

PAC NEWSLETTER

PAC Capital's Company Newsletter



PAC's Macro Wrap

by George Smyrnis - Senior Analyst

Global markets extended their strong performance through August primarily due to an abatement of inflation concerns and strong corporate earnings which offset renewed fears and economic/social constraints from COVID-19 delta variant. After experiencing extreme price increases throughout June and July across commodity and financial asset markets (i.e., lumber, and crude oil), fears surrounding the permanence of inflation became more subdued during August, mainly due to dovish sentiment expressed by the federal reserve.

August also contained substantial corporate reporting for H1 2021. On average, corporate earnings demonstrated the continued strength of large constituents within the technology sector and the resurgence of cyclical industries (i.e., energy and financials) that detailed continued signs of earnings recovery.

Despite a resurgence in the COVID-19 delta variant, we saw a renewed focus around the world towards vaccinations and, ultimately, towards restoring normality.

IN THIS ISSUE

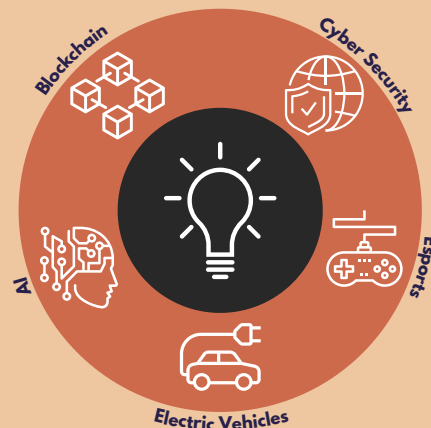
PAC'S MACRO WRAP

THE GLOBAL INNOVATION FUND IS LIVE

A MESSAGE FROM THE MANAGING DIRECTOR

Overall, our multi-asset funds throughout August benefited from an increased exposure to global equities relative to Australia and from significant exposures to real assets. Global equities, especially in North America and Europe had an exceptional month evidenced by ~3-4% return from various MSCI World Indices. Australian equity markets were slightly more subdued with performance ~2.5%, due to: (i) stricter (and newly imposed) lock-down policies; (ii) a smaller technology bias within its economy; and (iii) lower vaccination rates and a less certain path to reopening compared to North America and Europe. Furthermore, Australian property had an exceptional month with ~6.5% returns as Australia experienced one the strongest property market monthly returns on record and consumers continued to spend savings towards home renovations / improvements during the lock-down period. Moreover, our partial currency hedges across these asset classes helped reduce the drag on performance caused by a weakening Australian dollar throughout the month.

Our portfolio allocation remained largely unchanged throughout August and is positioned to take advantage of a continued recovery across the globe within a low-yield regime, primarily through an overweight to international equity and fixed income and investments in real assets such as property and infrastructure.



The Global Innovation Fund is Live

by Clayton Larcombe - *Managing Director & Chief Investment Officer*

Following the success of the PAC Global Esports fund, the fund is our latest offering designed to give investors exposure to the most promising innovation themes.

The objective of the fund is to provide investors with capital growth over the long-term, by investing on companies that will benefit from innovation. We believe that now more than ever, businesses must innovate, or risk being disrupted and replaced by those that do. The threat of disruption exists for all industries and all geographies.

Innovation is a catalyst for disruption and disruption is a catalyst for innovation. The two go hand in hand. By identifying only the best new products and ideas, as well as focusing tightly on valuations, PAC gives access to:

'Investable disruption.'

MANAGING DIRECTOR'S MESSAGE

August was a strong month for PAC Capital's recently launched PAC Global Innovation Fund, the PAC Global Esports Fund and our Multi-Asset Portfolios. The Esports Fund had its best month to date, as the sector rebounded from a bout of weakness in July. The innovation fund followed this lead and notched another outstanding month. The fund was launched in July and returned 6.7% in its first month. We were thrilled to see the fund continue this momentum in August. Lastly, our Multi-Asset portfolio's had a great month continuing their recent strength. Finalised performance figures for all of these portfolios will be released mid-September.

Away from the portfolios, we formally welcomed George Smyrnis to the team. Following a decade career in industry and academia, George joined PAC as a senior analyst early this year. George has quickly become a highly valued and respected member of the team.