Infinity Global 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

Global Equities were a mixed bag in August, further complicated by a strong rally from the AUD. Large Caps finishing positive on a hedged basis but were down on an unhedged basis. Emerging Markets and Small Caps were further in the red, with Small Caps in particular having a difficult month. The portfolio returned -0.64%, very slightly behind the blended benchmark at -0.57%. This is a strong result given the portfolio's exposure to EM and Small Caps.

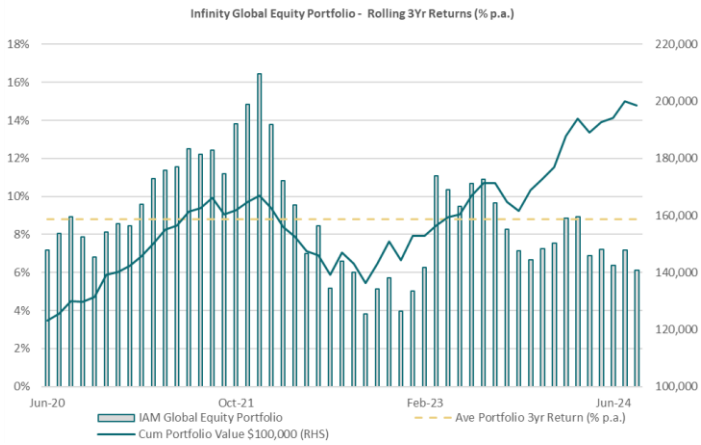
This relatively strong result for the portfolio (given its AA) came from strong downside protection across almost all strategies. Both T. Rowe Price Global Equity (-0.70%) and PAN-Tribal Global Equity (-0.91%) outperformed unhedged Large Cap global equities, while Bell Global Emerging Companies (-1.28%) did the same at the smaller end of the market. On the EM side of the portfolio, Ashmore Emerging Markets Equity (+0.30%) outperformed broader EM by c. 2%. The only real weakness in the portfolio was Ironbark Royal London Global (-2.63%), which struggled during a period of manager transition.

Performance

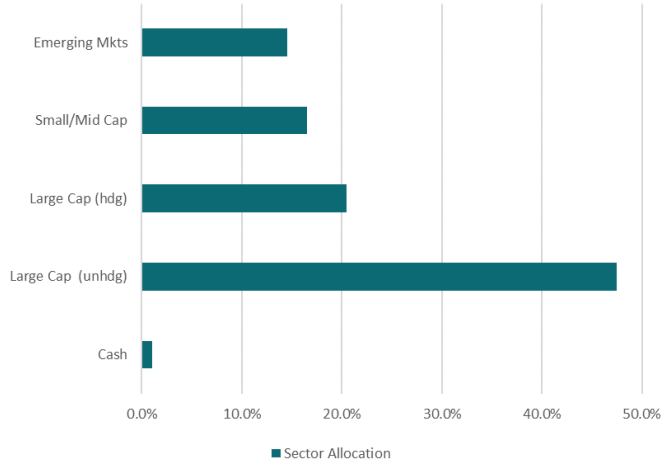
Period	Portfolio (%)	Growth (%)	Income (%)
1mth	-0.64%	-0.64%	0.00%
3mths	3.12%	-1.54%	4.66%
6mths	5.77%	1.00%	4.78%
1yr (p.a.)	15.99%	10.75%	5.24%
3yrs (p.a.)	6.12%	3.93%	2.18%
5yrs (p.a.)	10.59%	7.61%	2.97%

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 %)	11.6%
Sharpe Ratio	0.2
Risk/Return Ratio	0.5
Mthly OPR ratio (%)	66%
Tracking Error (%)	2.7%
Information Ratio	-0.1

Source: Financial Express Analytics, Infinity Asset Mgt.

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Portfolio Changes:

There were a few small adjustments made to the portfolio in August, with the crux of the changes being an increase to the portfolio's hedge ratio via an increased allocation to JP Morgan Global Research Enhanced Index (Hedged) that was funded from trims to Ironbark Royal London Advisory Global Share Fund and T. Rowe Price Global Equity.

These adjustments only marginally change the overall complexion of the portfolio through an increased hedge ratio. There remains an overweight to Developed Markets Large Caps and broadly neutral to Developed Markets Small Caps and Emerging Markets. The portfolio has no exposure to Asia or Long Short strategies. The portfolio hedge ratio is at 22.50%.

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

Manager	Sector	Asset Class	%
Ironbark Royal London Concentrated Global Share Fund	Concentrated	Gbl Equity	24.00%
JP Morgan Global Research Enhanced Equity Fund (hdg)	Global Large Cap (hdg)	Gbl Equity	21.50%
Bell Global Emerging Companies Fund	Gbl Small Cap	Gbl Equity	16.50%
Ashmore Emerging Markets Equity Fund	Emerging Markets	Gbl Equity	14.50%
T. Rowe Price Global Equity Fund	Growth	Gbl Equity	12.50%

Portfolio Overview:

Product Code:	**Panorama:** DAM6177AU	**Hub:** INF010	**NWL**: MAC000382
Asset Class:	Global Equities		
Style:	Active		
B'chmk Index:	Composite of underlying indices. 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 global 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.