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Original Article

A Critical Insight into the Correlation Between Macroeconomic Indicators and Portfolio Choices on the ASX 200, Examined Through the Lens of the Colin St Value Fund

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Abstract - *The Importance of Macroeconomic indicators and Commodities in Various Investment Funds is an important factor in ensuring long-term profitability and sustainable growth, even during adverse geopolitical circumstances. This Paper analyses the impact of economic indicators that have affected the performance of the ASX 200, along with other factors that have undergone changes by Australian Investment funds that targeted the ASX 200. What are the external factors that have influenced their decisions? Importance of the Colin St fund that has weathered all storms and reported above-average performances during the time period considered.*

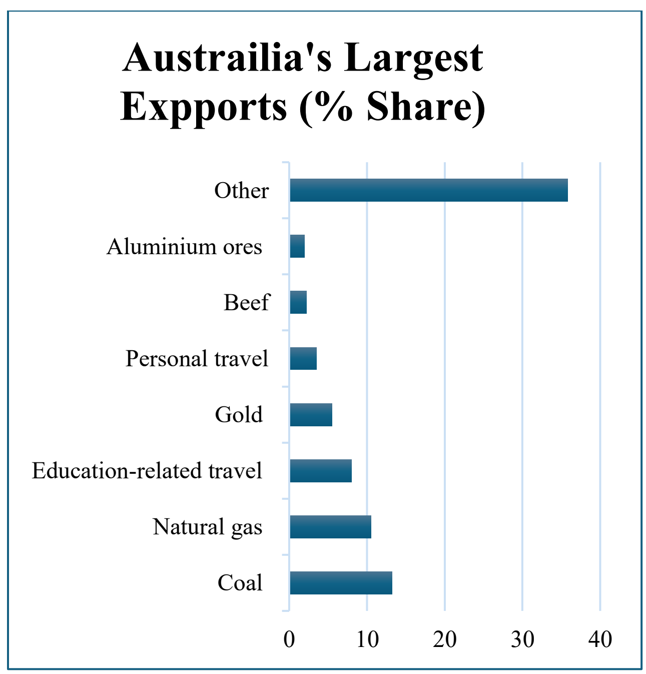
Keywords - *ASX 200, Credit Spread, Equity Funds, Macroeconomic indicators, Uncertainty Beta.*

1. Introduction

The Australian Securities Exchange 200 (ASX 200) is a market-capitalization weighted index tracking the performance of the 200 largest publicly traded companies on the Australian Securities Exchange. Since its inception in 2000, the ASX 200 has become the most referenced equity benchmark in Australia, capturing the heartbeat of the national economy through its exposure to prominent sectors, for example, financials, materials, health care, consumer staples, and energy. Its importance lies not only in traceability to aggregate market activity, but also in investment portfolio and institutional asset allocation decisions.

What differentiates the ASX 200 more than many indices around the world is its strong relationship with Australia's commodity-based economy. In contrast to countries whose stock markets are more service or tech-based, the Australian stock market is a remarkably normal resource-based representation of Australia's phenomenal endowment of natural resources.

Australia is one of the richest natural resource countries in the world, with multi-billion-tonne reserves of iron ore, coal, natural gas, gold, lithium, and rare earths. The mining and resources sector makes up over 10% of GDP, and makes up over 60% of total national exports. The exports mainly satisfy the manufacturing and infrastructure needs of regional trade partners in China, Japan, South Korea, and India.

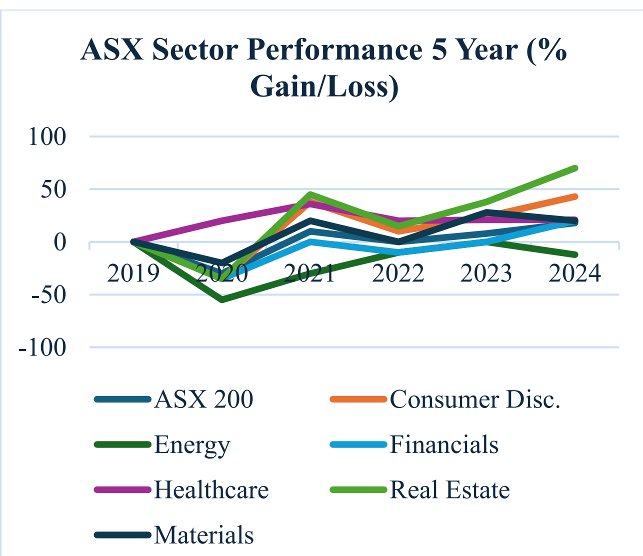


Source: Australian Government, Department of Foreign Affairs and Trade [13]

This dependence on global commodity cycles means the ASX 200 is highly responsive to macroeconomic signals both domestically and internationally. The returns it provides will react to even small fluctuations in GDP Growth, inflation rates, monetary policy, and geopolitical issues. For example, A Chinese slowdown in its infrastructure spending would result in Australian iron ore exports suffering, which typically means large drops in stock price for BHP, Fortescue Metals Group, and Rio Tinto -all top weighted stocks. Global interest rate hikes or currency crises tighten financial conditions, which will affect both capital streaming into Australian equities and the cost baskets of domestic companies.

The association of macroeconomic indicators and the ASX 200 characterizes an interesting and relevant case study to scrutinize the relationship between macroeconomic indicators and fund-level investment answers. In asset management, macroeconomic indicators are utilized as a centrepiece when applying a top-down investment thematic. Fund managers measure the impact of, and use, macro variables to capture factors to project changes in the economic cycle, guesstimate sectoral growth profiles, and eventually justify when to land on a portfolio rebalancing. However, the level of exposure - or correlation - and responsiveness to these indicators will depend on the fund system, the level of sign, and the underlying assets.

In a commodity economy like Australia, booms and busts can obliterate market sentiment in mere weeks; it is therefore prudent for the asset allocation and pricing strategies to be dealt with by employing the macroeconomic changes. Investment funds undergo fundamental updates from macroeconomic shocks, such as the COVID-19 downturn in 2020, resource stocks went down in value, and then went back up dramatically due to stimulus-led demand for resources.



Source: ASX Investor Update [12]

Fund managers in Australia thus have a delicate balancing act between winning cyclical commodity booms and protecting against decay during a downturn. Managed funds utilize either their own internally created macro-models or rely on forecasts by central banks, futures prices of commodities, or possibly aggregate sentiment indices to apply asset allocation. Meaning a macroeconomic indicator is not merely used for guessing, but is integral to their investment rationale, selection of asset class, or sector rotation framework.

Notably, the effect of the macro-fund relationship is not limited to the performance of a portfolio. At the formative level, fund responses to a macroeconomic indicator affect the flow of capital throughout the Australian economy, alter the liquidity of important sectors, or cause market volatility. For example, A coordinated fund liquidation based on an anticipation of GDP deceleration can take on adaptations that produce a feedback loop of multiplicative effects, which becomes pathological in inducing economic contraction. Conversely, a capital coordinated fund to invest in resource stocks during upward commodity prices can exacerbate the overvaluation of equity sector impacts on financial-system risk. [16]

This paper then examines the correlation between Investment Fund timeline, using the ASX 200 as an evidence-of-efficiency test. The study is particularly interested in assessing how fund managers, in particular a value-based fund with eternal discipline like the Colin ST Value Fund, interpret macro-fund signals. In other words, the goal of this study is to provide insights into how funds are attuned to, or exploit market-related shocks, and the strategic and structural aspects that provide longer-term performance persistence in a volatile, resource-rich market.

Ultimately, Australia's firms are continuing to grapple with a world of changing trade alliances, changes in mining technology, and increasing climate change policy risk in the economy, and knowing the macro-fund relationship helps to explain what ultimately molds investment flow that shapes our financial future as a country.

1.1. Research Gap &Methodology

Existing studies on the ASX 200 and Australian managed funds have largely focused on broad macroeconomic correlations with market performance. However, less attention has been paid to the decision-making process inside managed funds, particularly value-oriented funds, when responding to macroeconomic indicators. This paper addresses this gap by:

a) applying the lens of investment fund strategy to analyze the ASX 200;
b) using value funds as a compelling microeconomic perspective on macroeconomic trends.

c) establishing how these funds process and act upon economic signals; and
d) gaining insight into how markets internalize information and allocate capital through institutional investors.

The paper would use both quantitative and qualitative analysis of the following form:(1) Secondary Data to establish (a) and (b). These would be in tabular and graphical formats. For (c) & (d), authentic data alongside primary interviews with Australian hedge fund personnel (CFO) would be used to establish this relationship.

2. Literature Review

2.1. Contemporary Examples

There have been a number of studies that have brought out the relationship between the growth of investment funds and the macroeconomic conditions that prevailed in the country of their establishment.

Global hedge funds around the world actively monitor local macroeconomic conditions, including inflation, GDP fluctuations, and central bank signals, and adjust their strategies accordingly to outperform less reactive funds. This pattern is most visible through the lens of two key academic findings.

A major study by Bali, Brown, and Caglayan (2014) demonstrates that hedge funds with higher uncertainty betas tend to earn 5% to 7.5% more per year than funds with low uncertainty betas. Uncertainty Beta is a key concept discussed in this paper that measures how sensitive a fund's returns are to changes in macroeconomic uncertainty (like sudden shifts in inflation or unemployment). Studies show that hedge funds with high uncertainty betas have stronger returns, meaning their returns move more strongly with economic volatility. [2]

In the United States, another study by Abdi, Chen, and Wu (2024) confirms that hedge funds adjust equity exposure based on Federal Reserve policy changes: exposure decreases after expansionary policy (rate cuts) and increases following contractionary policy (rate hikes). Those funds that react more strongly to Fed announcements earn higher gross and risk-adjusted returns, demonstrating the Fed Information Effect, where managers interpret central bank communications as trading signals (Abdi et al., 2024).[20]

Concrete examples reflect these dynamics: in the U.S. and Europe, macro-oriented firms like Bridgewater Associates and Brevan Howard routinely rebalance portfolios in response to inflation data, bond-market volatility, and policy shifts, demonstrating uncertainty beta in action.

Meanwhile, in Asia, particularly China and Hong Kong, hedge funds have illustrated the power of macro-timing. For instance, Triata Capital returned 62% in H1 2025 by making timely bets on AI and consumer stocks aligned with stimulus(a targeted fiscal and monetary policy intended to elicit an economic response from the private sector), and hedging during tariff-induced volatility. Monolith Management delivered 53% returns in 2024 by raising exposure post stimulus. Yet macro sensitivity can cut the other way: when China imposed regulatory restrictions (on short-selling and high-frequency trading) in early 2024, quantitative hedge funds lost on average 8.6%, showing how regulatory policy(another macro uncertainty)can reverse results.

Together, these examples illustrate how hedge funds in different markets harness macroeconomic signals and policy timing to calibrate exposure and returns. Funds that adapt systematically to economic shifts consistently outperform less reactive peers.

2.2. Australian Evidence

There are numerous studies that support the idea that macroeconomic indicators have a strong effect on managed fund returns in Australia.

A thorough examination by Wang, Li, and Liu which examined 24 categories of Australian managed funds during 1998 to 2013, identified both a strong and generally negative relationship between inflationary pressure and return along with many macroeconomic variables, both domestic and international, GDP growth, money supply, short-term rates each of which directly impact investment fund performance In practical terms the general increase in inflation or increase in interest rates they cause to lower stock valuations, using discount rates (the interest rate used to value future cash flows) rising makes future cash flows less valuable. A reduction in growth in GDP typically indicates decreasing corporate profits and a decline in consumption, in turn, negatively impacting returns. These negative influences were more pronounced on equity, multi-asset, and property funds, as the relationship of profit potential is more strongly positively correlated to economic cycles [3].

Artamonov and Kurbatskii add to this by showing, that extreme economic stress periods like the financial crisis in 2008, or during the pandemic waves of COVID, term spreads (the different between long and short term bond yields) and credit spreads (the premium of the interest rate demanded by investors on corporate debt v. government bonds) are a major macroeconomic signal for managed fund managers. Widening term spreads indicate tighter liquidity or caution from investors, while credit spread widening indicates increased concern for corporate risk of default/instability [5]. Historical patterns consistently show that credit spreads tend to widen before stock market peaks or recessions, making them a particularly reliable macro, market-based early warning signal [15]. It is during these times that traditional signals from equity markets fail, thereby showing wider spreads provide a macro signal for fund managers to decrease risk exposure or shift allocation to safer assets. Fund investment decisions during extremes seem to get more information from these macro spread signals than from traditional asset price-based market signals.

2.2.1. Fund Characteristics

Aside from outside factors, fund-level traits shape sensitivity to macroeconomic shocks. Galagedera and Silvapulle (2002) conducted a performance evaluation of 257 Australian mutual funds using Data Envelopment Analysis (DEA). They concluded that risk-averse funds that experience high positive net asset flows are more likely to be operated efficiently. They pointed out the fund did increase scale and technical efficiency by favouring long-term growth and income assets. [1]

Wong's study of Australian Real Estate Investment Trusts (REITs) finds that expected inflation—this is inflation investors believe will occur soon—and a wider yield curve spread (long-term interest rates are higher than short-term rates) are both linked to improved REIT performance because expected inflation increases rental income, and wider yield curves imply economic growth.

By contrast, unexpected inflation has a higher default risk as the higher likelihood of borrowers defaulting is significant, and is negatively related to REIT performance. These linkages are the strongest when REITs are highly leveraged (that is, use a lot of debt norms) and REITs are structured as stapled trusts because high debt increases their degree of both profit and loss. To simplify: REITs that are more leveraged perform well with expected inflation and positive economic signals, but worse with increasing risk of things like unexpected inflation or defaults from borrowing. [6]

3. Collins St Value Fund Case

The Collins St Value Fund is macro-aware, value-based, and contrarian (buying and selling against the market sentiment of the time) in its strategy. This has led to outstanding returns for their fund through various market cycles.

Like the papers examined on fund resilience, this fund's structure and strategy, which emphasizes high liquidity, low leverage, concentrated positions of mid and large cap stocks, has served them well when the market has had shocks [8].

The paper investigates this fund strategy component taken from Colin St Asset Management in global shocks in periods endured with extensive macroeconomic cataclysms. How the fund leveraged the top-down factors and profited will be examined and considered in terms of fund performance and the academic literature on resilience.

3.1. Pre-Pandemic Positioning (2017–2019)

In the late 2010s, management at Collins St foreshadowed an overpriced market and cyclical pullback. The fund had already begun materially getting out of risk since 2017 by significantly raising its cash positions to about 30%, acquiring an 8% position in gold miners (commodity), with exposure to ex-ASX Top 20 (overranked large-cap stocks) at zero [8]. The fund's defensive posture represented strict discipline on investment, which propelled the fund to generate profits during the COVID occurrence [8]. The fund has a watchlist comprising ASX 300 companies and invests when a company possesses a minimum 50% upside of its intrinsic value, and also usually avoids unprofitable or structurally failing companies (Piperoglou, 2025)[7] Disclaimer - this discipline/lack of conformance carries the opportunity of not being allocated to popular stocks, and management, "… stayed faithful to our original investment philosophy" than "jump on the bandwagon" psychological exuberance on popular markets (CSAM, 2020). [8] Interestingly, research finds that this discipline matters because higher "uncertainty beta" (i.e., macro/hyper volatility sensitivity) earns annualized returns 5-7% versus funds that simply track and trend invest. Ultimately, with a large cash buffer and absent inflated equity positions, Collins St had the strategic ability to wait for the correction, which represented the relative benefit of access to an unfettered mandate. As CIO Vasilios Piperoglou explained, fundamentally, "to be in a position to thrust while the fielders are asleep" (quote by Warren Buffett) (CSAM, 2020). [10]

This contrarian allocation was paying off in 2019. Despite the rest of the market continuing to run (the expected property-driven cyclical correction was pushed out), the fund garnered a +36% gross return in the 2019 calendar year and was recognized as one of the top funds in its group (CSAM, 2020). [8]Some peers stayed totally invested in popular large caps, while Collins St navigated underpriced mid-cap stocks and gold stocks to achieve more upside returns. Gold prices and equities gained market acceptance in late 2019 amid wider price uncertainty and mobility, hence helping the fund's commodities. The fund's cash level (around one-third of the portfolio) was also a strong signal. Literature on Australian funds sustains liquidity, and flexibility enhances performance, especially over time. The study by Galagedera and Silvapulle showed that risk-averse funds with high net new inflows and prudent asset allocation had higher return performance efficiency as time increased. [1] In this regard, Collins St's cautious allocation set up its investors to flow into and out of the fund, which positioned the firm (that was locked capital otherwise) to take long opportunities as their risk profile changed.

3.2. Moves During the COVID-19 Crash (2020)

When COVID-19 hit in March 2020, global equities went into panic, and the ASX 200 fell by ~20% within weeks (CSAM, 2020). [14] While many investors were "frozen with fear", Collins St Asset Management treated this panic of a crash as a unique opportunity (CSAM, 2020). [14] Because of its luxury of preparation and avoiding underwater debt throughout the crisis, the fund entered this scenario from an enviable position of strength with dry powder and no exposure to significantly debt-laden companies, and a few of its positions were set to benefit from economic uncertainty and drama per se (e.g., litigation financing, uranium) (CSAM, 2020). [8]Vasillos Piperoglou, Chief ment Officer of the fund, highlighted how they "ride companies into the ground during the market crisis", and view negative macroeconomic outcomes as "opportunity signals, not risk flags." He states, "We made our money in bear markets, we just did not realise it. " The philosophy was implemented in March 2020: when markets started to melt down, Collins St snatched some discounted equities. They had "targeted a number of distressed equity ideas" and were "on standby with our capital ready to pounce" while rummaging for the distressed price action [7]

Importantly for the fund, they were not forced to sell during the market meltdown – unlike too many other firms that had to be sellers at the worst possible time for their clients' needs or rigid obligations. Collins St still had net inflows from investors in Q1 2020, a fantastic show of confidence in a time of crisis [7]. Given this stable investor base, management had that much more leeway to be 'contrarian'. Academic literature shows us that during crisis events, macroeconomic events influence fund returns even more prominently; meanwhile, the difference in returns grows between the panicking and those making decisions based on price movement. Bali, Brown, and Caglayan (2014) show that hedge funds that capitalize on volatility significantly outperform during troubled markets. [2] Collins St Value Fund 2020 results validated this theory in dramatic fashion. Not only was capital preserved, profits were made through the crash: the fund produced +44% (gross return) in calendar 2020, netting about ~41 percentage points ahead of the ASX 200. Not only was the performance ranked #1 out of all Australian equity funds in 2020[10], but this was achieved by "buying low" when others would not. Some of the fund's high-conviction buys from the lows of 2020 and the gains that followed were remarkable; a few examples are below:

Boom Logistics (BOL) – +80% in 2020 (a 'contrarian' bet on an undervalued industrial services company) wholesaleinvestor.com [10]

National Tyre & Wheel (NTD) – +105% (a niche retail company that rebounded sharply) [10]

Paladin Energy (PDN) – +150% (a uranium miner that rose with positive commodity sentiment) [10]

These results demonstrate how Collins St's "unconstrained, high-conviction mandate" provided the opportunity to react quickly and buy mispriced assets during a crash. The fund managers had the "mandate, mindset and governance" to take large contrarian views where securities traded at very distressed prices, wholesaleinvestor.com, flexibility that many traditional funds (often beholden to being fully invested or mandated to strict asset allocation) did not have [10]. Collins St's ability to build a "healthy cash buffer" to avoid forced selling, and the consequence would be buying from distressed sellers, confirmed Yiming & Xiao (2020). Concluding that funds which had more liquidity were able to preserve capital, and even rebalance to take advantage of bargains during these times of stress. [4] And by June 2020 (during the covid crash), the fund was even profitable for the financial year – possibly the only fund in its Morningstar peer group that had a positive net return for FY2020 (year to June), csvf.com.au. [18]

The consequences of this audacious 'contrarian' strategy were a massive improvement in performance and reputation. Clients who remained invested were rewarded, and the fund's risk-aware disposition (i.e, avoiding highly leveraged companies that "may find themselves in urgent need of funds" in the pandemic) proved to be fortuitous. [10] Also importantly, the management's focus on educated investors during the pandemic minimized redemptions and led to continued capital contributions during the crisis. This is consistent with the finding by Galagedera & Silvapulle (that positively net flow funds appeared to perform more efficiently and effectively). Collins St used its strong, educated investor relationships as its competitive advantage at the bottom of the market. [1] By the end of 2020, the fund had completely employed its cash into what they referred to as "wonderful businesses" at discounted prices, allowing for substantial upside as markets recovered.

3.3. Post-COVID Rebound and Value Shift (2021)

The next year (2020-2021) was just as spectacular for Collins St Value Fund. After global markets began to recover from the monetary stimulus and resurgent confidence, we saw a strong rotation into "neglected" value stocks. [18]The Collins St portfolio was perfectly poised to capture these gains. Many of the beaten-up cyclical and value investments we had picked up during the panic (medium-cap industrials, resources, financials, etc.) surged. Funds that were overweight on expensive and/or "growth" stocks or unable to deploy cash quickly missed out on much of the upside of the recovery. The Mercer survey results from the time place into stark relief how much better Collins St performed than even other active funds: for the 12-month period ended June 30, 2021 (FY2021), the fund had an approximate +88.5% return and rated 2nd of all Australian equity funds (only a small deep-value fund of much smaller size did better).[19] This outperformance followed a #1 ranking for the CY2020, confirming Collins St as a leading performer in back-to-back tough years full of macroeconomic shocks. boomlogistics.com.au. [18]

These results showcase why a committed 'value-contrarian' approach pays off throughout a cycle. During the late 2010s bull market, Collins St was generally trailing alongside sexy growth accounts. By "sticking true to what we believe, even in a market that many termed as a growth market", Collins St was able to be successful when the fundamentals came back.

The fund's co-founder, Michael Goldberg, expressed that strong returns are just as much about 'saying no' to a bad idea as they are about 'saying yes' to a good idea [11]. In practice, this meant avoiding the fanfare (for example, completely steering clear of any alluring tech investment and speculative IPOs during 2020-2021) and thereby equally leaning into the value of assets balanced with the strength of the balance sheet.

This is basically how value investing works, and it is academic research-based; namely, a value-based approach will underperform when the market is strong/expanding but will outperform when the bubble bursts, and values are once again matched with intrinsic values. Wong et al coined this as value-based REITs, companies that are based on tangible assets and have a conservative balance sheet, outperform when assuming unwarranted business turbulence shocks, because their price and momentum are insulated from the crazy speculation. [6]

In its emphasis on hard assets (gold, real assets) and no leverage, and as the economic stimulus and recovery were undertaken, its investments quickly and sustainably repriced, where the most speculative investments too long lagged to catch up.

By the end of 2021, the fund not only fully recovered from the pandemic but returned well beyond its pre-COVID size and performance benchmarks. Thus, in December, Collins St Value Fund realized roughly 24% gross annualized returns since inception (2016). After deducting performance fees, that likely translated to around ~15% net per annum for investors, which was considerably higher than ASX 200 Benchmark returns. This benchmark rate has placed Collins St in the very top rankings for multi-year performance. By late 2021, it was already in the top quartile for 5-year numbers and continued success would soon see Collins St become #1 for 5-year numbers (as evidenced by Mercer's 2023 survey).[18]

To summarize, the "scarcity, economics", value-centric, and macro-aware model allowed the fund to reposition well in a post-crash environment while many of its competitors with less patient capital, or those that were not strict about fundamentals, were slower to recover, this time frame confirmed the academic view that a fund's discipline, internal strategy (risk management, value-based, bottom-up timing) can achieve prolonged outperformance over cycle, not just in a downturn.

3.4. Navigating the Inflationary Cycle (2022–2023)

In 2022, the investment landscape changed again. The post-COVID boom resulted in massive inflation and interest rates that generally rose globally, creating new winners and losers. Equities had headwinds, particularly in growth areas that had benefited from the low rates. Geopolitical shocks-primarily Russia's invasion of Ukraine in early 2022-also saw prices spike (energy, metals) and increased market volatility. Collins St Asset Management's market foresight was again spot on at this time. With its "macro screening" process, the fund identified commodity cycles as one of the major opportunities beforehand. In fact, the fund launched dedicated special situation funds for oil and gas as well as gold in 2021–22. They had also maintained concentrated investments in precious metals in the flagship "Value Fund", betting on the cycle of underinvestment reversing.

The CIO highlighted things like de-dollarization trends (after U.S. sanctions on Russia) as justification for owning gold and derivatives. When war and inflation hit, these investments protected the portfolio. Academic research supports this rationale, as over 60% of exports are commodities; thus, commodity-linked assets tend to do well when traditional equities do poorly, and commodities provide a natural hedge in stagflation situations. Consequently, the broad-based equity index (ASX 200) experienced multiple drawdowns in 2022. Collins St's investments in gold miners, oil producers, and uranium stocks benefitted from the disrupted energy supplies, mitigated the drawdowns, and in certain instances, provided upside.

Additionally, Collins St emerged unscathed in the rising-rate environment. A lot of growth-driven funds were burned in 2022 as the fear of tech stocks and speculative beta blew up due to tighter liquidity. Goldberg had provided prescient warnings as to how certain current-tech names were "a train wreck waiting to happen" with prices and valuations entirely divorced from reality. The fund "stayed well clear" of these overstated stocks and excesses in IPOs [11]. The fund rotated into sectors headwinds, staples, and energy, while maintaining elevated cash for a possible acquisition.

This mode of cautious behaviour is backed by Yiming & Xiao's (2020) findings showing that the losses in the tightening cycle were from low exposure to cyclical Volatile sectors of the market and small liquidity exposure, which remained active. [4]. Evans and Collins St cash buffer (around 10-15% rest of 2022) had immense benefit as interest rates increased, getting cash (and providing funds for cash to approach profitable investments), mid-year collapse when prices crashed. The risk management measures implemented from the outset, like its no margin leverage, preference for strong balance sheets, and "hard" assets, paid off in this environment, because the highly leveraged and speculative companies were the companies punished the hardest by higher interest rates and risk premiums.

The result was that throughout the volatile 2022–2023 period, Collins St Value Fund still outperformed its benchmarks and peers, albeit less spectacularly than the blockbuster 2020–21 period did. For example, in calendar year 2022, the composite fund had a positive return (based on gains related to commodities), while the ASX 200 delivered nearly flat returns. And, at the end of 2023, the long-term results of the fund were incredible: ranked as #1 Australian Equity Fund over the last 5 years by Mercer, considering the cumulative impact of the fund performance from the pre-COVID time until the inflationary cycle [18]

As of December 2023, Collins St Value Fund delivered +14.5% per annum net return from inception (2016) – boomlogistics.com.au. A result far and away superior to market performance, and demonstrates consistency. [18] The fund observed no drawdown period throughout 2022–23, navigating bearish downtrends through equities/cash, while concentrating its position on areas well-understood. This real-life outcome validates academic findings that value-based and actively macro-managed funds can endure various economic regimes of a cycle. Wang et al. specifically refer to Australian funds with even higher allocation to tangible assets (like commodities or property) and lower leverage that were better insulators to interest rate shocks and continued producing returns when inflation surprised the market [3]. Collins St's example validates that evidence that a fund can keep its portfolio aligned to macro currents (e.g., emphasis on energy when inflation spiked) and "challenge traditional investing principles" (as set out in its 2024 investor letters) [9] to not only protect account capital, but generate investment opportunities in a difficult environment.

3.5. Recent Performance and Ongoing Strategy (2024–2025)

As we enter the 2024–2025 financial year, the Collins St Value Fund continues to implement its core strategy with an uncompromising emphasis on deep fundamental research and capital preservation. The fund's 2024 review states "the value of questioning conventional wisdom" and a long timeframe, while the narrative induced by the new market set of circumstances changes each quarter, csvf.com.au. [8] For the 2024 fiscal year, the fund produced another impressive return (approximately +17–18% net for FY2024, sourced from investor updates), owing to astutely selected stocks in sectors such as gold, energy, and consumer staples. The fund has compounded capital at a total rate of roughly mid-teens percent p.a. throughout the life of the fund (2016–2025) – a remarkable accomplishment that speaks to the sustainability of its strategy livewiremarkets.comboomlogistics.com.au – crucially, the less volatile and smaller drawdowns than the aggregate market. For context, in the slight market pullback in early 2025, the fund was down only ~2–3% for the year (and quickly recouped).,[19] because of the fund's practice of holding cash and trimming back positions when valuations become stretched. This type of resiliency is exactly what would be expected based on the fund's structural characteristics. As Chief Investment Officer, Vasillos.Piperoglou mentions:" the team stays away from companies with significant debt, and the team also has structural hedges by building allocations to gold or cash that can protect the fund in down markets."[7] This strategy reflects the concept that a value fund must "invest as if we were our own money" [10]. In fact, the manager of Collins St does have a reasonable amount of their own capital co-invested in the fund. In addition, the fund does not charge a fixed management fee; it only earns performance fees if investors make money [7]. This fee structure adds to the discipline of not only protecting the downside, but also pursuing true long-term value because they are not incentivized to asset gather, nor take short-term risky gambles.

From a macroeconomic perspective, even 2024–2025 has its own uncertainties (Ex, global growth slowing, commodity prices pulling off highs, central banks pausing hikes). Collins St Asset Management has continued to find some 'contrarian' value opportunities. As of mid-2025, the fund is a concentrated portfolio of approximately 20 stocks with some very niche opportunities in resources, financial services, and even some undervalued retailers – in addition to a large cash component. The demand for conviction and a benchmark agnostic approach does not discourage the fund; they are not afraid to look very different from the ASX 200 if they have conviction in the research. For example, if the market consensus is pessimistic on a particular sector, their analysis finds that attractive, they will build a position no matter the index weighting. This means even if the index weight is smaller, they are willing to go against the grain, a powerful individual conviction. [9]

Goldberg described a very hands-on approach: site visits to companies, prototyping products, sometimes even hiring some independent experts to validate what they are seeing on the ground livewiremarkets.com. [11] A deep micro view followed up with a top-down macro view, this fund tries to stay ahead of surprises. It is noteworthy that recent academia (Artamonov & Kurbatskii, 2023) has just made it to the point of how macro shocks translate rapidly to fund performance, much more than in Australia. [5] The ongoing majority of measuring indicators – yield curves and commodity demand structures being examples - and the ability to hold cash or rotate sectors if need be, reflect that they are ready for whatever the next phase is.

4. Results and Conclusion

A review of other academic work and the Collins St Value Fund case is indicative of a few distinct themes. Macroeconomic indicators systematically exert their largest influence in crisis situations. Whether the 2008 global financial crisis or the COVID-19 pandemic, factors such as credit spreads, term spreads, and commodity price shocks became essential to the explanation of fund performance. These findings are consistent with Artamonov and Kurbatskii's (2023) analyses and represent the way that Collins St transmuted market volatility in 2020 into a growth opportunity, not a detriment. [5]

Next, the fund structure is just as important. The literature shows that factors including leverage, liquidity, sector concentration, and flexibility of a mandate greatly impact resilience. Collins St Value Fund is a case in point: Collins St Value Fund's additional cash, no debt, and unconstrained mandate allowed it to act when other funds were being defensive.[3] Third, there are clear demonstrations that value-based strategies and tangible asset exposure muddy the waters when interest rates rise or inflation shocks the market. As shown in the work on REITs in Australia, high intrinsic valuation adds substantial intrinsic value, and conservative structures withstand considerable issues, while Collins St's investment exposure to commodities and mid-cap value strategies demonstrates how value strategies can ride the tide of greater cycles. [6]

Finally, the topic of investor behavior cannot be overlooked. Galagedera and Silvapulle (2002) show that positive net inflows can bring fund efficiencies across time, and Collins St's ability to generate and retain positive net investor confidence during periods of diminished performance afforded an advantage to Collins St.Value Fund. Collins St Value Fund's stable source of capital allowed Collins St to be contrarian at the very point that other funds retreated. [1]

All together, these findings shape strong performance as not only thinking in terms of macroeconomic signals, but also how funds structure the vehicles to invest in them, through value based strategy, and willing investors to see it through. The Collins St Value Fund case substantiates these principles and examines the interconnections between markets, fund structure, and investment behavior.

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