

TAMIM Asset Management
August 2023

Global Equities

Past the Worst?



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TAMIM Investment Platform



Last Time – August 2022

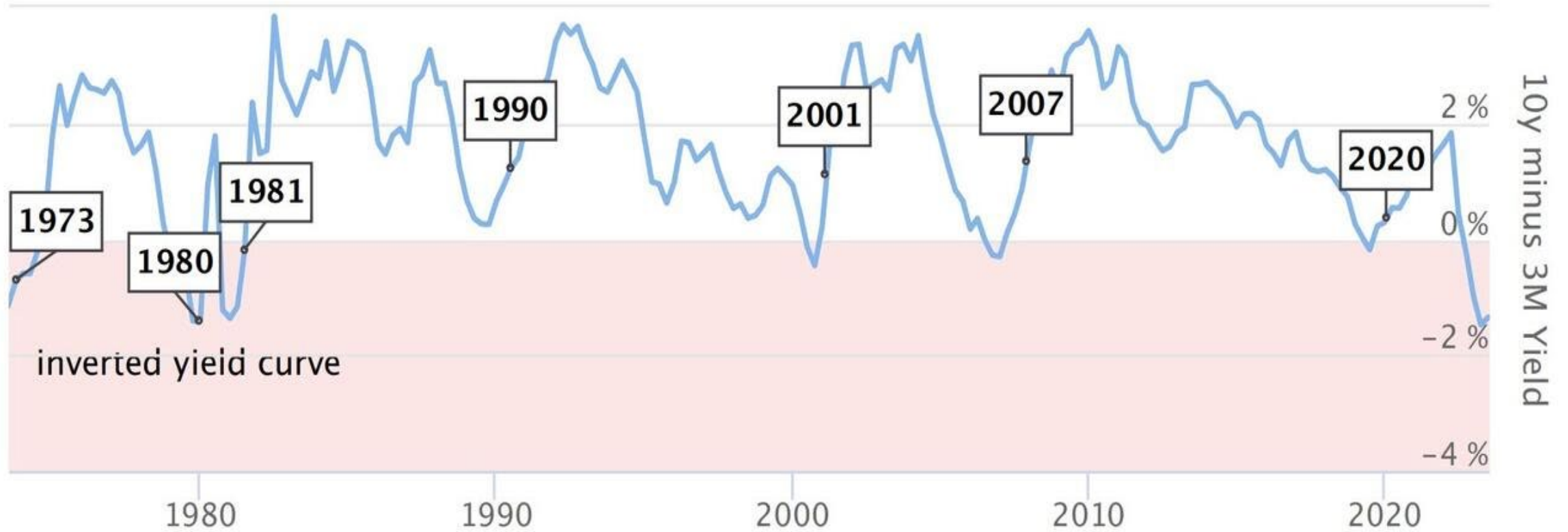
- We argued there were “Reasons to be Fearful”
 - Debasement (Inflation)
 - Debt
 - Demographics
 - Deglobalisation
 - Decarbonisation
- Presentation Available! These trends remain.
- 2022 - Bonds and Equities both performed poorly
- Entered 2023 too cautious....but remained fully invested in preferred areas
 - Infrastructure
 - Japan
 - Oil and Gas to be rehabilitated by the market

Year	60/40 Portfolio Return
2022	-16.9%
2021	15.5%
2020	12.8%
2019	20.8%

Current Outlook ~ August 2023

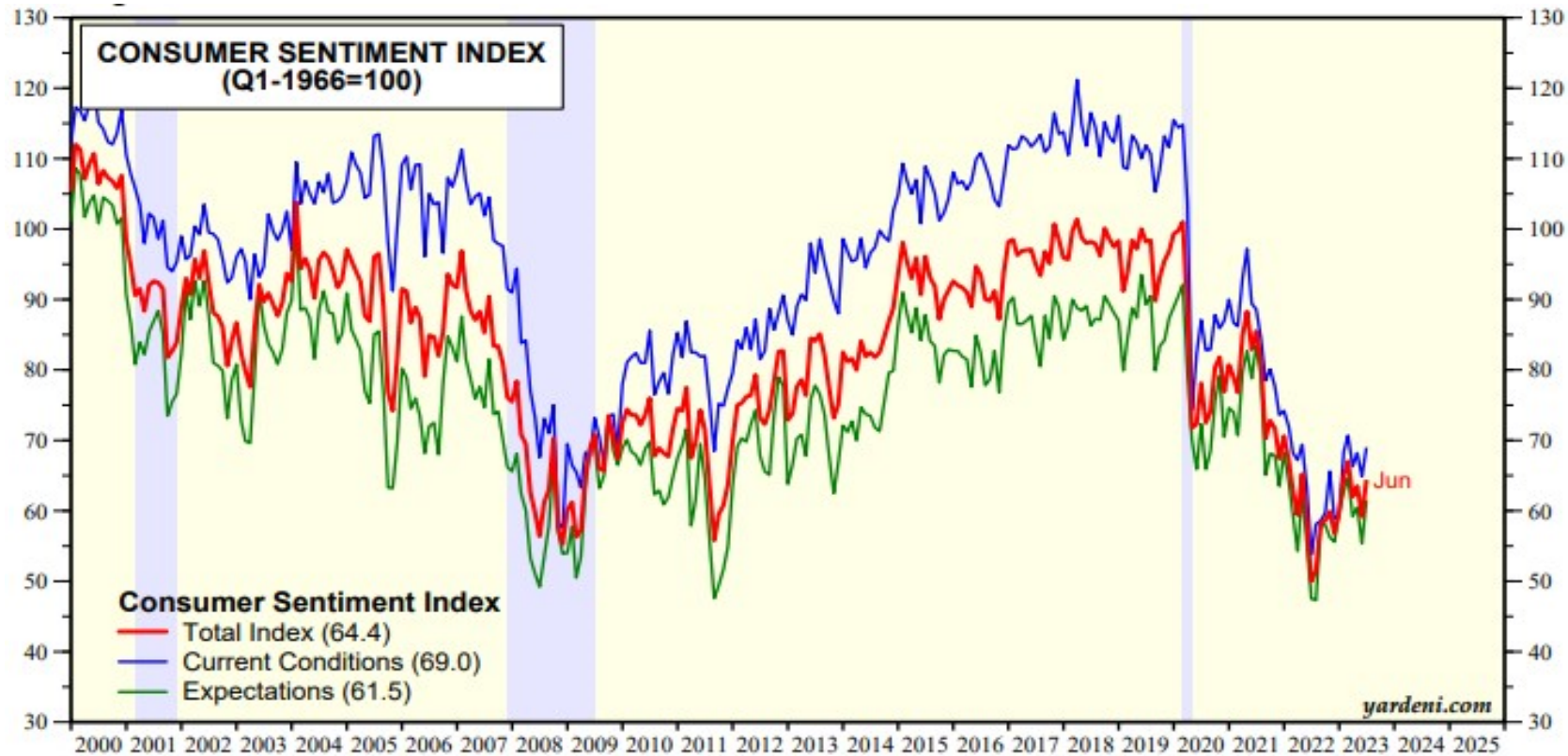
- US economy confounds
- Growth or Value?
- Interest Rates still negative in REAL terms
- Japanese equity market is being rehabilitated
- The safe “Landing Space” is quite small
 - In the choice between more rate pain and inflation, we expect inflation
- Equities represent a good hedge against inflation
 - Favoured areas – **JAPANESE technology,
Oil and Gas, Infrastructure/Re-industrialisation,
Food & Ag**

US Economy Confounds



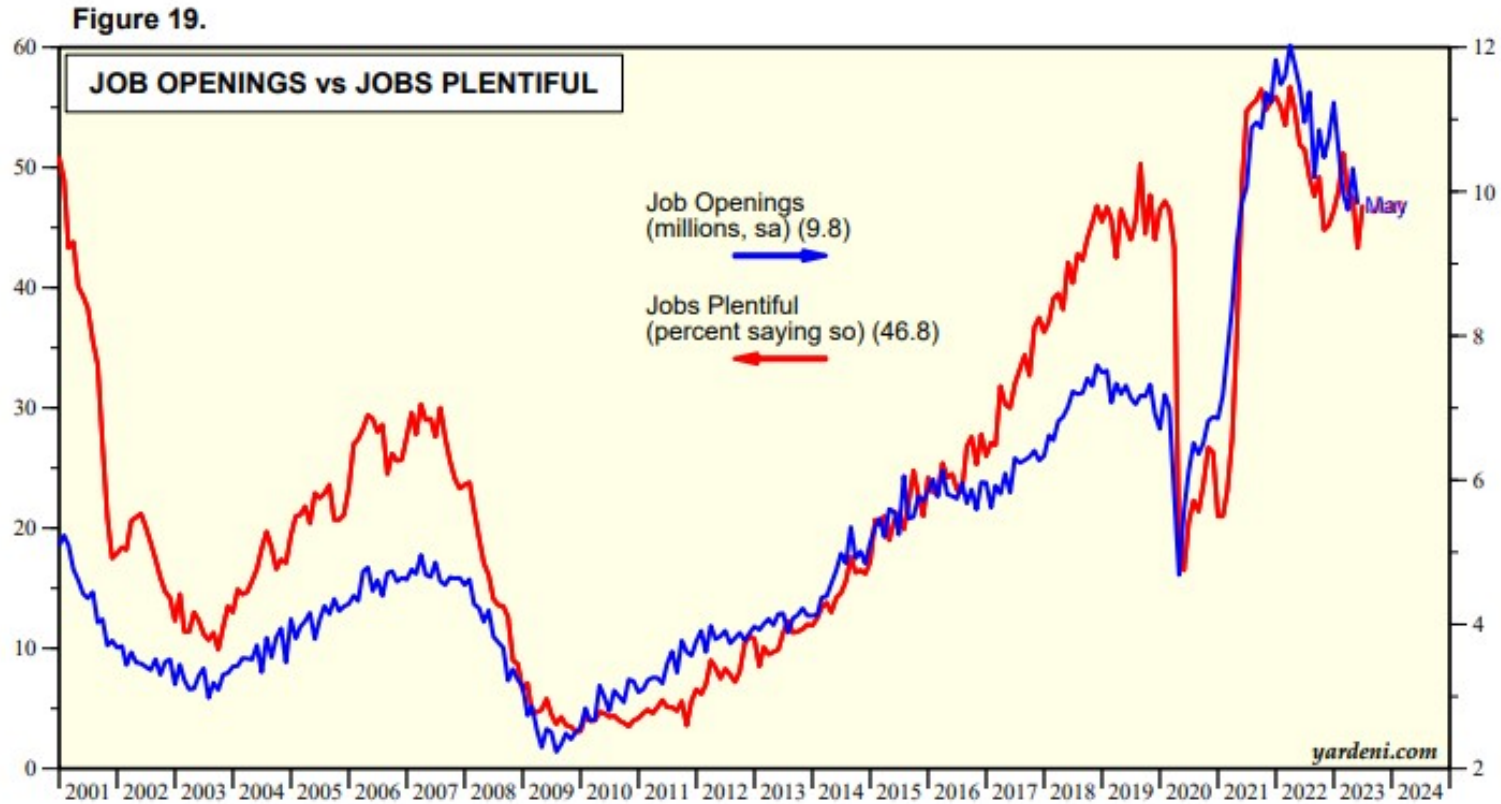
Source: St Louis Fed data

US Economy Confounds



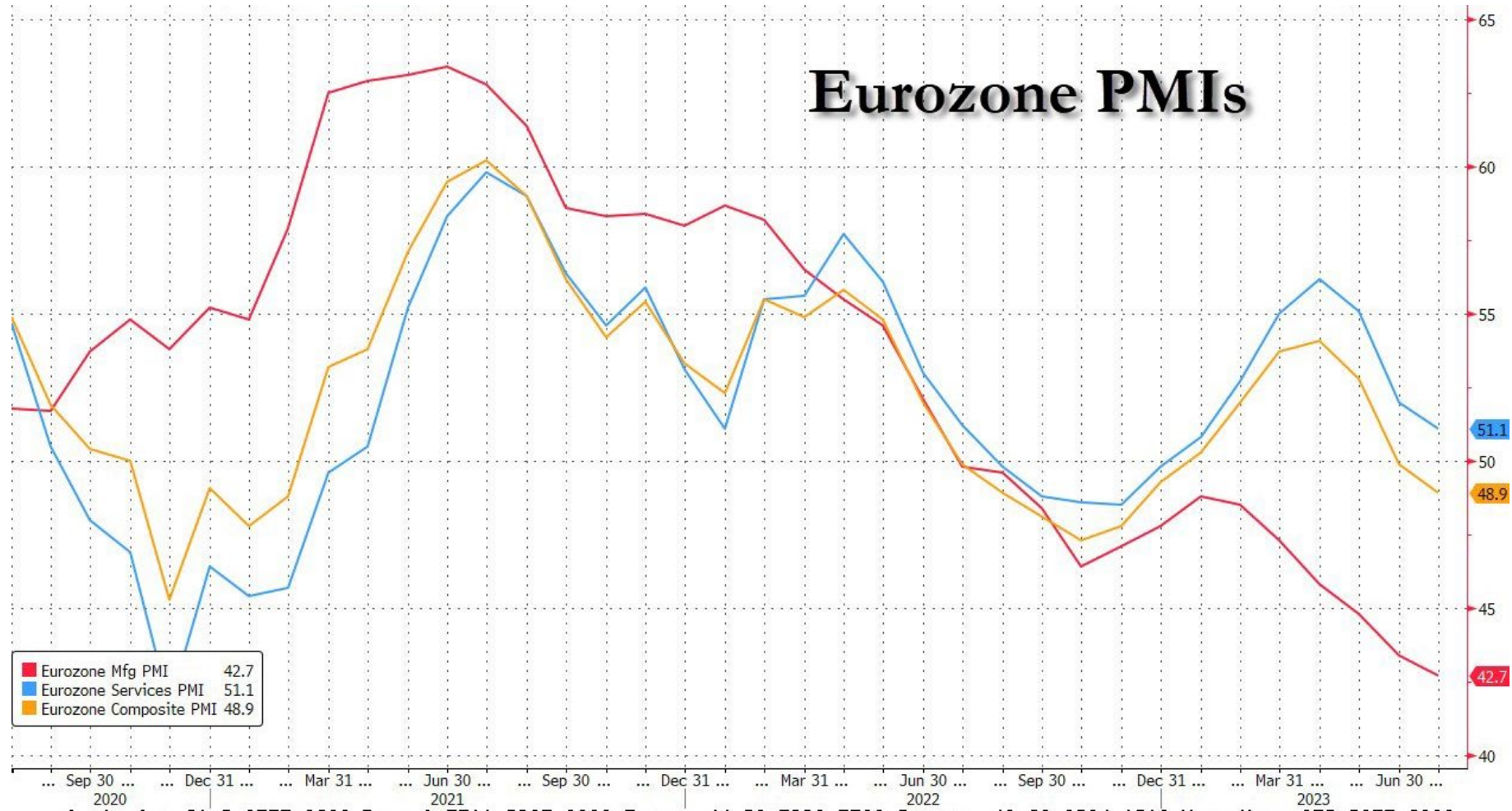
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: University of Michigan Survey Research Center

US Economy Confounds



Source: Bureau of Labor Statistics and The Conference Board.

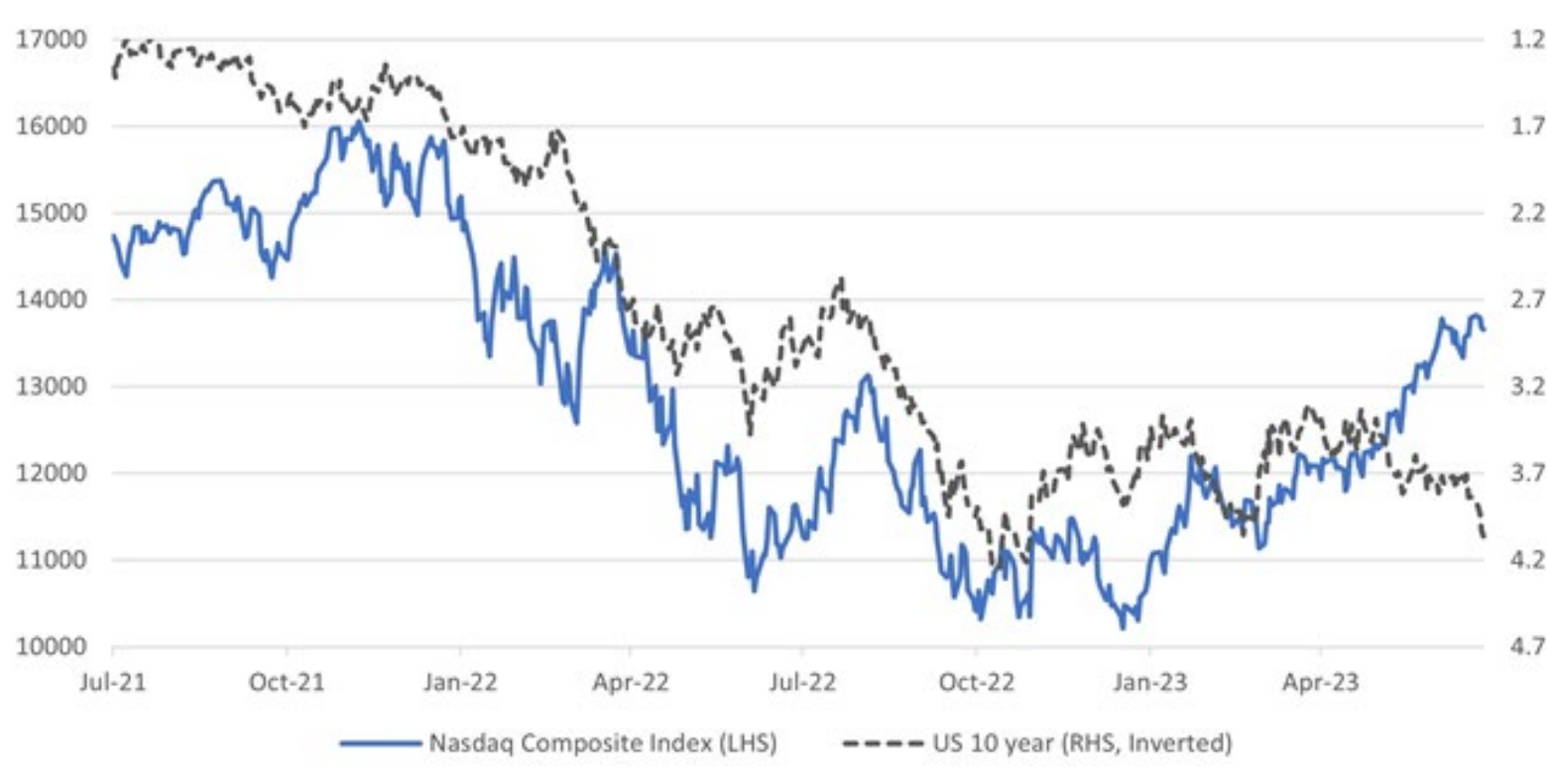
Europe Struggles



Source: Eurostat

Growth or Value?

The recent rally in the Nasdaq Composite at odds with the rise in US 10-year yield



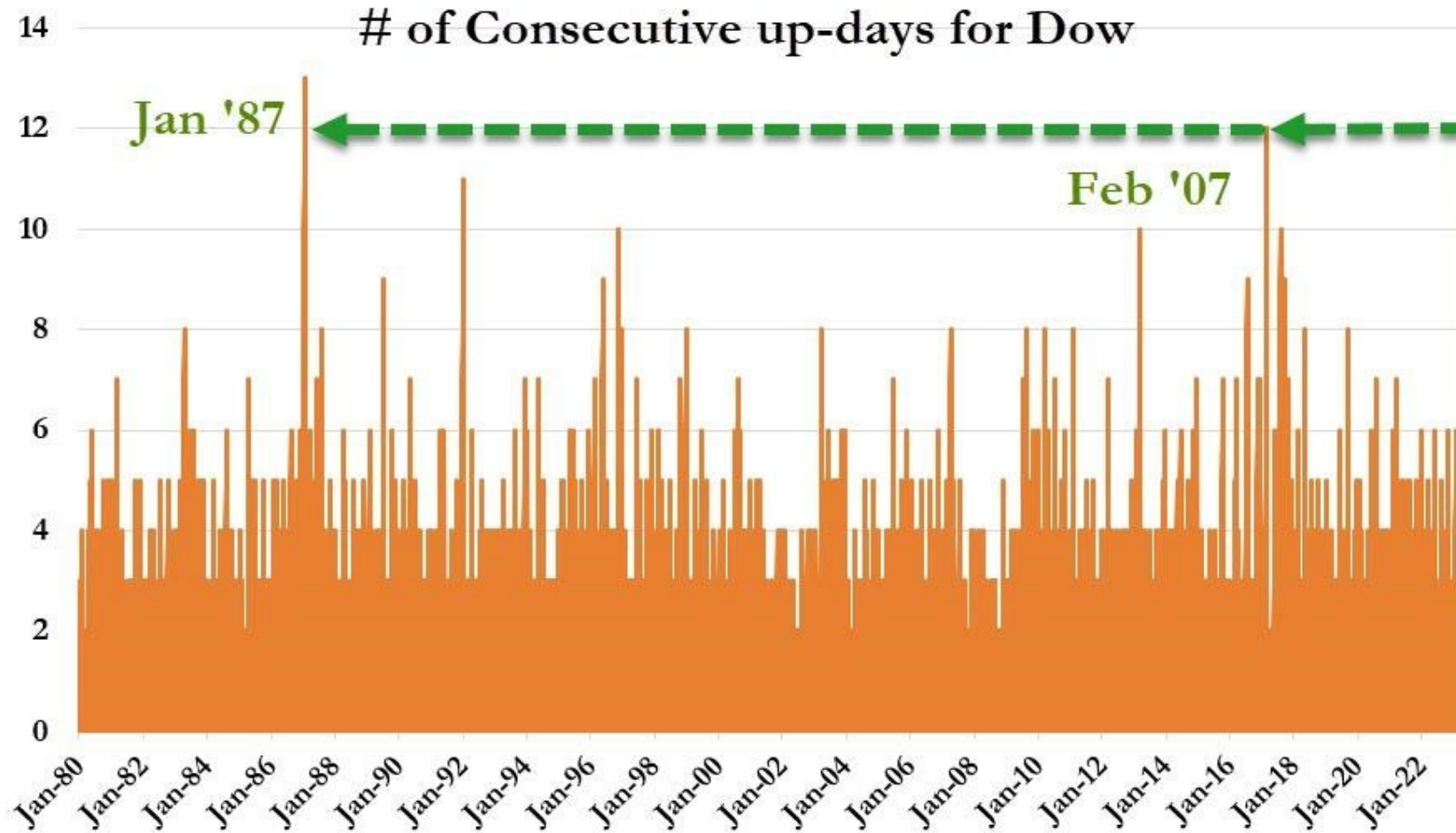
Source: S&P data

Growth or Value?



Source: Soc Gen

Growth or Value?



Source: Maudlin

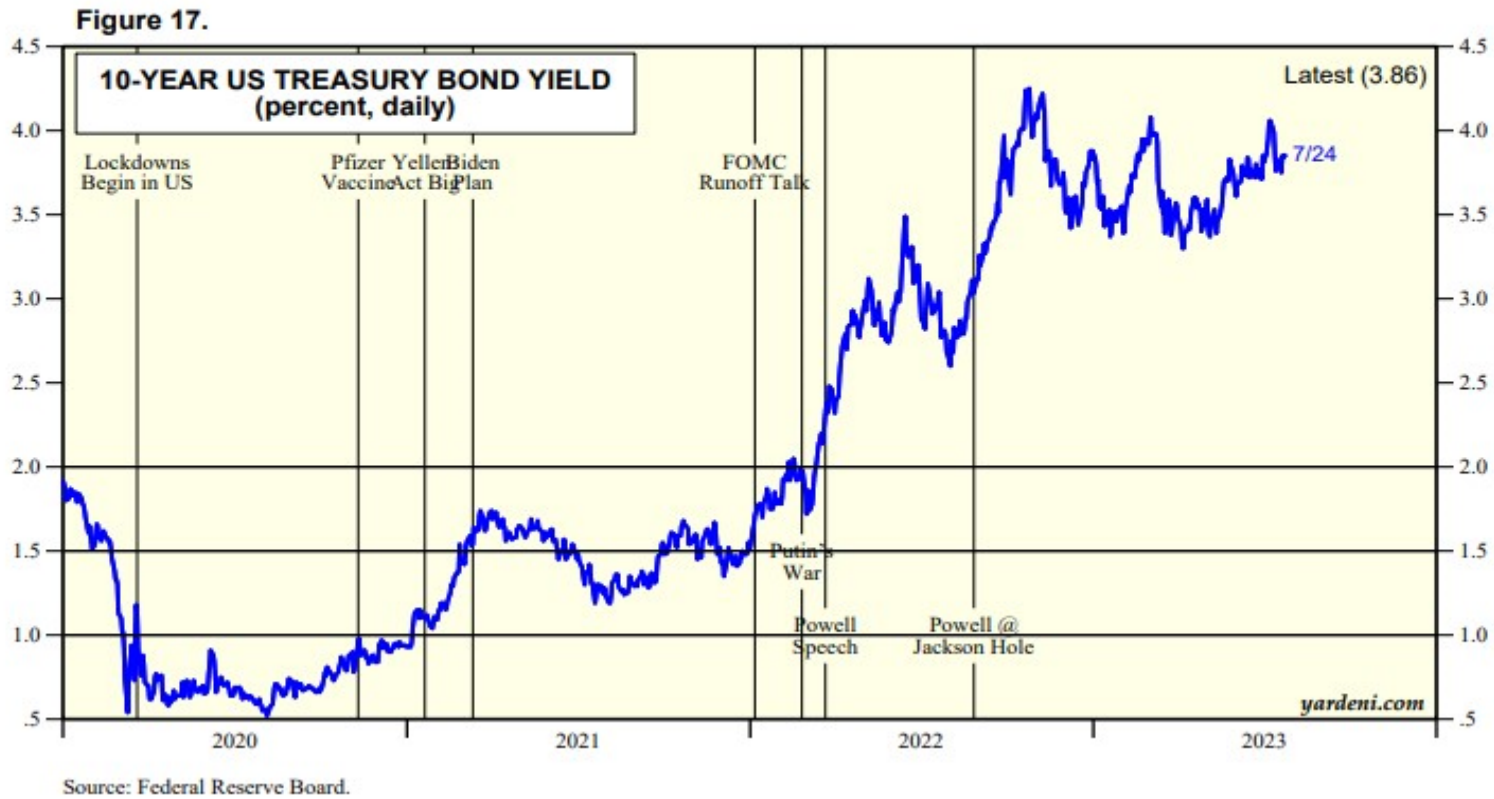
Exhibit 8: CRE Debt Maturities: \$2.5tn in next 5 years



Source: Trepp, Morgan Stanley Research

Growth or Value?

Government Bond Yields

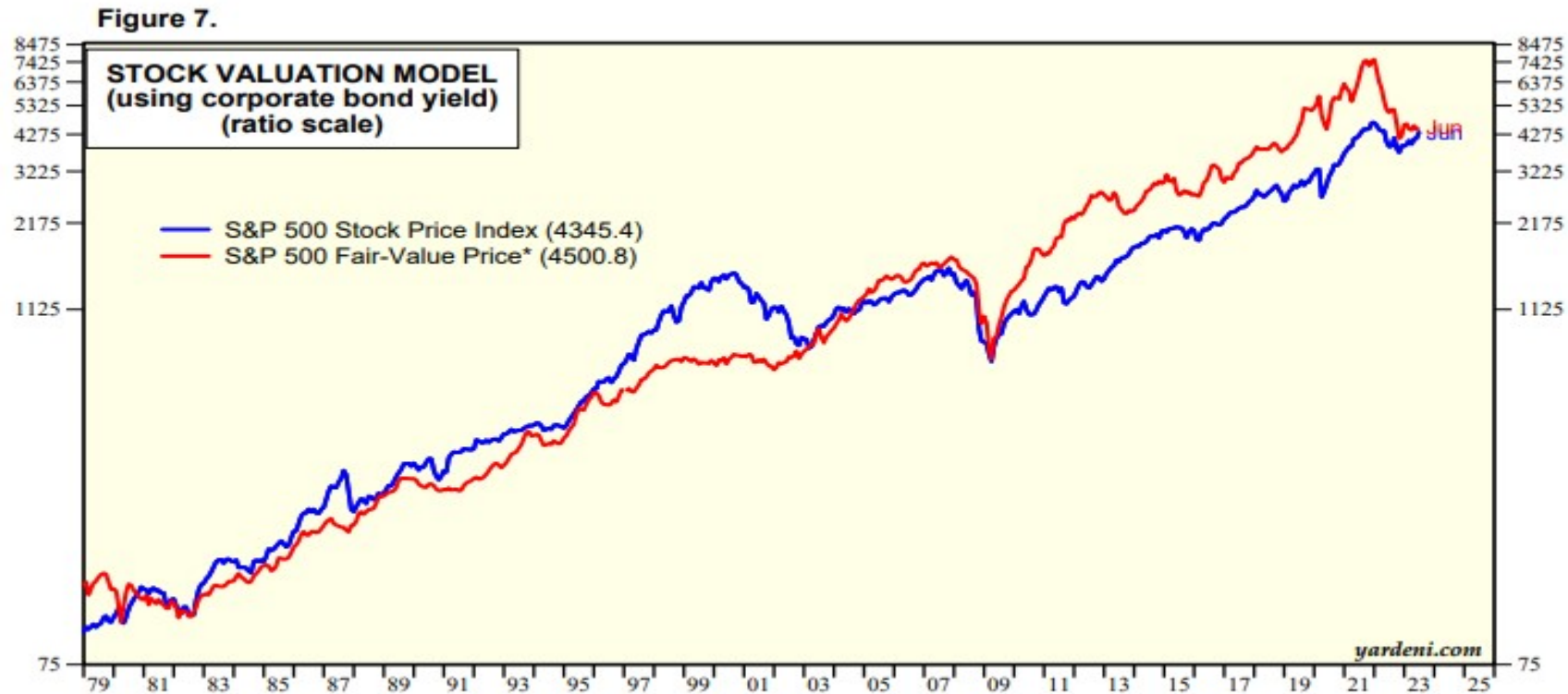


Peaking in US?

If past the worst,
then Value looks
better

Growth or Value?

Fed's Stock Valuation Model



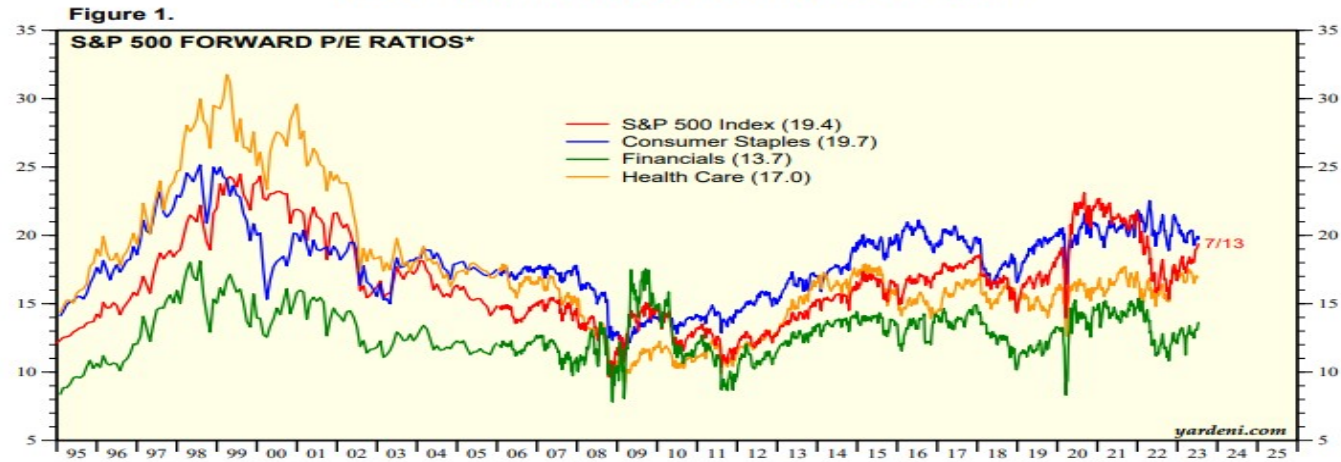
* S&P 500 forward consensus expected operating earnings divided by corporate bond yield (average of Moody's Aaa and Baa yields through 1996, then average of ICE BofA Merrill Lynch data for AAA and A-BBB yields).
Source: I/B/E/S data by Refinitiv, Standard & Poor's, Federal Reserve Board, and Haver Analytics.

Growth or Value?

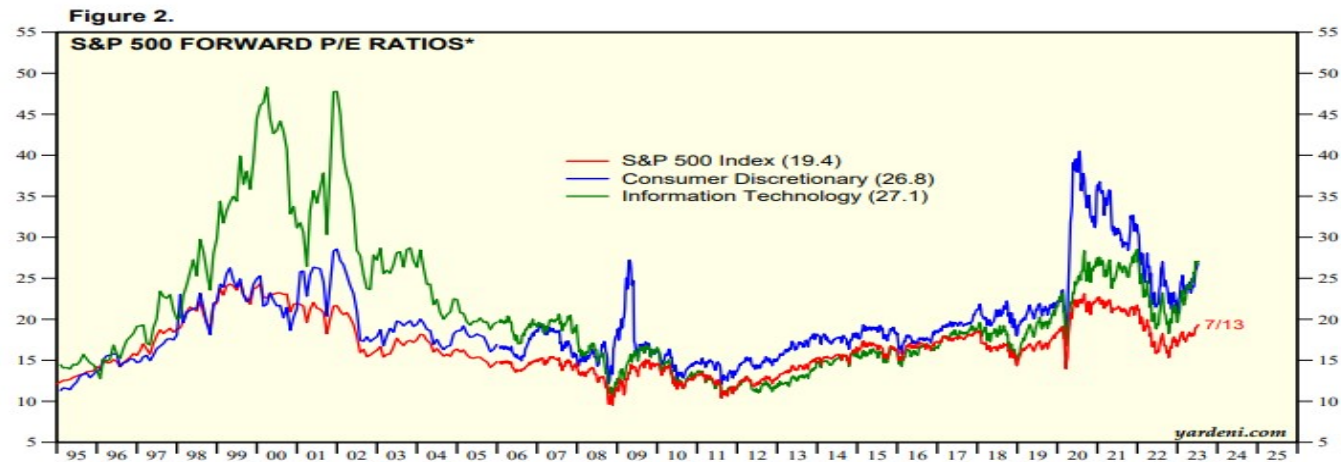
Pockets of ok valuation

I.T. is the outlier?

S&P 500 Sector Forward P/Es

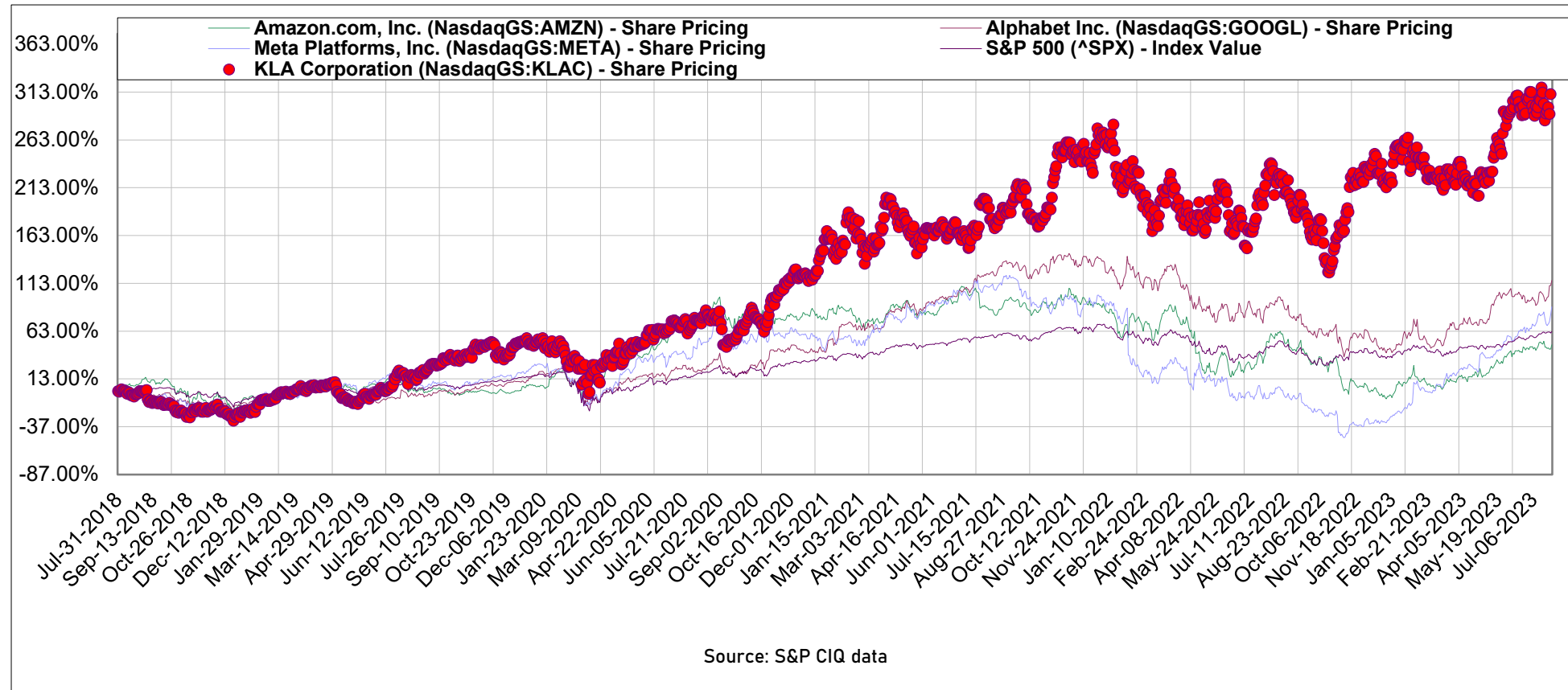


* Price divided by 12-month forward consensus expected operating earnings per share.
Source: I/B/E/S data by Refinitiv.



Growth or Value?

For the best growth think outside the box?



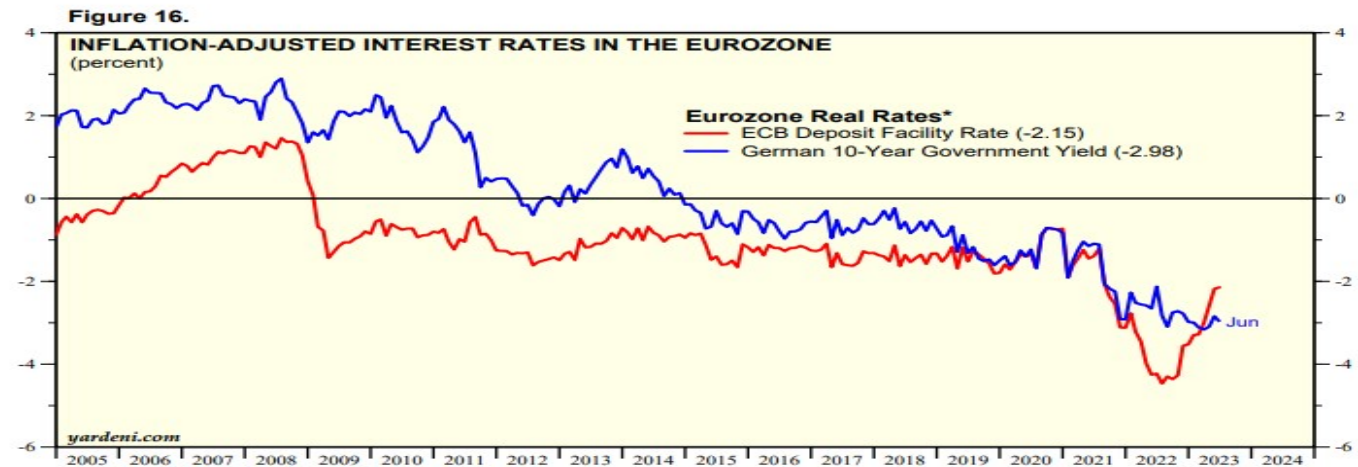
Interest Rates still NEGATIVE in REAL terms

Below Inflation in:

- Europe and USA
- Australia too

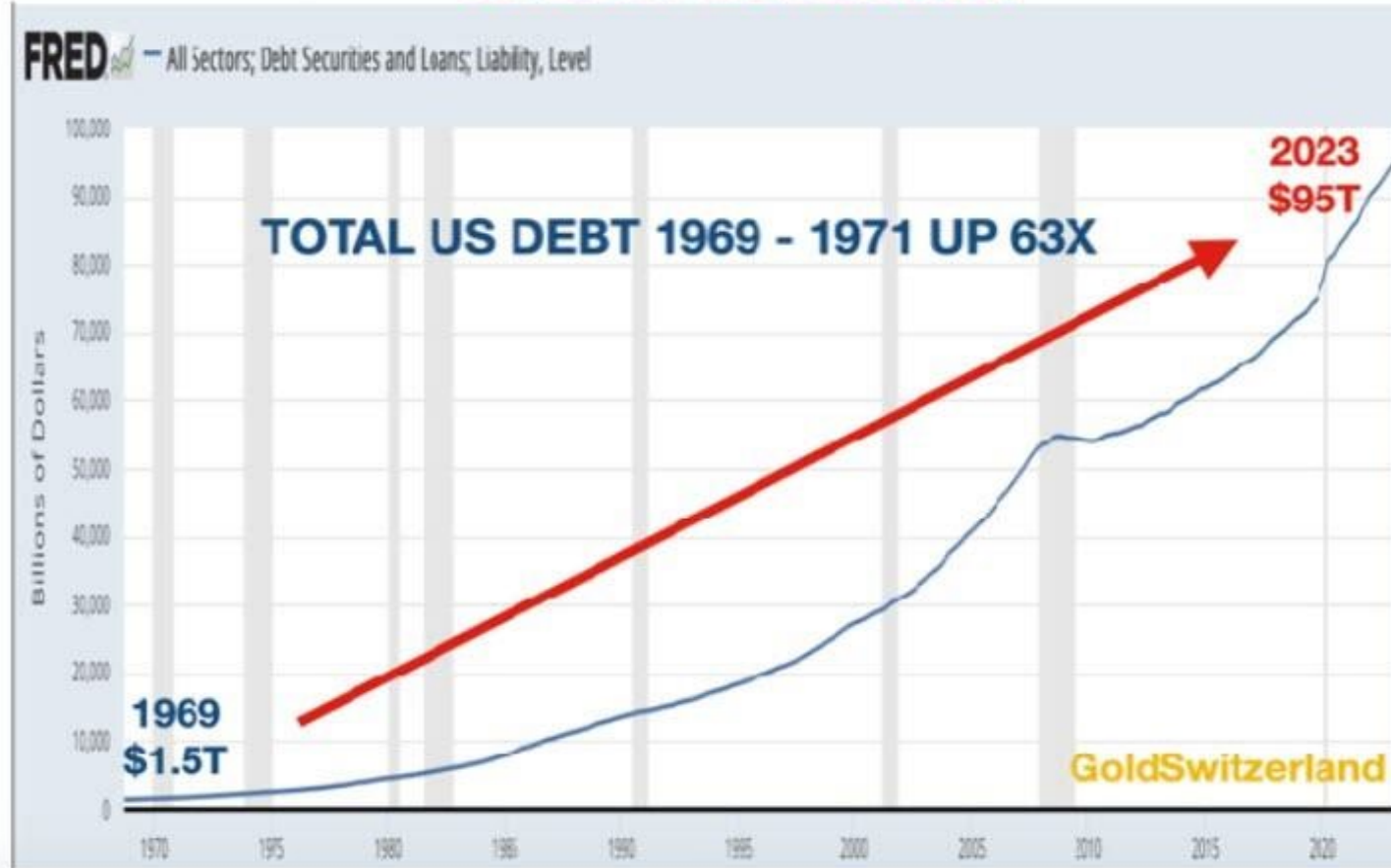
→ “Cash is Trash”?

Government Bond Yields



Interest Rates still NEGATIVE in REAL terms...how can they not be?

US DEBT EXPLOSION



Implications
for Inflation

Interest Rates still NEGATIVE in REAL terms...how can they not be?



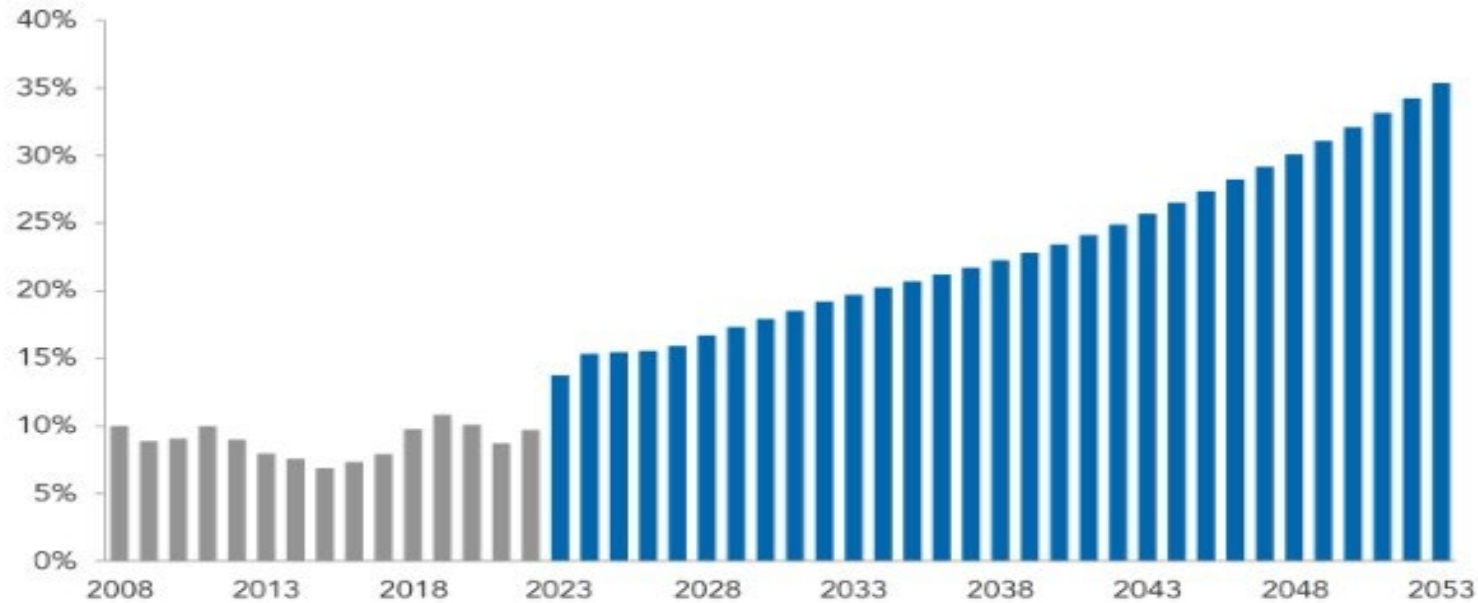
Source: DSG Asia

Interest Rates still NEGATIVE in REAL terms...how can they not be?



Net interest costs will account for 35 percent of federal revenues by 2053

Net Interest (% of Revenues)



SOURCE: Congressional Budget Office, *The 2023 Long-Term Budget Outlook*, June 2023, and Office of Management and Budget, *Historical Tables, Budget of the United States Government: Fiscal Year 2024*, March 2023.

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PGPF.ORG

In the choice between INFLATION and fiscal probity, guess which wins

Powell does NOT have Volcker's opportunities to kill it

Inflation – 4% is the new 2%?

A safe landing space between acceptable inflation and the need for capital and price controls is quite small

Rent caps in Australia- ACT 2019 limits rent increases to 110% of inflation

<https://newsroom.unsw.edu.au/news/social-affairs/it-time-talk-about-rent-control-australia>

Food prices in French Supermarkets

<https://www.thelocal.fr/20230609/french-grocery-stores-to-continue-price-controls-until-end-of-2023>

Rent control lobby groups in UK

<https://www.timeout.com/uk/news/this-english-city-wants-to-bring-in-rent-controls-could-london-be-next-012323>

<https://iea.org.uk/in-the-media/press-release/uk-economy-riddled-with-damaging-price-controls>

Shrinkflation endemic in US

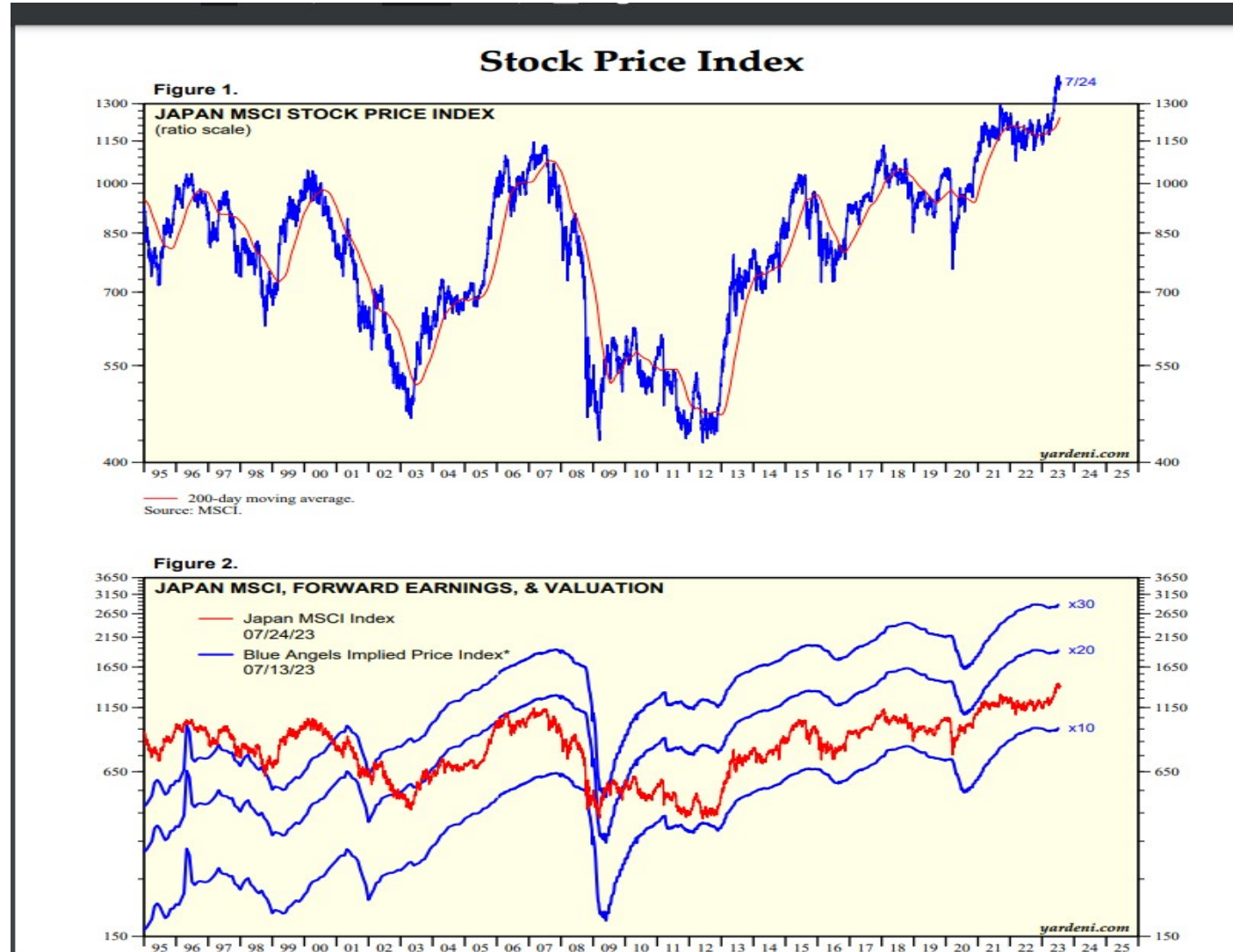
<https://www.mouseprint.org/category/downsiz/>

Equities represent a good hedge against this inflation

Some equities will be more immune from interference & controls

- Japanese Equities – MORE inflation is considered desirable!
- Essential companies – LISTED Infrastructure, Oil & Gas to be rehabilitated
- Food and Agriculture

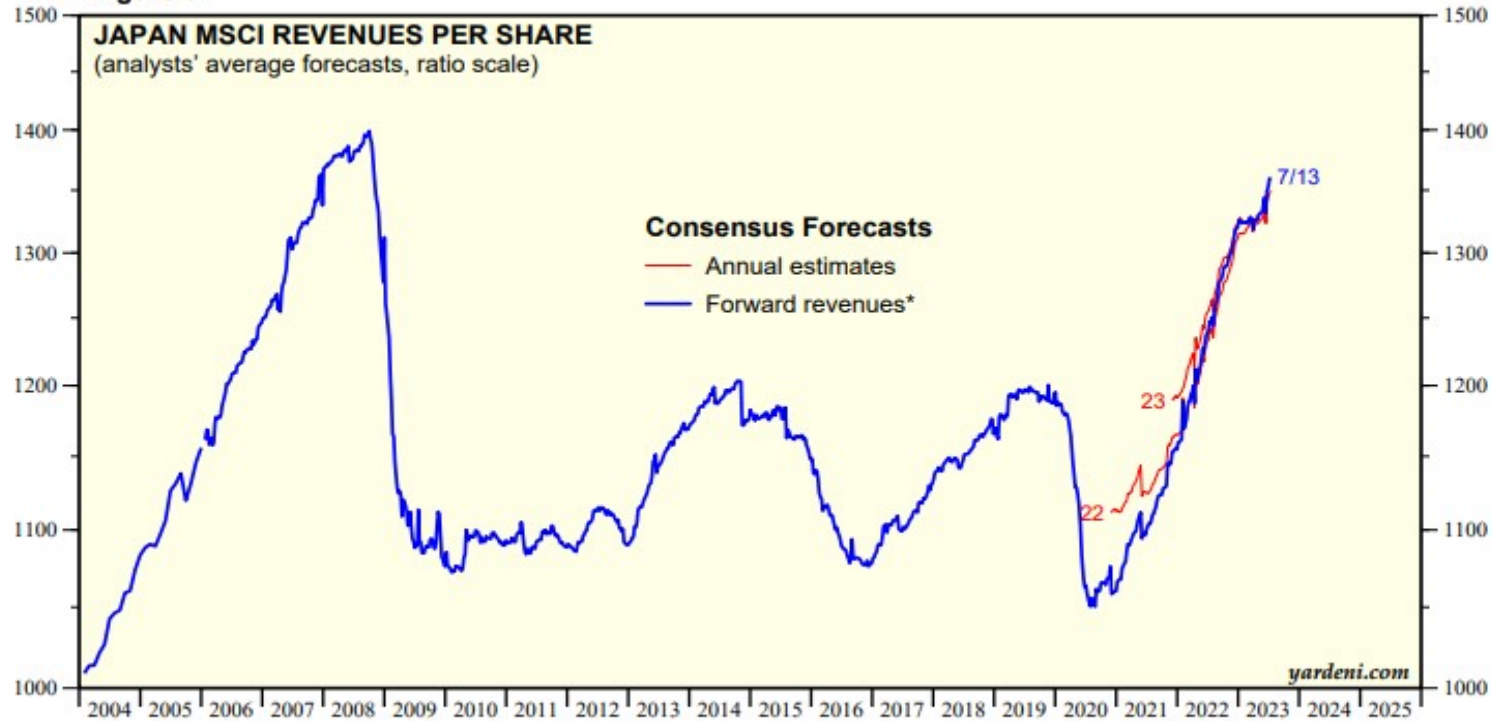
Japanese Equities



Japanese Equities

Forward Revenues & Earnings with Annual Squiggles

Figure 3.

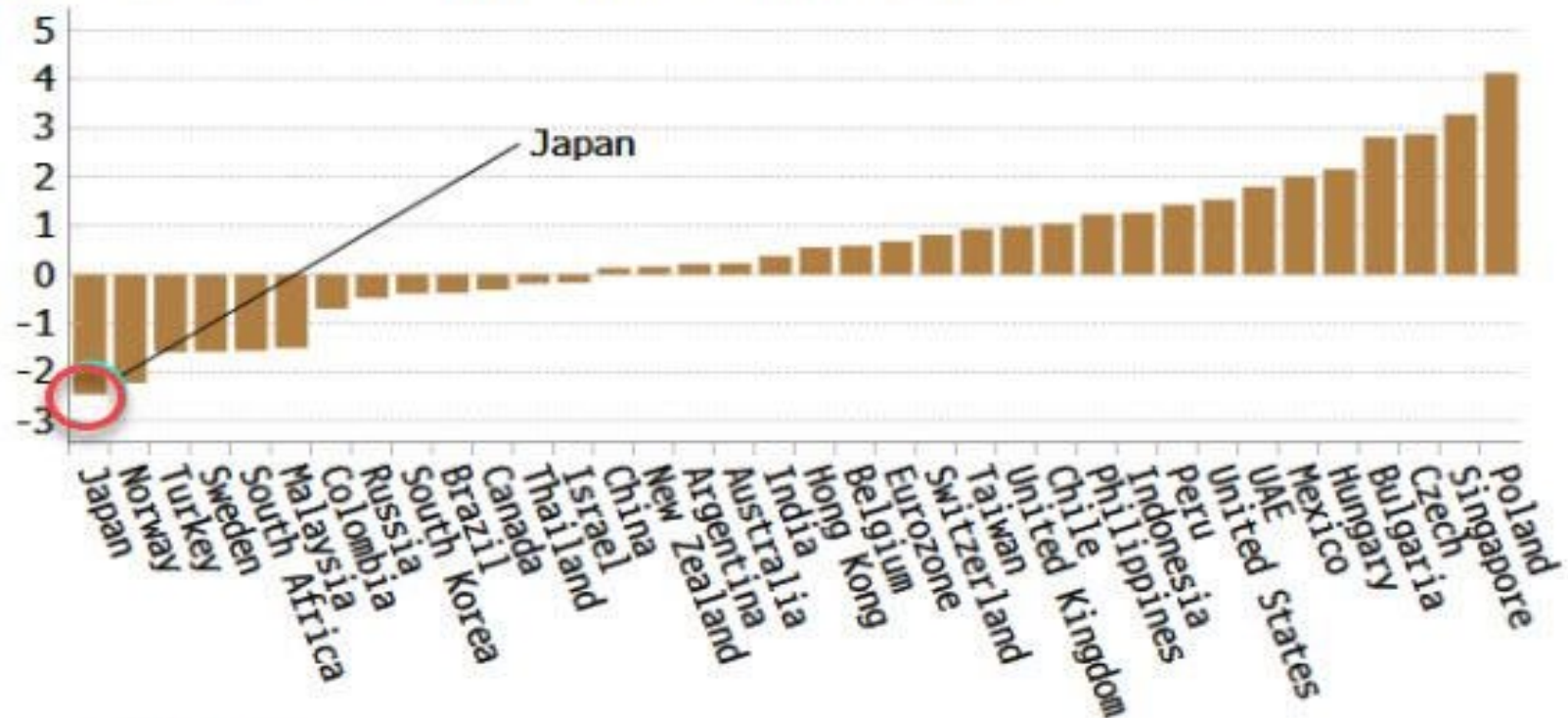


* Time-weighted average of the consensus estimates for current year and next year. Monthly through December 2005, weekly thereafter.
Source: I/B/E/S data by Refinitiv.

Japanese Equities

Japan's Currency Is the Most Structurally Undervalued

■ 10-year Z Score of Real Effective Exchange Rate (REER)



Source: Bloomberg

Industrial, Oil & Gas, Re-Industrialisation

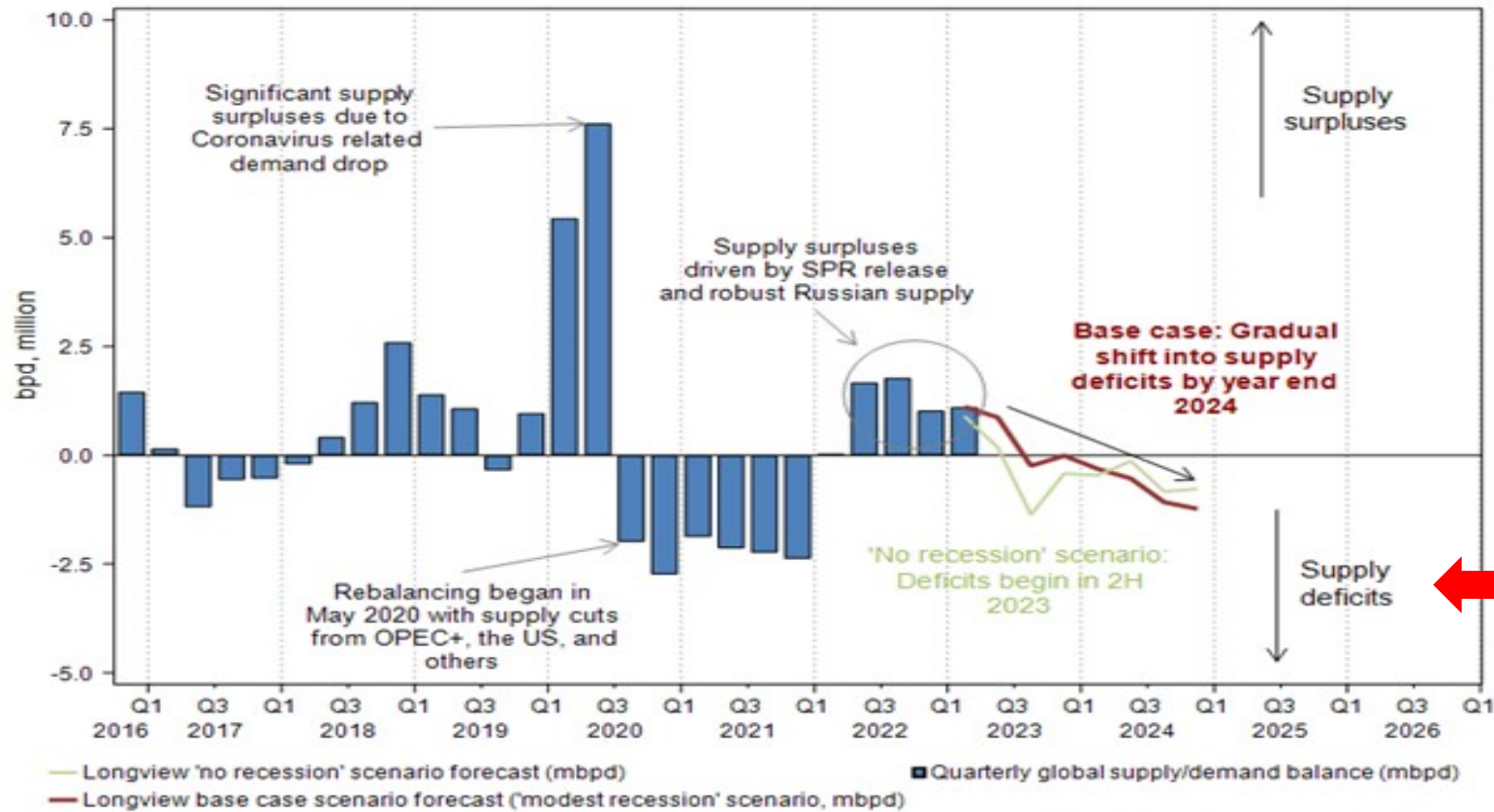
Coming soon to a street near you!

Street golf



Industrial, Oil & Gas, Re-Industrialisation

FIG 5: Global supply & demand balance (mbpd), shown with Longview forecast



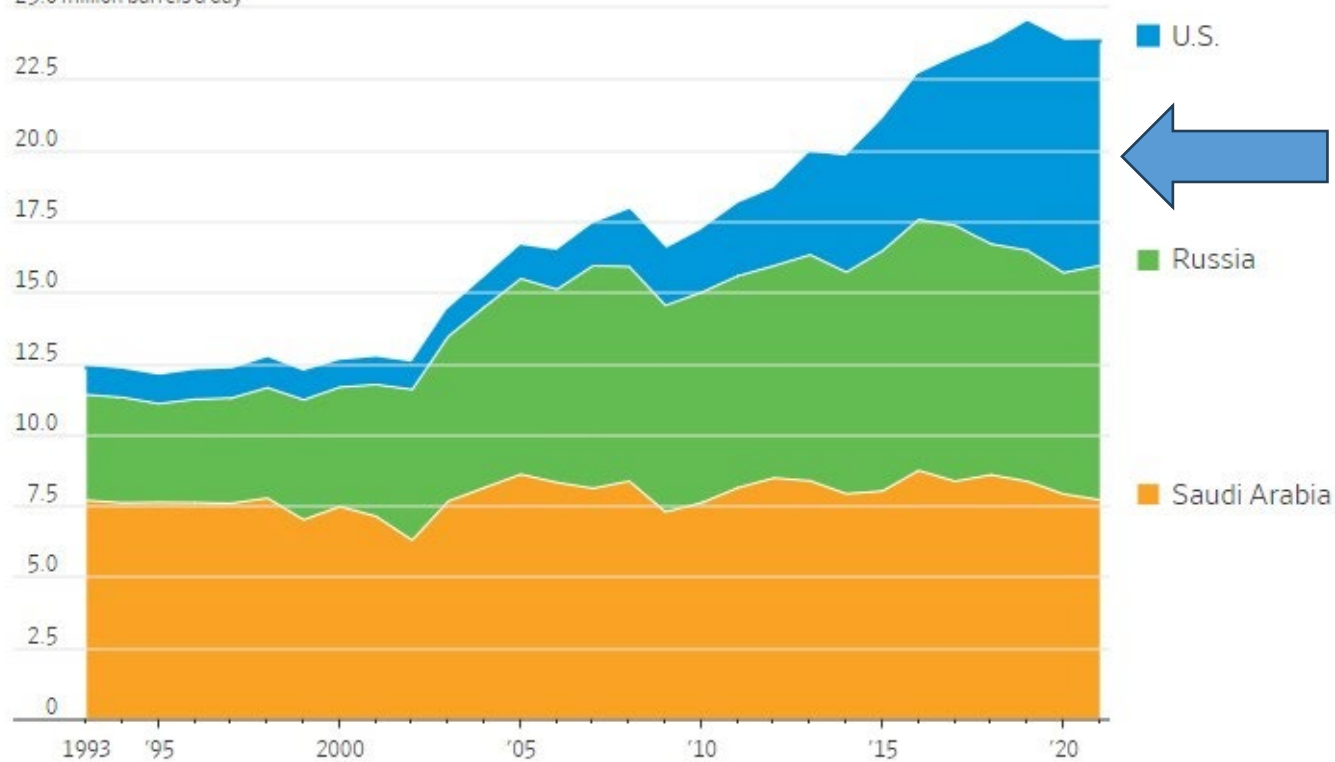
Source: Longview Economics, Macrobond

← Guess what happens!

Industrial, Oil & Gas, Re-Industrialisation

Top petroleum exporters

25.0 million barrels a day



Should also have geo-political benefits

Note: Crude and refined products except fuel for ships

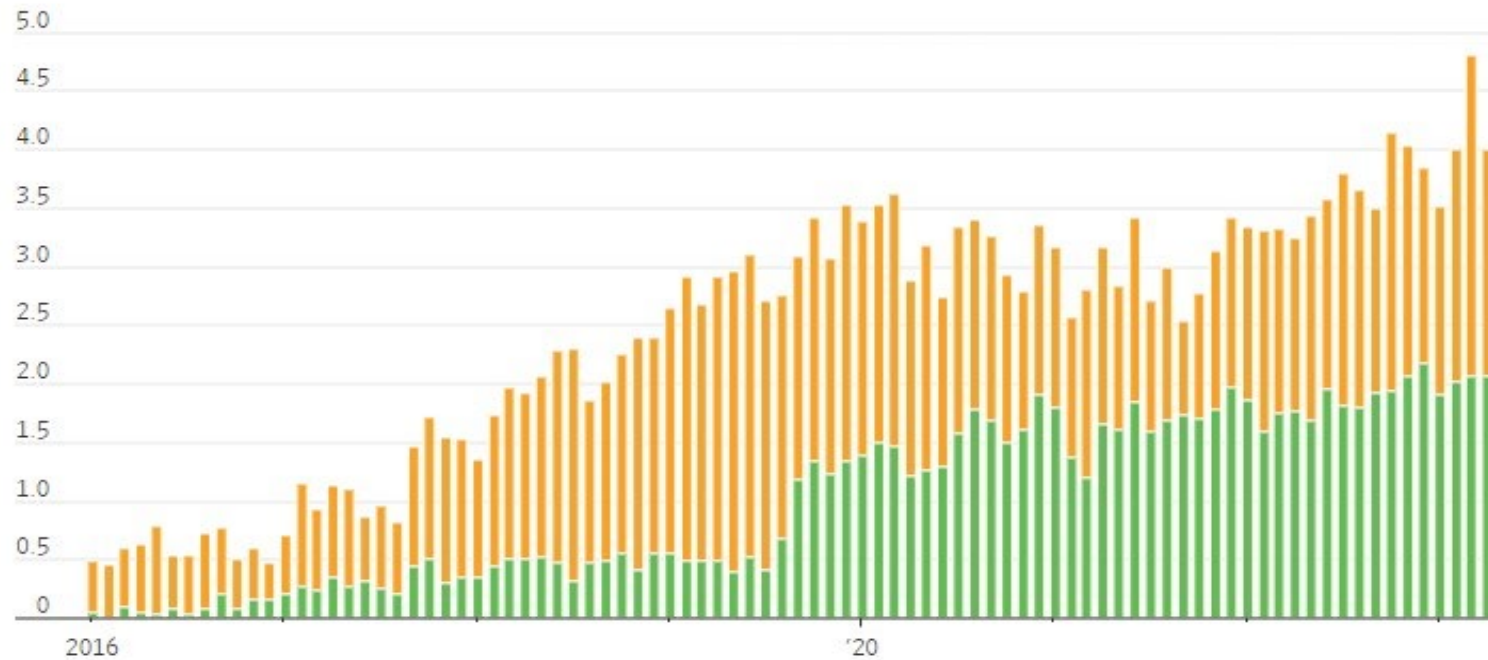
Source: BP

Industrial, Oil & Gas, Re-Industrialisation

U.S. crude exports by exit point

■ Corpus Christi Bay ■ Other

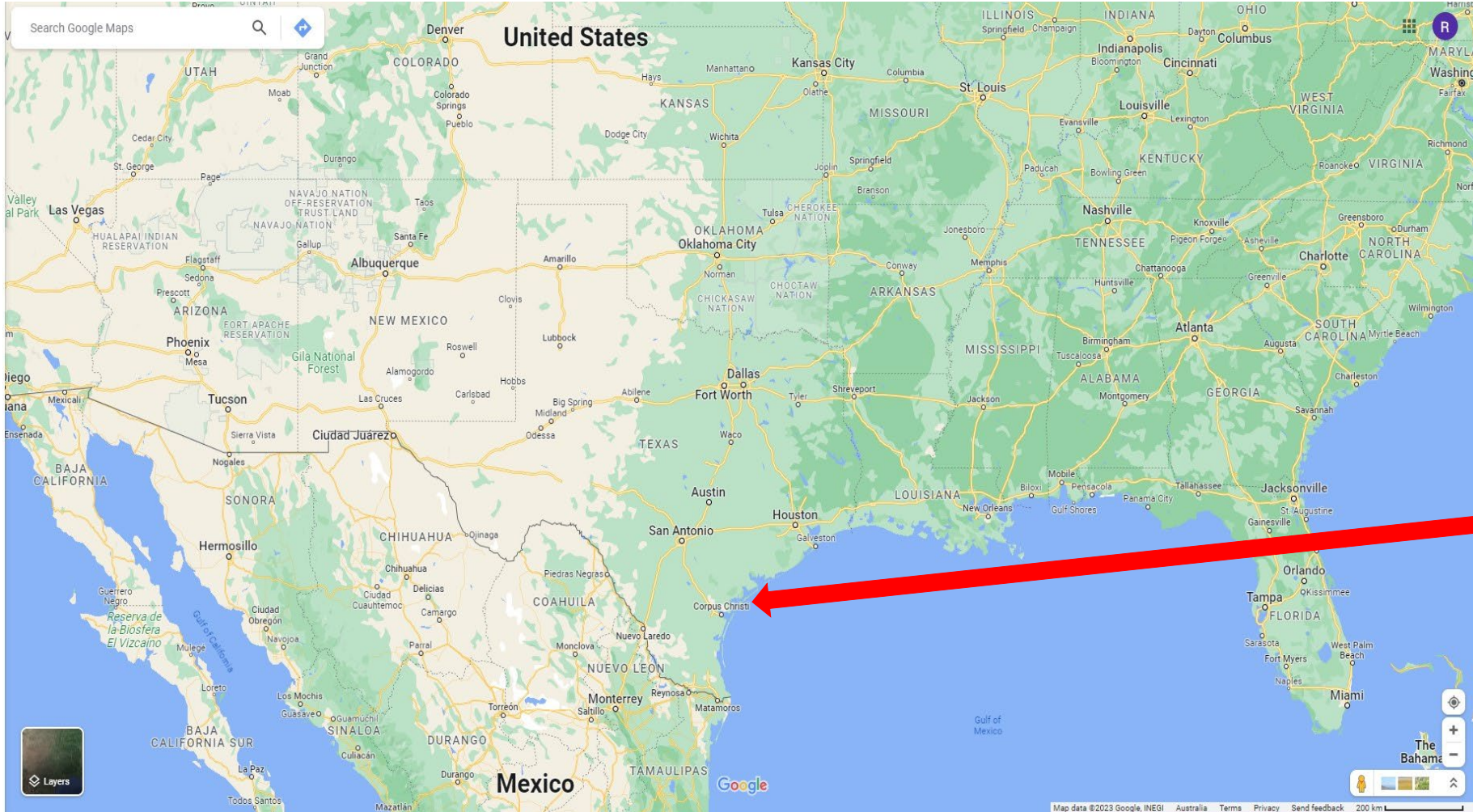
5.5 million barrels per day



Note: Daily average per month

Source: Port of Corpus Christi, Energy Information Administration

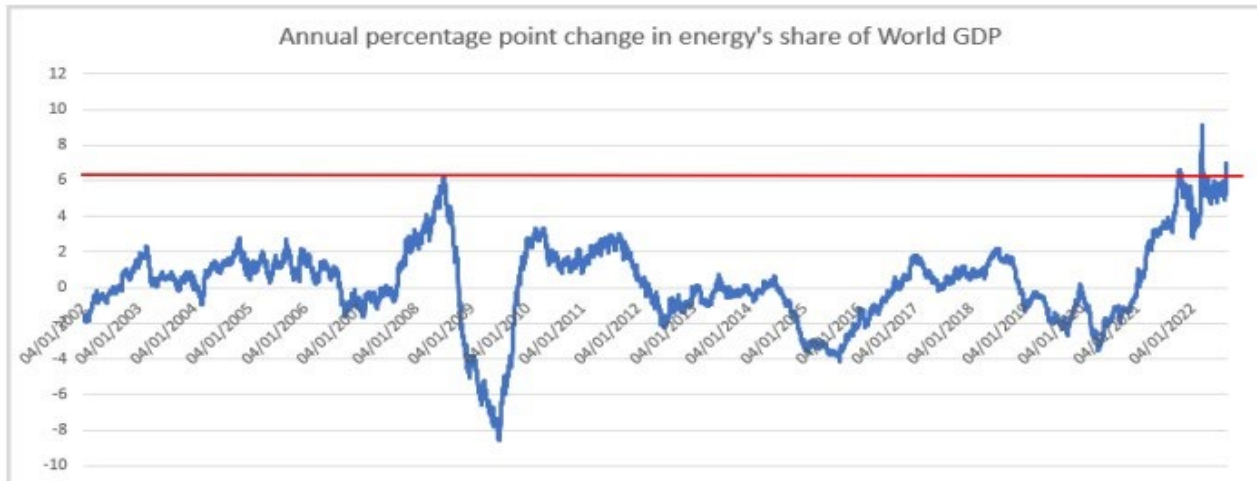
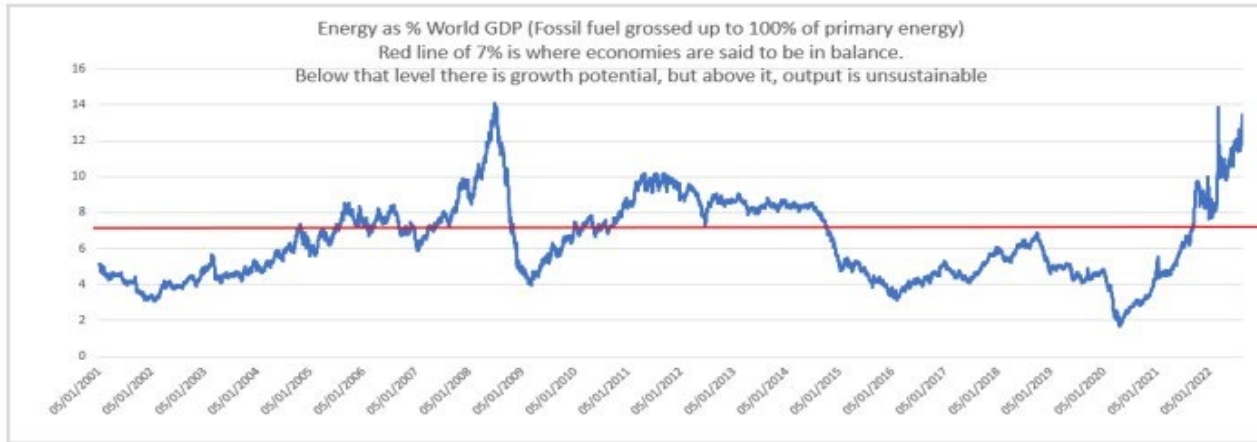
Industrial, Oil & Gas, Re-Industrialisation



“Corpus Christi?
Never heard of it”

It's all happening here

Industrial, Oil & Gas, Re-Industrialisation



Backtracking on 100% renewables
Very likely

Source: Macro economic advisers

Industrial, Oil & Gas, Re-Industrialisation



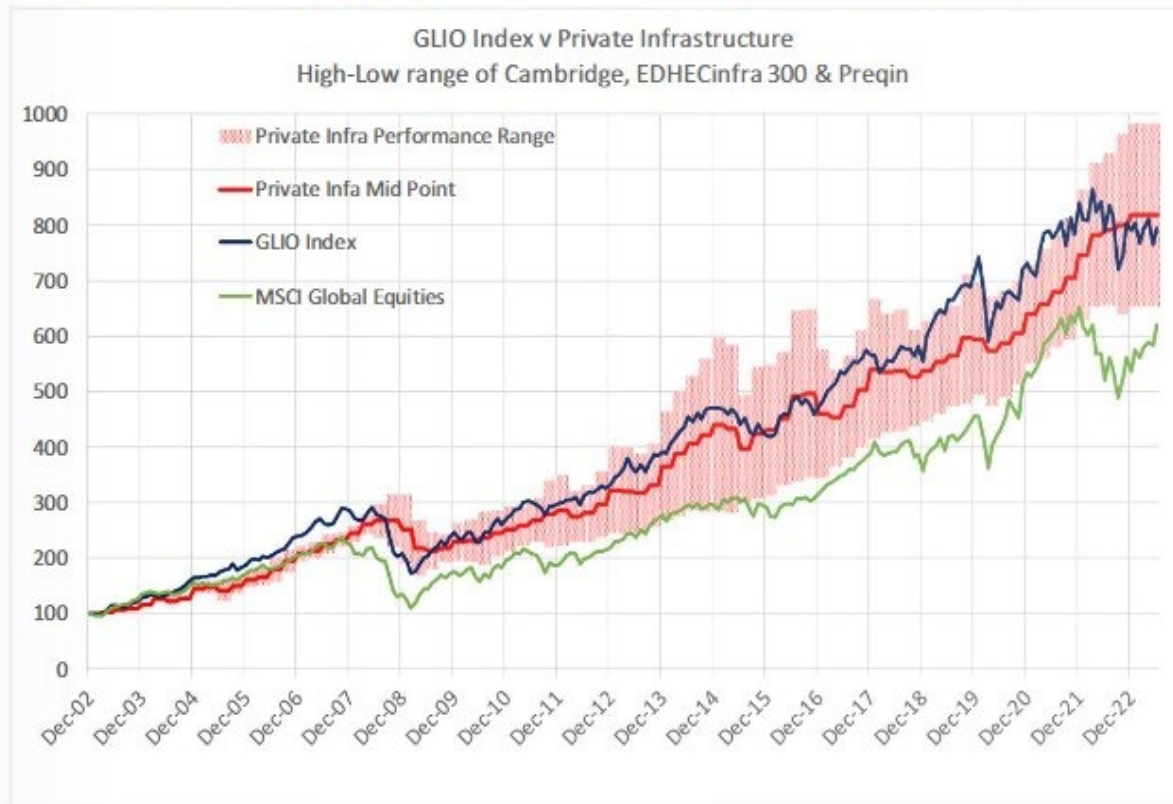
With Renewables



With Fossil (Organic) Fuels

Industrial, Oil & Gas, Re-Industrialisation

ASSET CLASS COMPARISON – INFRA RANGE GLIO

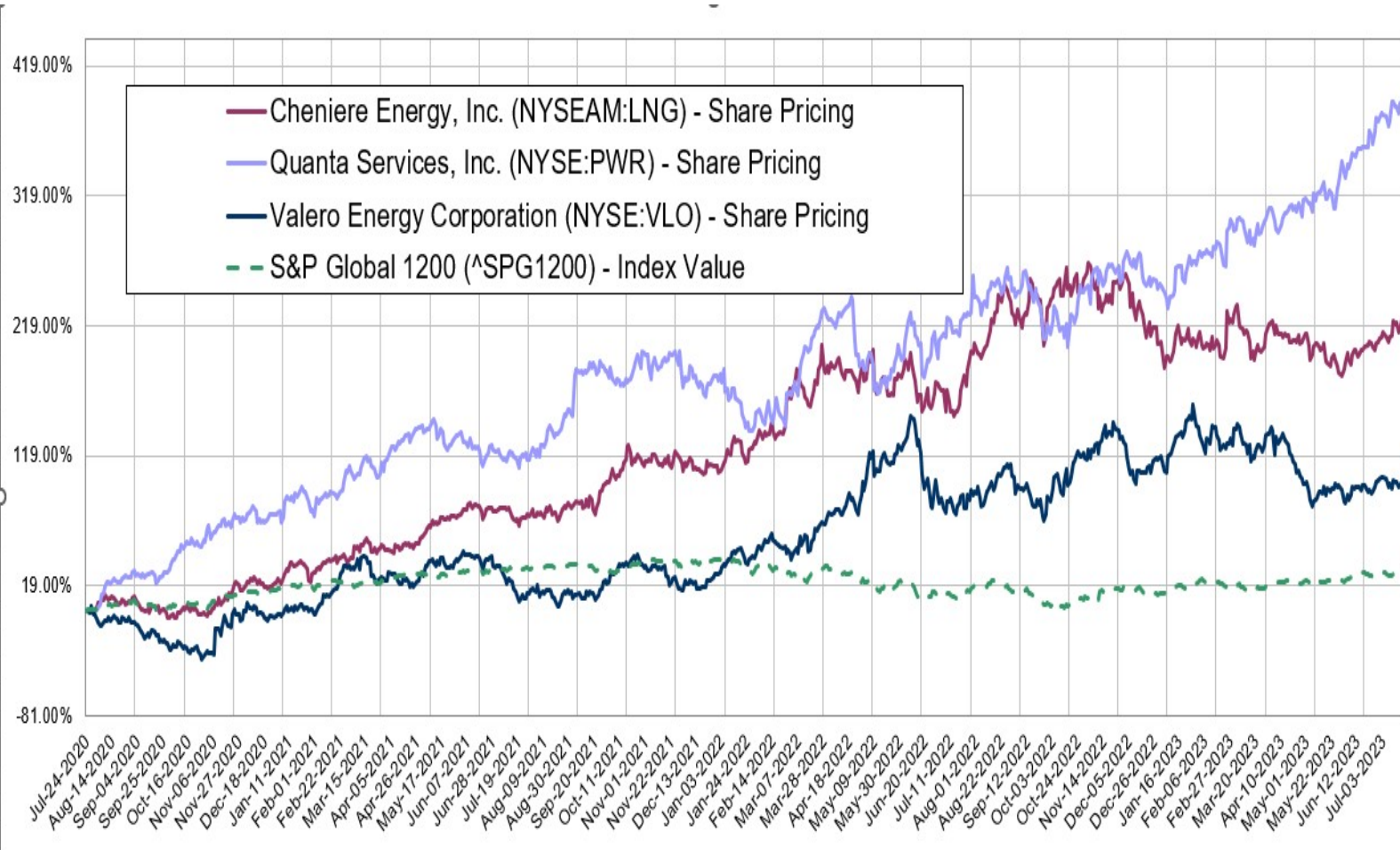


June 30, 2023

LISTED Infrastructure holds its own

The cost of a lock-up... means LISTED are better

Industrial, Oil & Gas, Re-Industrialisation



Our Energy Infrastructure favourites

Source: Delft portfolio via S&P CIQ

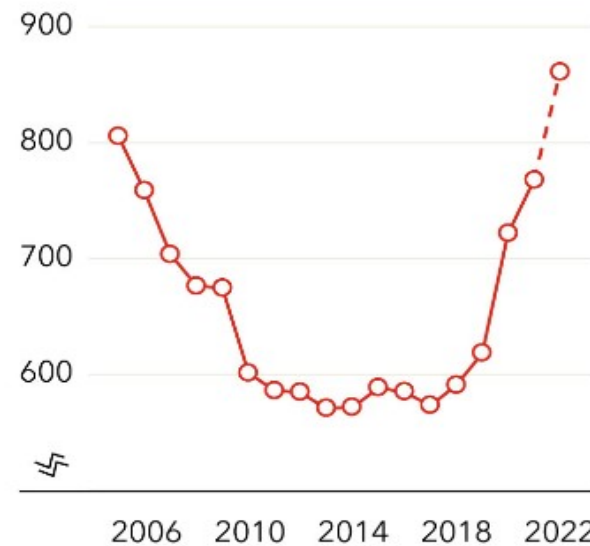
Going hungry

Millions more people face hunger globally as food prices spike.

Real food price index
(2014-2016 = 100)



Global food insecurity
(millions of undernourished people)



IMF Prescription includes

- Technology
- Fertilizers
- Water

Source: United Nations Food and Agriculture Organization.

Notes: Undernourishment means that a person is not able to acquire enough food to meet the daily minimum dietary energy requirements, over a period of one year.

IMF

Strategy Offering Summary

GLOBAL HIGH CONVICTION

VEHICLE Australian Unit Trust

FEES 1.0% management fee, 20% performance fee

HURDLE MSCI World Net Total Return Index

LOCK-UP & LIQUIDITY Monthly liquidity on 30 days notice

BUY/SELL SPREAD +0.25% / -0.25%

MINIMUM INVESTMENT \$100,000

ADMINISTRATOR William Buck Managed Funds Administration (SA) Pty Ltd

CUSTODIAN Interactive Brokers LLC, CITI Bank, HSBC Bank, Leading Investment & Securities Co., Ltd. and Phillip Capital HK Ltd

AUDITOR Crowe

COUNSEL PMC Legal

Investor Enquiries – Contact details

Darren Katz

Managing Director

M: +61 405 147 230

E: darren@tamim.com.au

Ben Narcyz

Director of Distribution

M: +61 403 360 850

E: ben@tamim.com.au

Sid Ruttala

Client Executive

M: +61 482 097 758

E: sid@tamim.com.au

