Infinity Property & Infrastructure 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

The portfolio delivered a solid return of 0.70% in August, buoyed by positive valuation momentum for Real Estate & Infra. This lagged an extremely strong performance by listed markets due to the unlisted assets within the portfolio not benefiting from the sentiment-driven valuation rally that listed markets have in recent months.

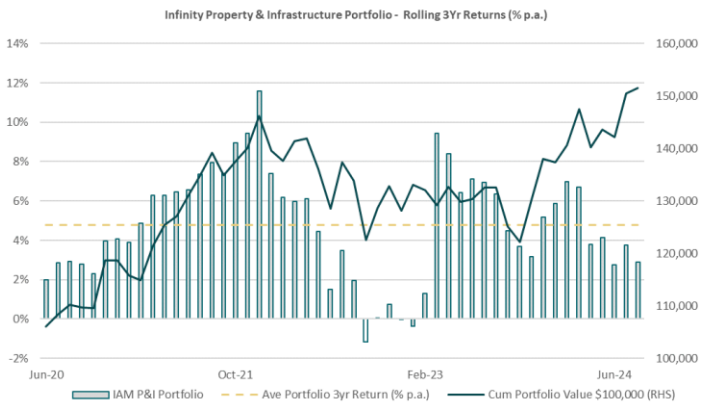
This unlisted valuation lag is evident in the performance of Spire Multifamily Growth & Income (+0.50%) and CBRE Global Real Assets (-0.91%), both of which lagged despite the strong underlying performance of the assets. Spire Multifamily in particular has only just started to see the valuation green shoots of a significantly improving fundamental story for their assets. We expect that this performance will begin to come through in valuations in coming months. On the listed side of the portfolio, Macquarie Opportunistic Listed Real Estate (+1.68%) slightly lagged its blended benchmark due to an overweight to Global REITs vs. Australian REITs, but this was somewhat mitigated by a higher-then-neutral hedge ratio.

Performance

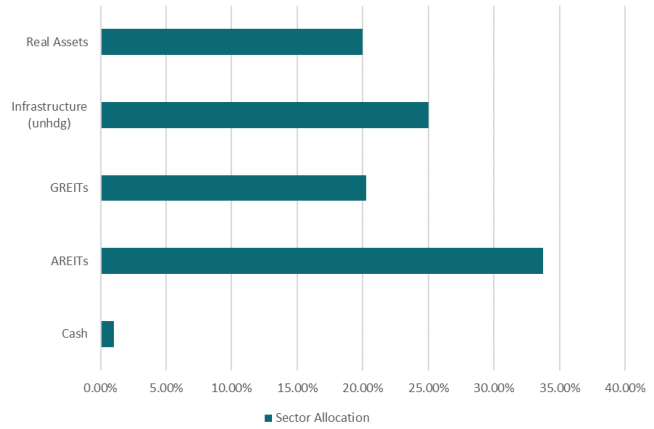
Period	Portfolio (%)	Growth (%)	Income (%)
1mth	0.70%	0.70%	0.00%
3mths	5.59%	5.37%	0.22%
6mths	7.75%	7.24%	0.51%
1yr p.a.)	14.35%	13.01%	1.35%
3yrs (p.a.)	2.89%	0.06%	2.83%
5yrs (p.a.)	3.70%	0.79%	2.91%

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 %)	13.5%
Sharpe Ratio	-0.1
Risk/Return Ratio	0.2
Mthly OPR ratio (%)	57.0%
Tracking Error (%)	4.4%
Information Ratio	-0.3

Source: Financial Express Analytics, Infinity Asset Mgt.

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Portfolio Changes:

There were no changes made to the portfolio in August. As a result, the portfolio continues to have overweight positions in Real Assets, Unhedged Infrastructure, and AREITs, which is offset by underweight positions in Hedged Infrastructure and GREITs.

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

Manager	Sector	Asset Class	%
Macquarie Opportunistic Listed Real Estate Fund	A-G REIT	Property & Infrastructure	54.00%
CB RARE Infrastructure Value Fund - Unhedged	Infrastructure	Property & Infrastructure	25.00%
CBRE Global Real Assets Fund	Real Assets	Property & Infrastructure	10.00%
Spire Multifamily Growth & Income Fund (hdg)	Real Assets	Property & Infrastructure	10.00%
MP Cash Inv	Cash	Cash	1.00%

Portfolio Overview:

Product Code:	**Panorama:** DAM6067AU	**Hub:** INF012	**NWL:** MAC000384
Asset Class:	Property & Infrastructure		
Style:	Active		
B'chmk Index:	Composite of underlying indices. Refer PDS for details		
Min. Inv Horizon:	3 to 5 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 domestic and global listed real estate securities as well as global listed infrastructure investments with a focus on capital appreciation over the longer term. Investors need to be able to tolerate a higher level of investment risk that includes the potential for negative returns in any single year.