

Market Commentary

Financial markets ended 2023 with a bang, with all major asset classes generating exceptionally strong investment performance. This was despite the difficult macro backdrop over the course of calendar 2023, with the strength of the rally over the final quarter of 2023 resulting in returns for the major asset classes above longer term averages. The backdrop to the rally was driven by the sharp decline in bond yields as global inflationary pressures subsided with financial markets taking the view that the next move by central banks would be to start cutting cash rates through the 1q24, beginning with the US Fed (in March). The strength of the market's conviction resulted in the steepest decline in global yield curves witnessed in 2023, with the interest rate sensitive sectors (i.e. REITs & infrastructure) along with some of the more cyclical growth sectors (i.e. global small cap) enjoying their best individual monthly performance for 2023. While the rally in the bond market over the month suggests that financial markets anticipate that the Fed will begin reducing cash rates through the 1q24 we remain circumspect on the likelihood of any rates cuts though the 1h24. While the Fed has reiterated that US cash rates are in 'restrictive' territory, the overall strength of the economy (led by personal consumption) remains sound. In addition, the road to the Fed's inflation target will continue to be a bumpy ride with the potential for near term spikes in inflation. So, while we are now closer to the end of the global rate rising cycle there potential for inflation and cash rates to remain higher for longer remains. While this likely to see ongoing gyrations across financial markets, we continue to see opportunities across both 'growth' and 'defensive' asset classes though 2024. To this extent, given the current macro and market backdrop, our focus remains on mitigating exposures where we feel that risk/reward outcome is not justified, both in the short and medium term. Additionally, we have also repositioned sub-allocations within individual asset classes given the changing market conditions. Overall, 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 delivered a strong return of 6.20% in December, reflecting the market's exuberance towards the end of the year. While this was behind the broader market, it caps off a strong year for the portfolio, returning 12.30% in a solid year for equity markets.

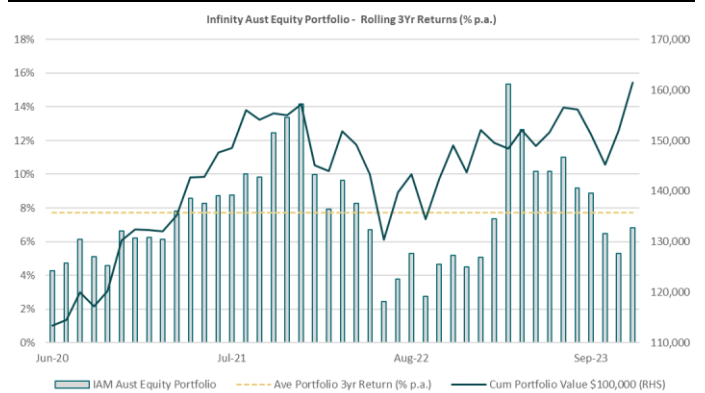
As highlighted in November's monthly report, the portfolio's bias towards more defensive strategies and those that prefer higher quality companies that acted as a headwind in December's strong bull market. This is most evident in the portfolio's two core long short managers, CC Sage Equity Plus (+5.02%) and Paradise Equity Alpha Plus (+4.86%), both of which underperformed in the buoyant market of the December quarter but have strongly outperformed over prior periods. While this has led to short-term underperformance recently, we believe positioning the portfolio in these more defensive strategies is prudent, as evidenced by the portfolio's much lower volatility vs. the broader market (13.92% vs. 17.65% respectively). Elsewhere, it was a strong month for Auscap Long Short (+9.93%), whose exposure to consumer stocks benefited from improving consumer sentiment. OC Premium Small Companies (+5.25%) slightly lagged the Small Ords in December, although it almost doubled the index for the year.

Performance

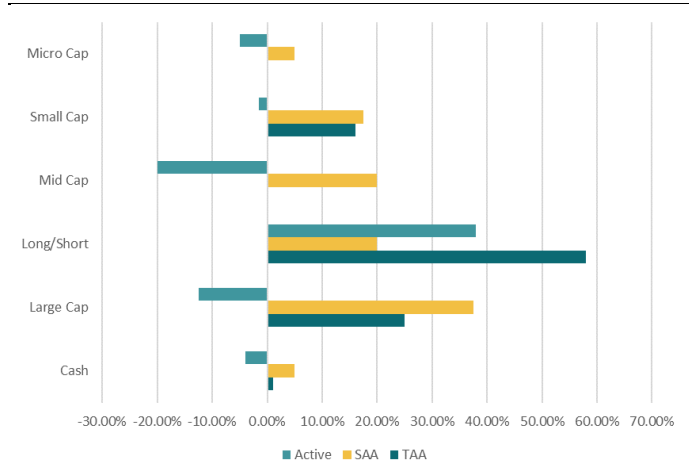
Period	Portfolio (%)	Growth (%)	Income (%)
1mth	6.20%	5.59%	0.61%
3mths	6.75%	6.14%	0.61%
6mths	6.46%	5.85%	0.61%
1yr (p.a.)	12.30%	8.17%	4.13%
3yrs (p.a.)	6.83%	6.18%	0.66%
5yrs (p.a.)	8.85%	6.91%	1.94%

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 %)	13.9%
Sharpe Ratio	0.2
Risk/Return Ratio	0.5
Mthly OPR ratio (%)	62.2%
Tracking Error (%)	4.0%
Information Ratio	-0.6

Source: Financial Express Analytics, Infinity Asset Mgt.

Infinity Australian Equity Portfolio

December 2023

Portfolio Changes:

There was only one change made to the portfolio in December, the replacement of the Pental Focus Australian Share Fund with the Infinity Core Australian Equity Fund. With both funds being large cap concentrated core strategies, this doesn't impact the portfolio's high level asset allocation. What the change does do is align the Australian Equity sector portfolio more closely to Infinity's core investment philosophy and style while reducing the cost of the portfolio to our end investors.

Post this change, the portfolio's largest overweight continues to be long/short strategies which is offset by an underweight to large caps. There remains no exposure to mid caps or micro caps in the portfolio. The portfolio is broadly neutral small caps.

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

Manager	Sector	Asset Class	%
Infinity Core Australian Equity Fund	Concentrated Core	Aust Equity	25.00%
Paradice Equity Alpha Plus Fund	Long/Short	Aust Equity	22.00%
CC Sage Capital Equity Plus Fund	Long/Short	Aust Equity	20.00%
OC Fund Management Premium Small Companies Fund	Small Cap	Aust Equity	16.00%
Auscap Long Short Equity Fund	Long/Short	Aust Equity	16.00%
MP Cash Inv	Cash	Cash	1.00%

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.