Infinity Fixed Income Portfolio

December 2023

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

Fixed income markets finished the year strongly, appreciating in the month of December. The portfolio produced a return of 2.09% which was behind the benchmark's return of 2.72%. Crucially, the portfolio outperformed in calendar year 2023 and over trailing 3- and 5-year periods.

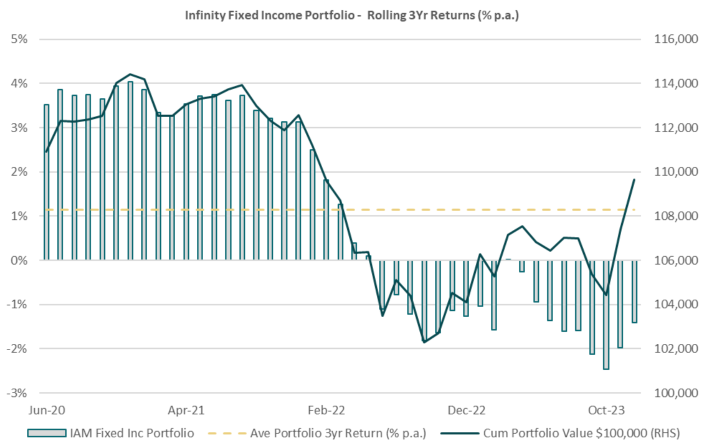
The majority of the underlying managers delivered positive returns in December. Principal Global Credit Opportunities Fund (+3.71%) enjoyed a strong month as credit markets continued to rally. Pleasingly, new addition JPMorgan Global Bond Fund (+3.63%) performed well in its first full month. JPM handily outperformed its own benchmark due to overweight positions in duration (US and Eurozone) and Agency Mortgage-Backed-Securities. Lazard Emerging Markets Total Return Debt Fund (+3.39%) also delivered a robust return. Ardea Real Outcome Fund (-1.87%) suffered a more challenging month and was the only negative performer in the portfolio. Ardea's relative value positioning in Euro and Sterling markets contributed to most of the decline. An uncharacteristically large shift in the shape of the Sterling interest rate curve was the largest headwind to their portfolio.

Performance

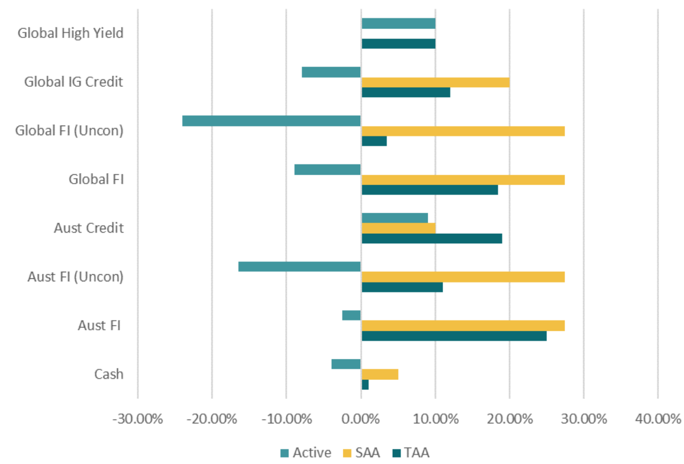
Period	Portfolio (%)	Growth (%)	Income (%)
1mth	2.09%	1.69%	0.40%
3mths	4.07%	3.66%	0.41%
6mths	3.00%	2.22%	0.78%
1yr (p.a.)	5.31%	3.54%	1.78%
3yrs (p.a.)	-1.41%	-3.83%	2.43%
5yrs (p.a.)	1.33%	-1.35%	2.68%

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 %)	4.4%
Sharpe Ratio	-1.3
Risk/Return Ratio	-0.3
Mthly OPR ratio (%)	0.6
Tracking Error (%)	2.7%
Information Ratio	0.6

Source: Financial Express Analytics, Infinity Asset Mgt.

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Portfolio Changes:

There was one change made to the portfolio in December. Metrics Direct Income Fund was replaced by Metrics Master Income Trust (MXT). As the monikers suggest these two strategies are very similar in their exposure to Direct Lending but have different liquidity profiles. MXT trades on the Australian Stock Exchange and so provides greater liquidity compared to the monthly liquid Metrics Direct Income Fund.

The above change doesn't materially impact the complexion of the overall portfolio. The portfolio maintains its bias towards Credit, both Investment Grade and High Yield, and correspondingly underweight traditional Bonds. There continues to be strong representation of alternative-style strategies across the portfolio, such as Global and Domestic unconstrained exposures.

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

Manager	Sector	Asset Class	%
Macquarie True Index Aust Bond Fund	Australian Bonds	Aust Bonds	25.00%
JP Morgan Global Strategic Bond Fund	Global Bonds (Uncd)	Gbl Bonds	18.50%
Principal Global Credit Opportunities Fund	Global Credit	Gbl Bonds	12.00%
Lazard Emerging Markets Total Return Fund	EM Debt	Gbl Bonds	10.00%
Apostle Ethical High Yield Credit	Global HY Credit	Gbl Bonds	10.00%

Portfolio Overview:

Product Code:	**Panorama:** DAM0869AU	**Hub:** INF011	**NWL**: MAC000383
Asset Class:	Fixed Income		
Style:	Active		
B'chmk Index:	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 fixed income investments with a focus on delivering stable investment returns through the cycle via exposure to both domestic and global fixed income investments. Investors need to be able to tolerate a moderate level of investment risk that includes the potential for negative returns in any single year.