INFINITY
ASSET MANAGEMENT

Quarterly Update

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The Asset Allocation Dilemma

Asset allocation is about assessing the current and likely future market conditions and allocating between various asset classes that are expected to perform either better or worse in different market conditions.

As an example, you would expect equities to behave differently to bonds, and both to behave in a negatively correlated way through the economic cycle. If you thought there was potentially a recession on the horizon, you may put more into bonds or other fixed income products. The issue that we're facing as asset allocators is that – due to the economic conditions of our post COVID world – the negative correlation relationship between not just equities and bonds, but between a range of different asset classes, has broken down and correlation among most asset classes has risen.

The chart indicates the performance year to date of equity and fixed income markets in developed countries around the world. Over the same period, both equities and bonds have fallen quite dramatically, making it difficult to manage Multi Asset Portfolios globally.

What are we doing to overcome this asset allocation dilemma?

Infinity have leaned heavily into alternatives as part of our broader asset allocation, a move that has proved to be beneficial in this turbulent market environment. Our Alternatives Portfolio has been extraordinarily resilient in the current market environment and has consistently produced returns with low volatility and correlations with other asset classes.

Infinity Private Assets Fund

Coming soon, our team are launching an exciting new product called the Infinity Private Assets Fund (IPAF). IPAF is a diversified private assets fund for wholesale investors that aims to provide a diverse allocation to the entirety of the private markets globally. This will be beneficial in helping clients overcome these asset allocation challenges as well as gain access to diversifying assets.

We are also aiming to democratise private markets for wholesale clients who, until recently haven't been able to get access to these types of assets at all. These assets have been the preserve only of institutional investors like pension funds, and superannuation funds. Investors who were able to have their money locked up for some time are able to take real advantage of illiquidity in the private markets to derive greater returns, gain more diversification, and potentially have a better risk return outcome overall.

Contact
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Australian Equities
Finalist
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Multi Asset Class
Winner
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Australian Equities Small Cap
Finalist
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