global FX Alpha Fund	Currency	Alternatives	12.00%
Partners Group Multi Asset Fund	Multi Asset Pvte Markets	Alternatives	12.00%
BCOM Commodity ETF	Commodity	Alternatives	12.00%
Barwon Global Listed Pvte Equity Fund	Gbl Private Equity	Alternatives	12.00%
Dexus Core Infrastructure Fund	Global Infrastructure	Alternatives	12.00%

## Portfolio Overview:

<b>Product Code:</b>	<b>Panorama:</b> DAM5848AU	<b>Hub:</b> INF013	<b>NWL:</b> MAC000385
<b>Asset Class:</b>	Alternatives		
<b>Style:</b>	Active		
<b>B'chmk Index:</b>	Cash plus. Refer PDS for details		
<b>Min. Inv Horizon:</b>	3 to 5 years		
<b>Min Inv Amt:</b>	A\$25,000		
<b>Inv Mgt Fee:</b>	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 alternative investments with a focus on delivering stable investment returns through the cycle via managing downside portfolio risk and a having a reduced exposure to equity market beta. Investors need to be able to tolerate a moderate level of investment risk that includes the potential for negative returns in any single year.