

TAMIM Asset Management
December 2023

Global Equities

Soft Landing Now Expected



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TAMIM Investment Platform



Soft Landing now Expected ~ December 2023

- What we said last time – October 2023
- Has Powell just saved us and saved the USA Government billions?
- Is cash trash?
- Equity risk vs bonds?
- Some risk is still cheap. 7 themes to check out?
- A U turn by China is to be welcomed

Last Time – October 2023

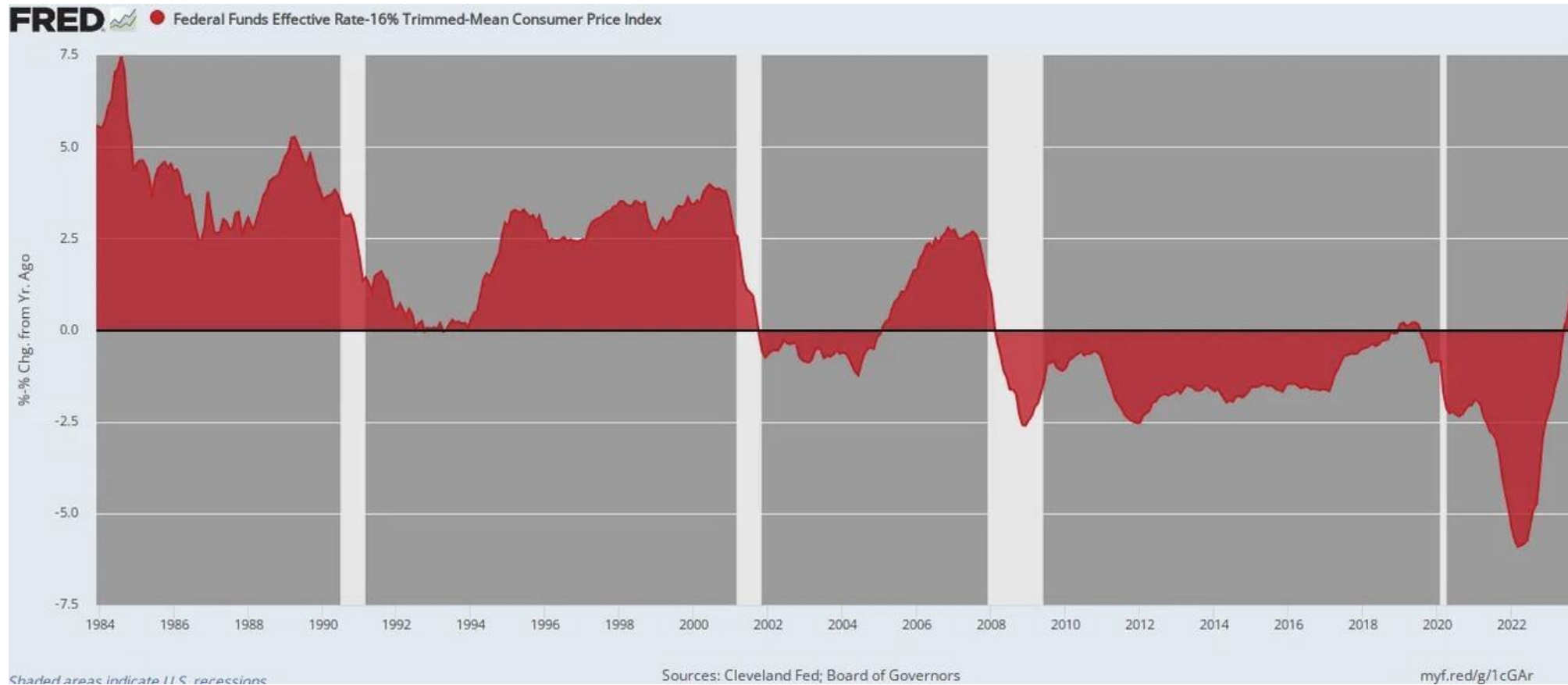
- Our message was simple! Reality is hitting but you can profit.
- US Fiscal Deficit Disorder – there seems no cure. What are the implications for bond auctions?
- Corporate Profits are very high relative to wages and history
- The safe “Landing Space” for policy makers is quite small
 - In the choice between more rate pain and asset price declines and inflation, we expect inflation since this is short term less painful **WE GOT THIS ONE CORRECT!**
 - Can banks be bailed again? CRE, Bond losses... Answer NO!
 - Net Zero and other programmes eg Chips Act – unaffordable...
- Equities represent a good hedge against inflation AND if you target favoured industries...

JAPANESE technology,
Oil and Gas, Nuclear
Infrastructure/Re-industrialisation,
Food & Ag
Basic Materials

Year	60/40 Portfolio Return
------	------------------------

2023	+16.7%
2022	-16.9%
2021	15.5%
2020	12.8%
2019	20.8%

Have Powell's Words Saved us or Condemned us?

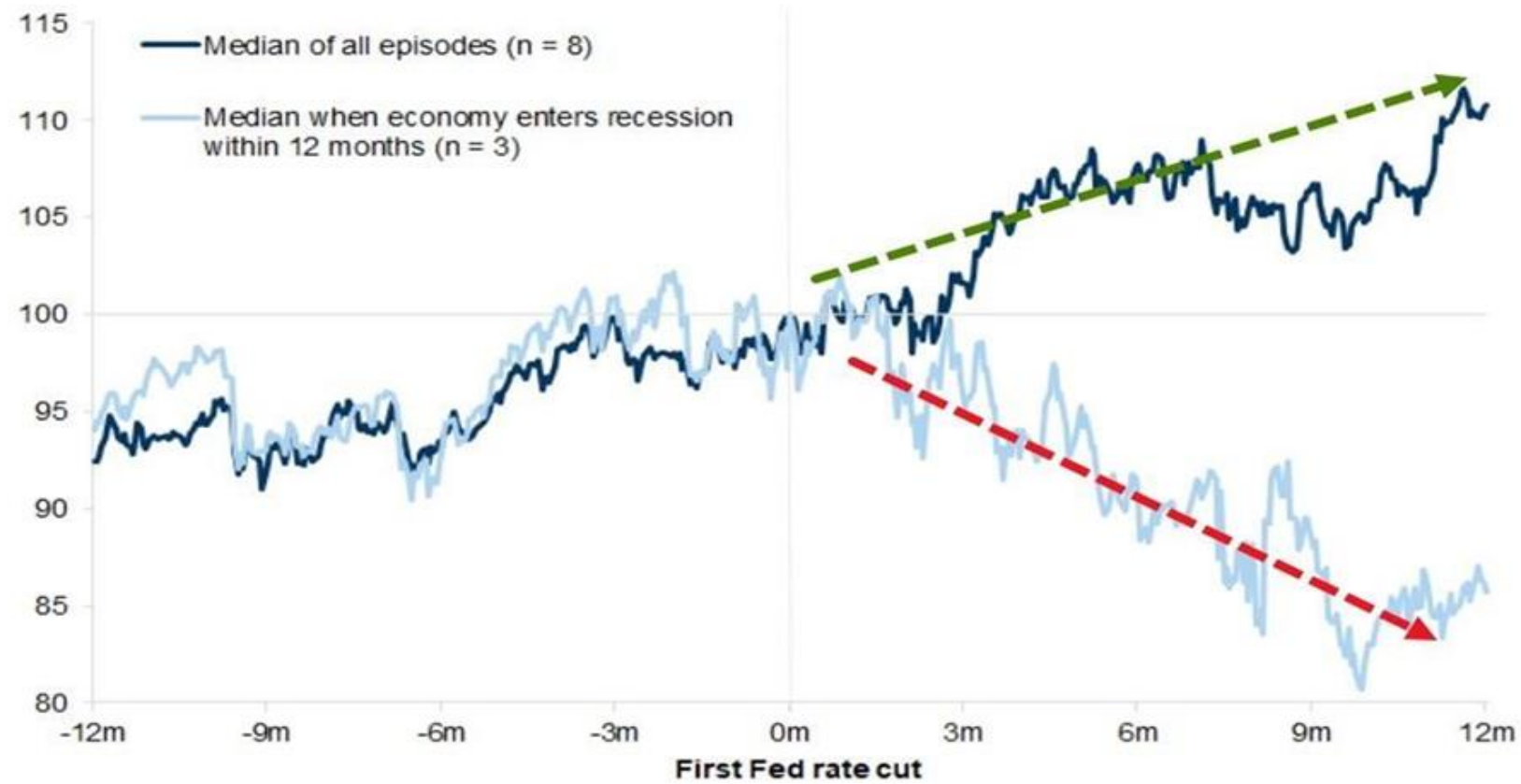


He lit up the markets

Have Powell's Words Saved us or Condemned us?

Exhibit 6: S&P 500 performance at start of Fed cutting is positive unless economy enters a recession

S&P 500 total return; data since 1980s; indexed to 100 at first Fed rate cut



→ If you think Inflation is transitory, I have a bridge to sell you



\$20.00



\$20.00



\$20.00



1998



2005



2023

Might I recommend some books by Murray Rothbard?

You certainly need inflation protection

Check out this website for all the hidden sneaky stuff done to YOUR savings

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

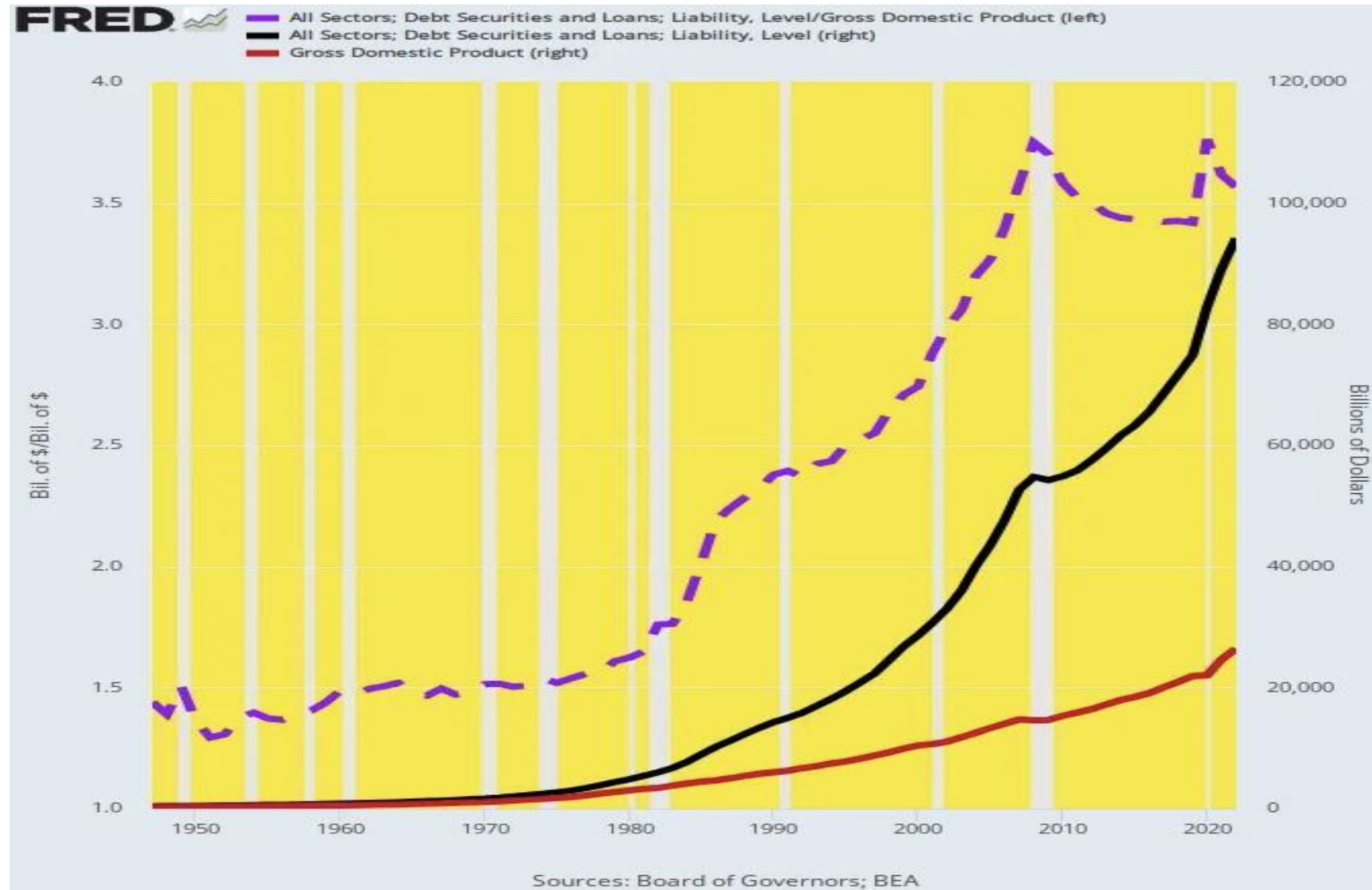
Powell's Words – Why he said them?

Debt burdens the US economy

Not the only one

How would you deal with this?

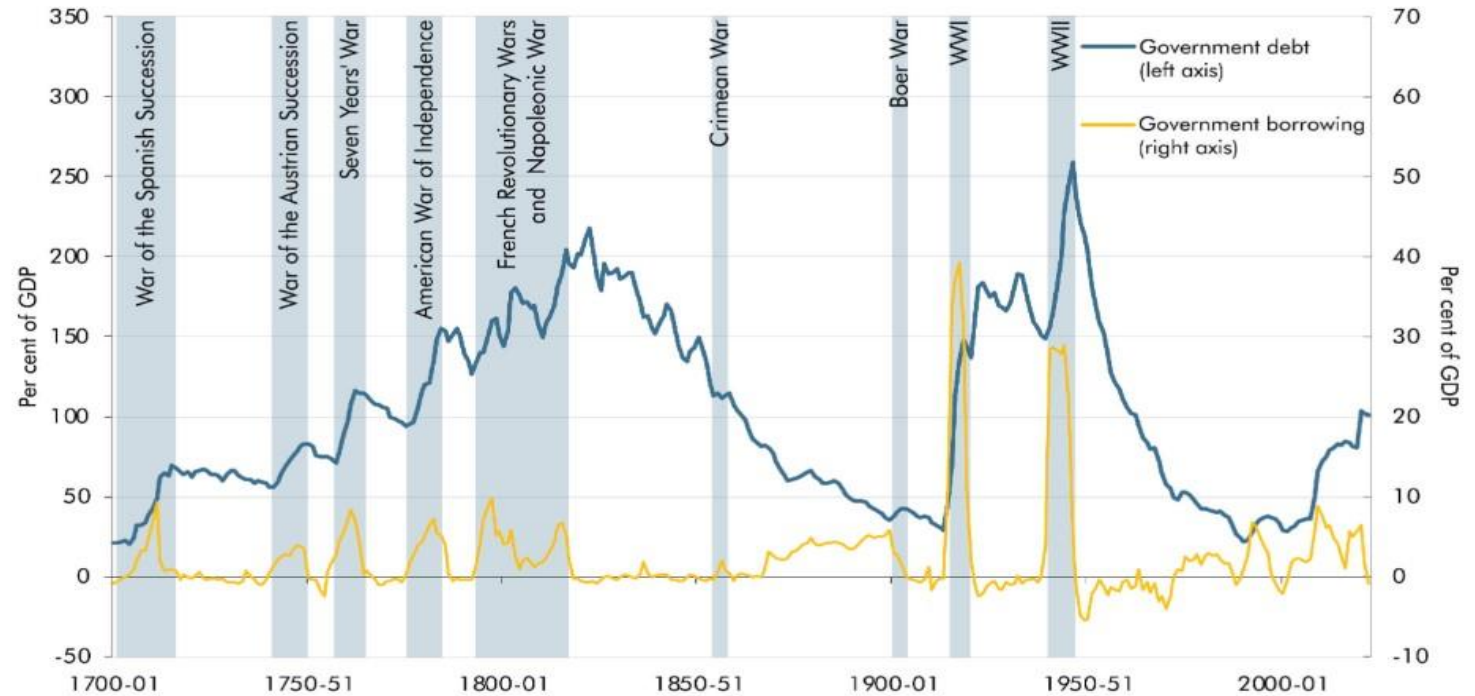
The 19C British solution is no longer available!



Powell's Words

The 19C British solution is no longer available!

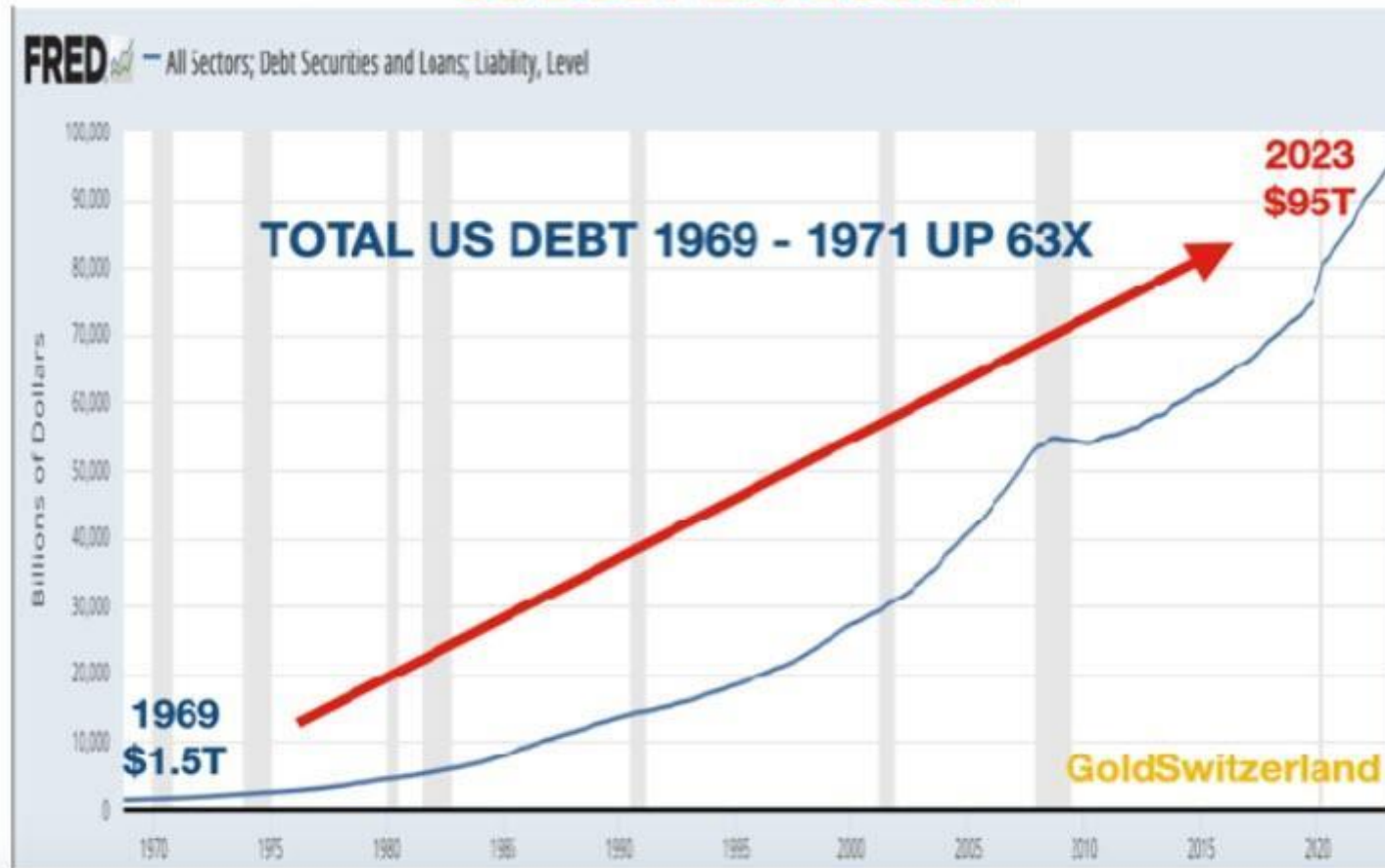
Government borrowing and debt since 1700



Source: Bank of England, ONS, OBR

Fiscal Deficit Disorder → Powell's Words?

US DEBT EXPLOSION



Implications
for Inflation?

Higher rates needed
but not affordable?

Hence Powell's Words?



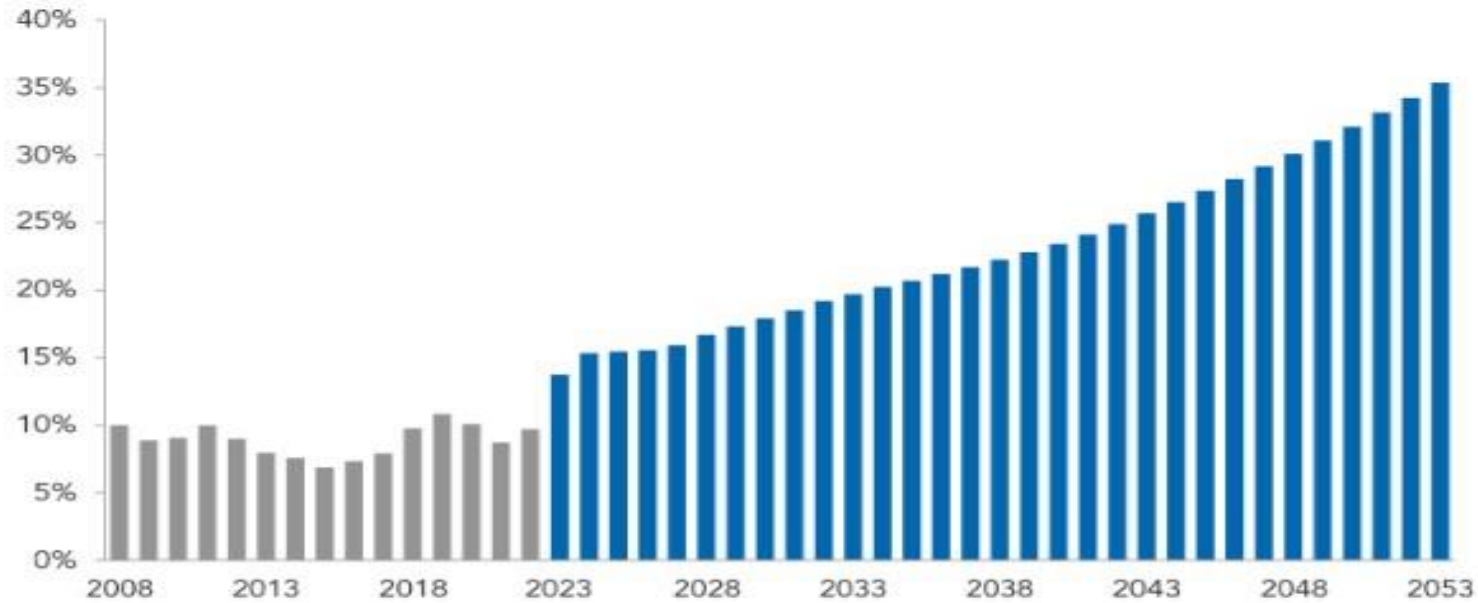
Source: DSG Asia

Fiscal Deficit Disorder → Powell's Words?



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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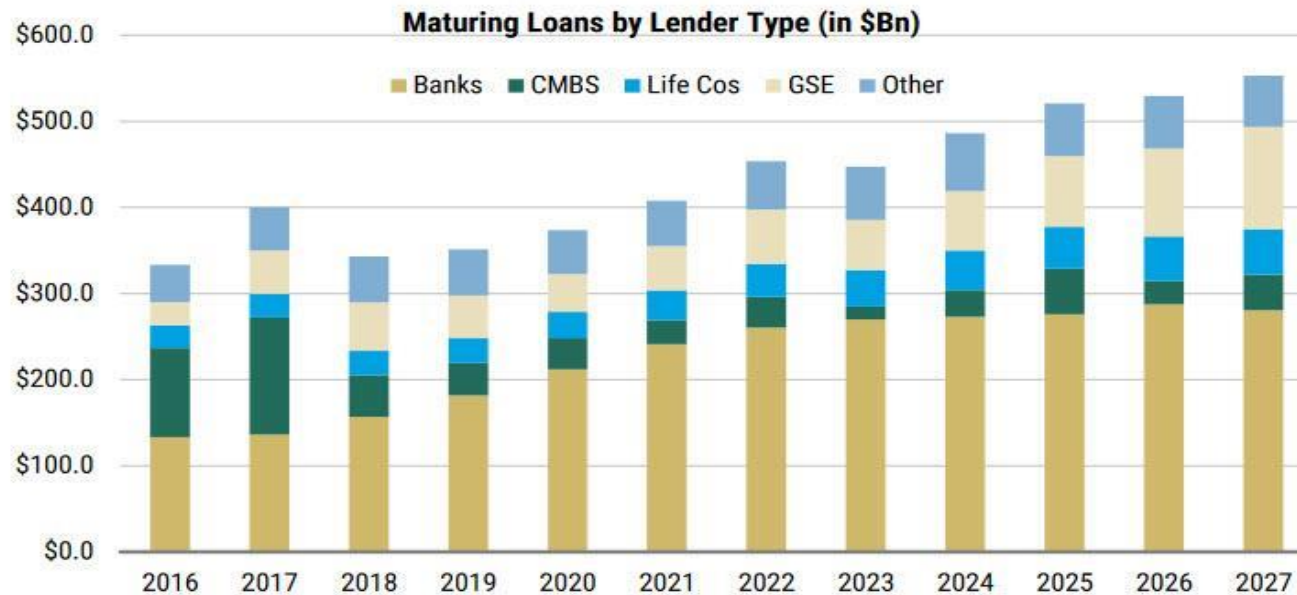
PGPF.ORG

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

Powell does NOT have Volcker's opportunities to kill it

Interest Rate Pain – Real Estate first

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

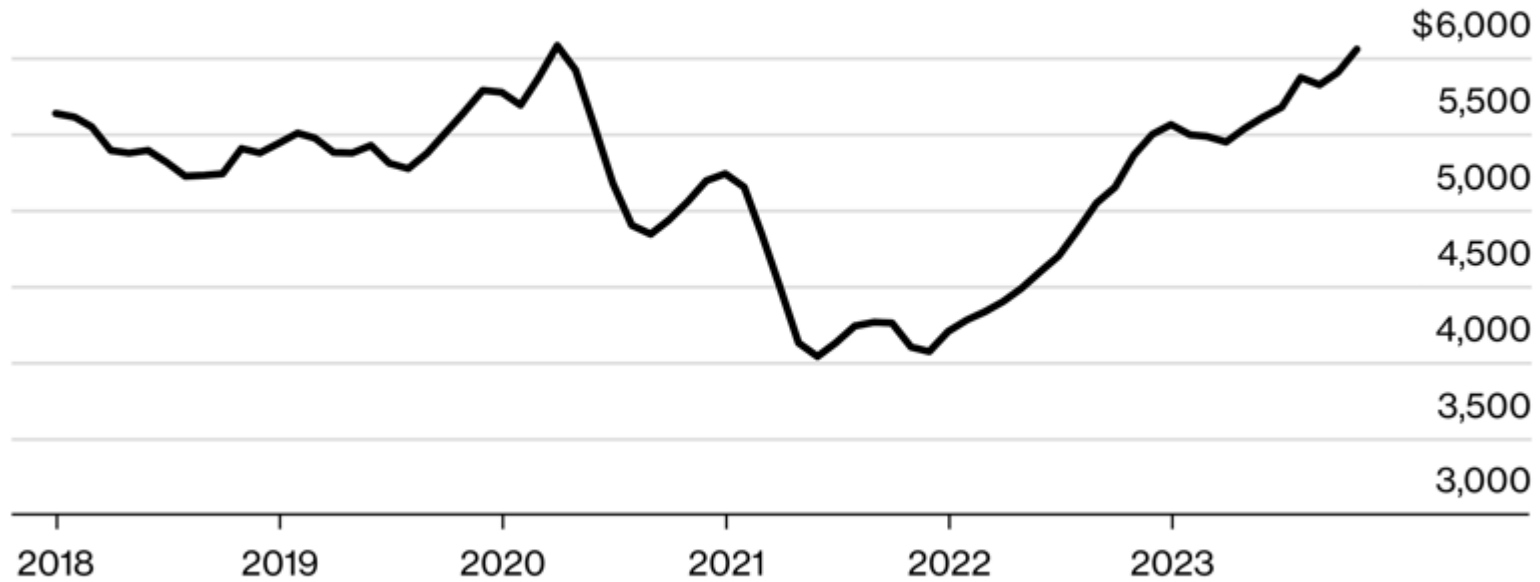


Source: Trepp, Morgan Stanley Research

Car Owners Are Underwater by Most Since 2020

Negative equity is rising as Americans grapple with higher interest rates

— Average negative equity



Source: Edmunds

Interest Rate Pain – ALL Banks next

CRE composition and concentration at European banks' US subsidiaries



Data compiled Aug. 8, 2023.

CRE = commercial real estate loans.

Analysis limited to select US bank subsidiaries in which the ultimate parent is based in Europe: HSBC Bank USA NA, UBS Bank USA, Santander Bank NA and Deutsche Bank Trust Co. Americas

Regulators define commercial real estate loans as construction and land development loans + multifamily loans + nonowner-occupied nonresidential property loans + commercial real estate loans secured by collateral other than real estate.

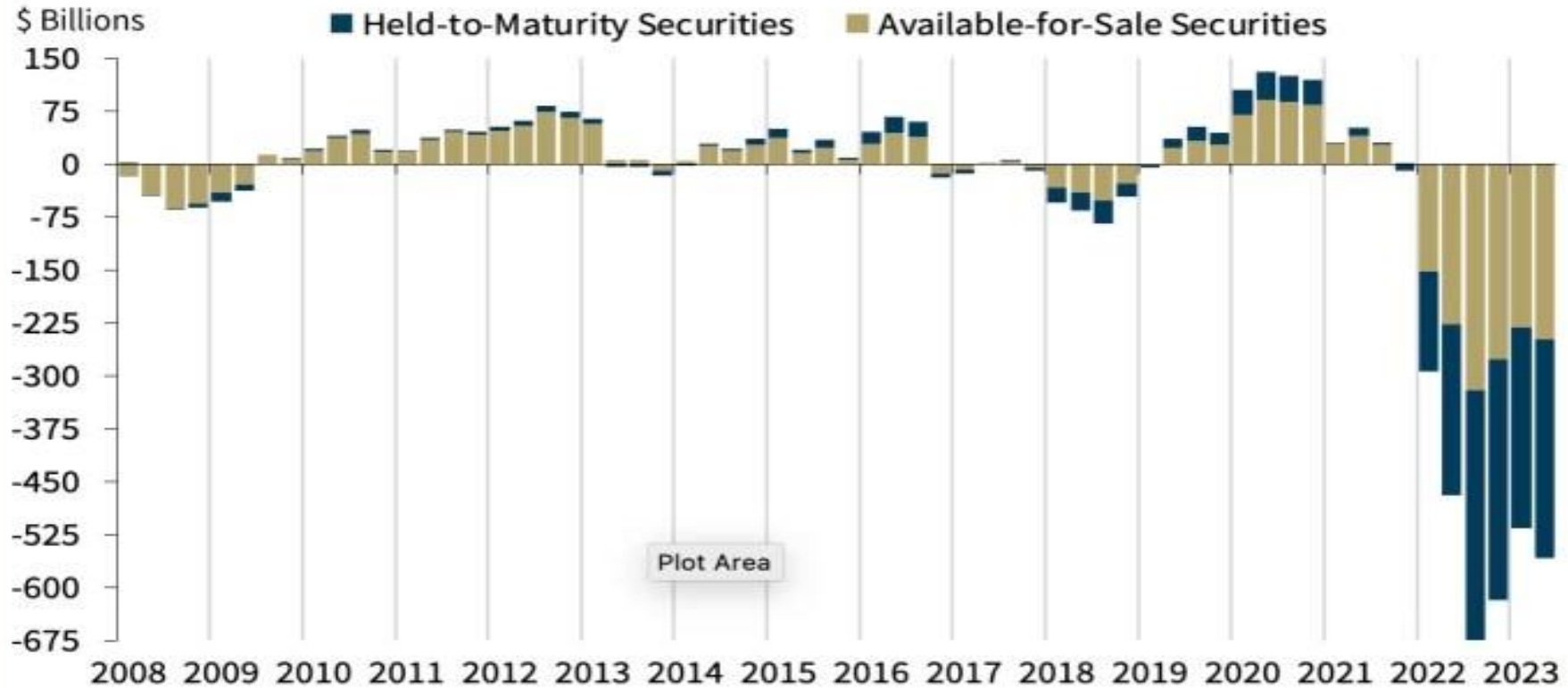
CRE concentration represents total CRE loans as a percentage of total loans and leases.

Source: S&P Global Market Intelligence.

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Interest Rate Pain – ALL Banks next

Unrealized Gains (Losses) on Investment Securities



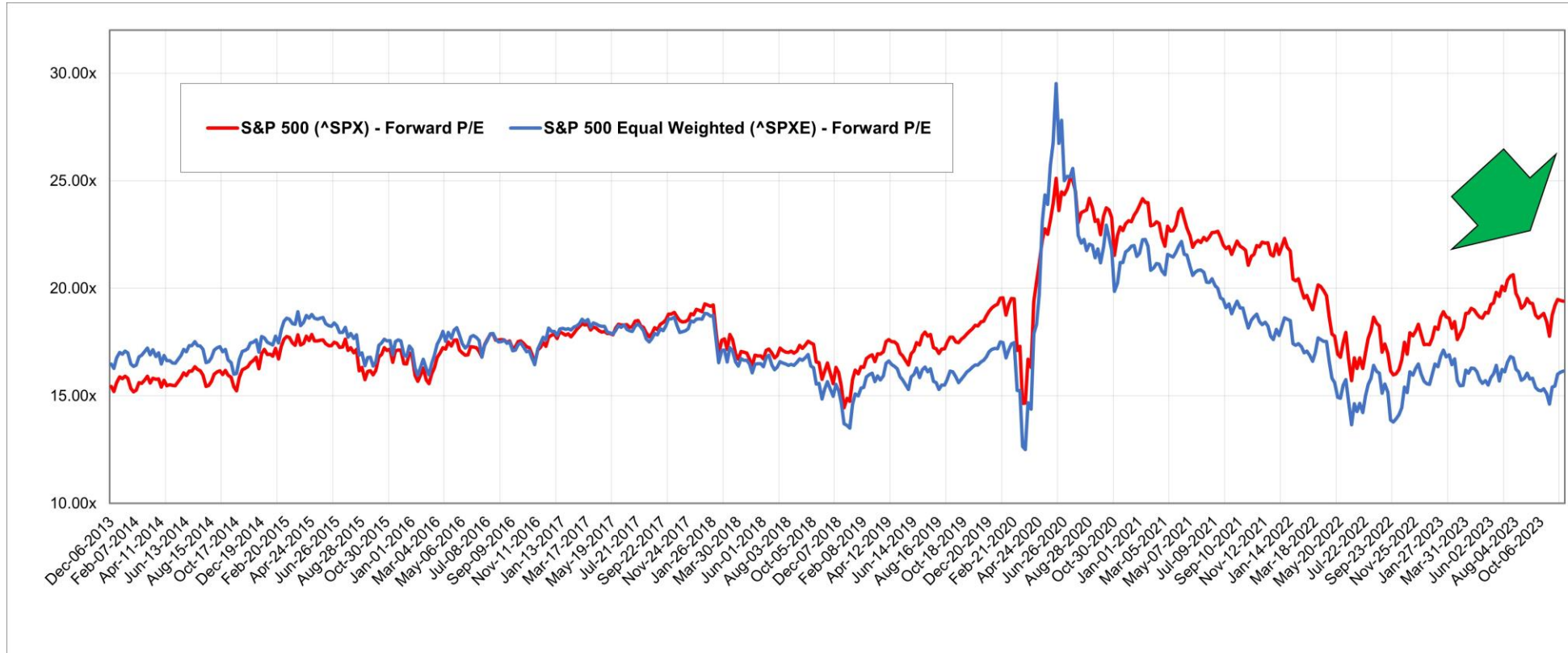
Source: FDIC.

Note: Insured Call Report filers only. Unrealized losses on securities solely reflect the difference between the market value as of quarter end and the book value of non-equity securities.

Is Cash Trash?

- Useful to have but ...
- Tax rates high on interest income
- Inflation protection limited, however...
- Better than buying and hoping profitless junk pays off. If you want that excitement, go to the HY bond market
- Flexibility
- But remember the 60/40 return table

1. Some Risk is Still Cheap

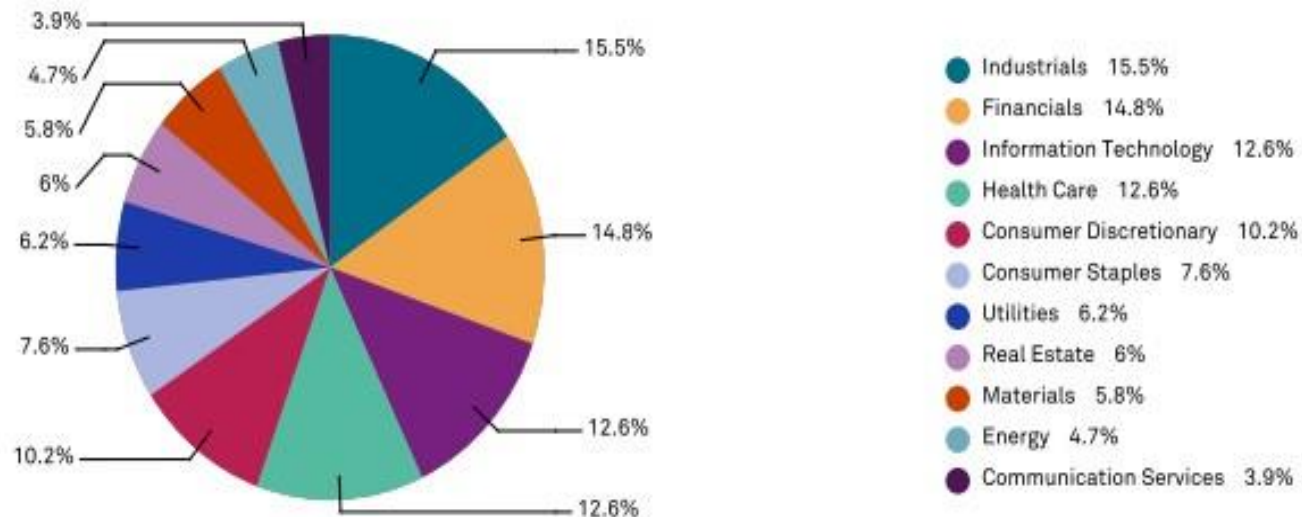


Invest in Profitable companies and dividends

Favour Mid Caps

1. Some Risk is Still Cheap - the Equal Weighted S&P 500?

Sector* Breakdown



Invest in Profitable companies and dividends

Favour Mid Caps

They provide **MORE** diversification

*Based on GICS® sectors

1. Some Risk is Still Cheap

Extreme: 25% of US small cap stocks have not made a profit in any of the past three years



Source: SG Cross Asset Research/ Global Strategy, Datastream

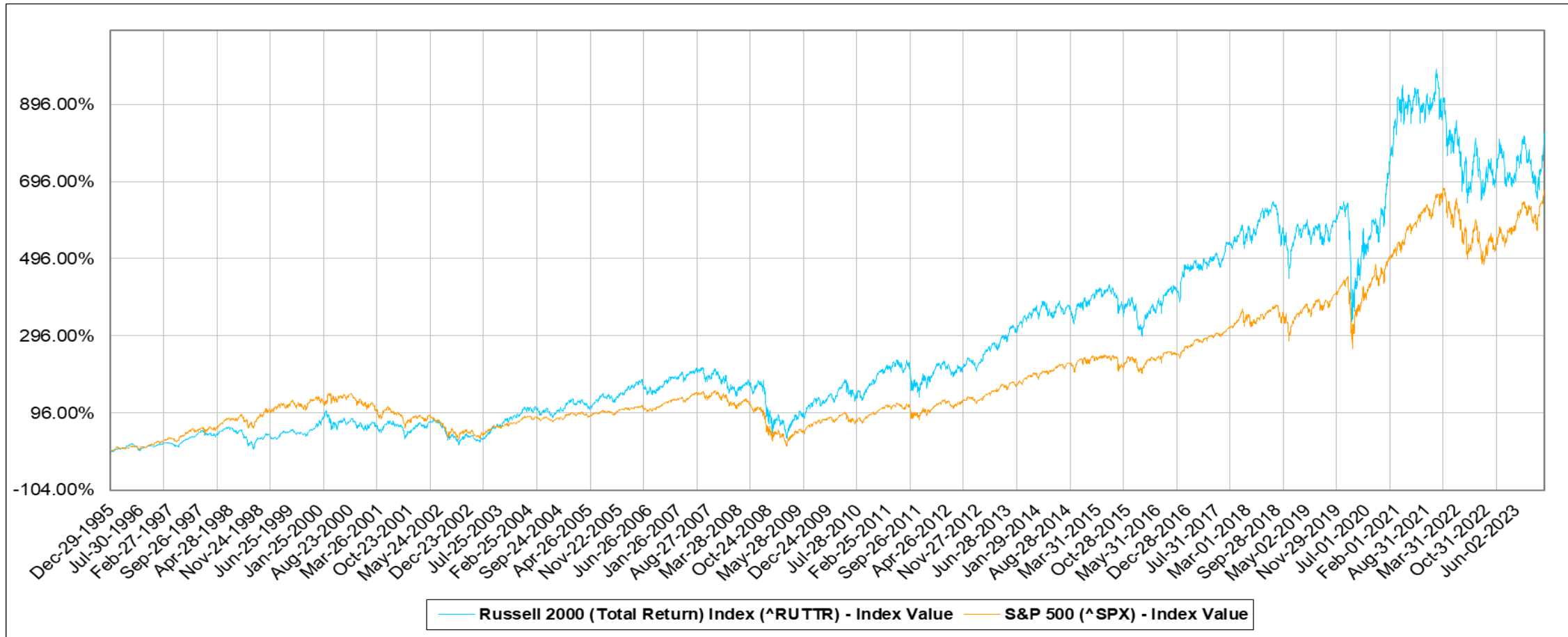
Invest in Profitable companies and dividends

Favour Mid Caps

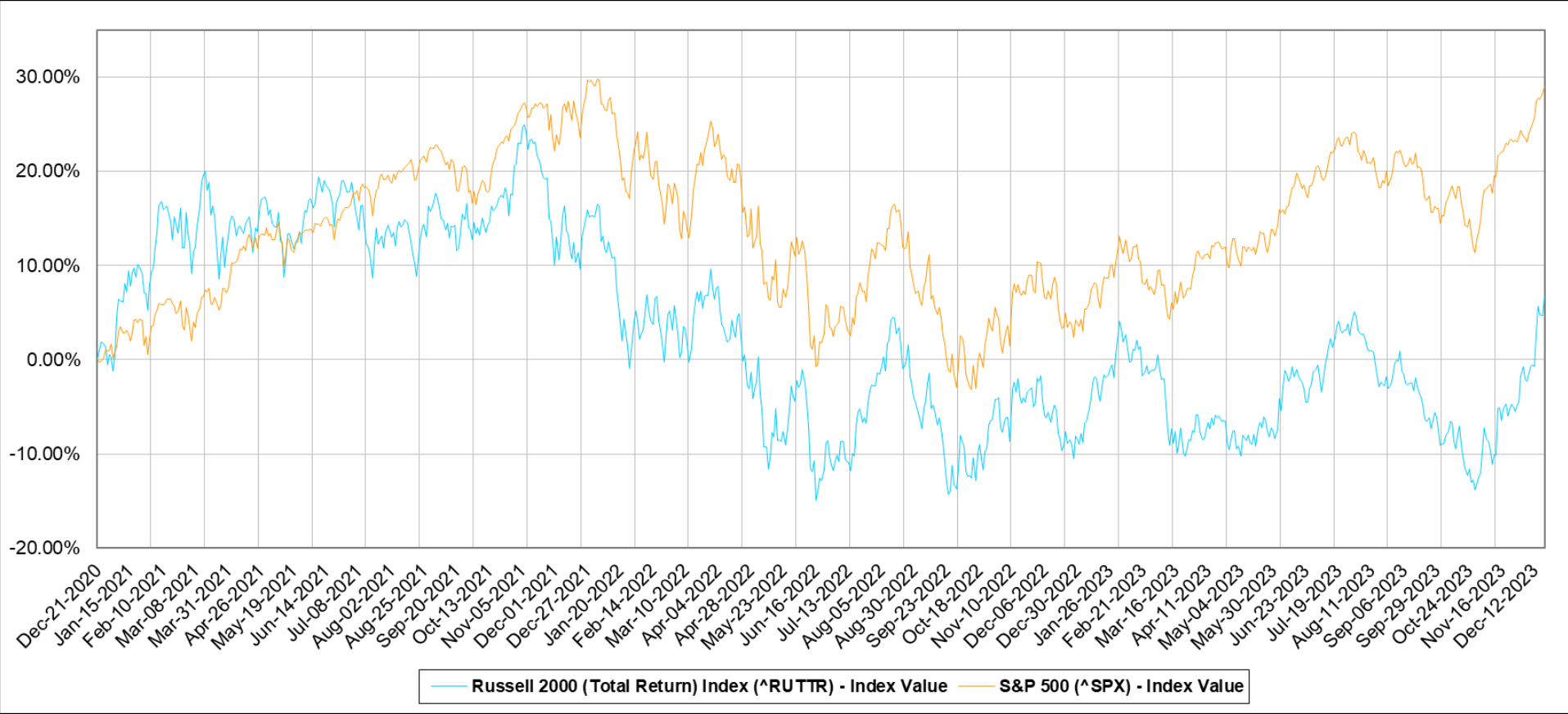
They provide MORE Diversification

R2000 P/E of profitable companies = 12.5x

1. Some Risk is Still Cheap

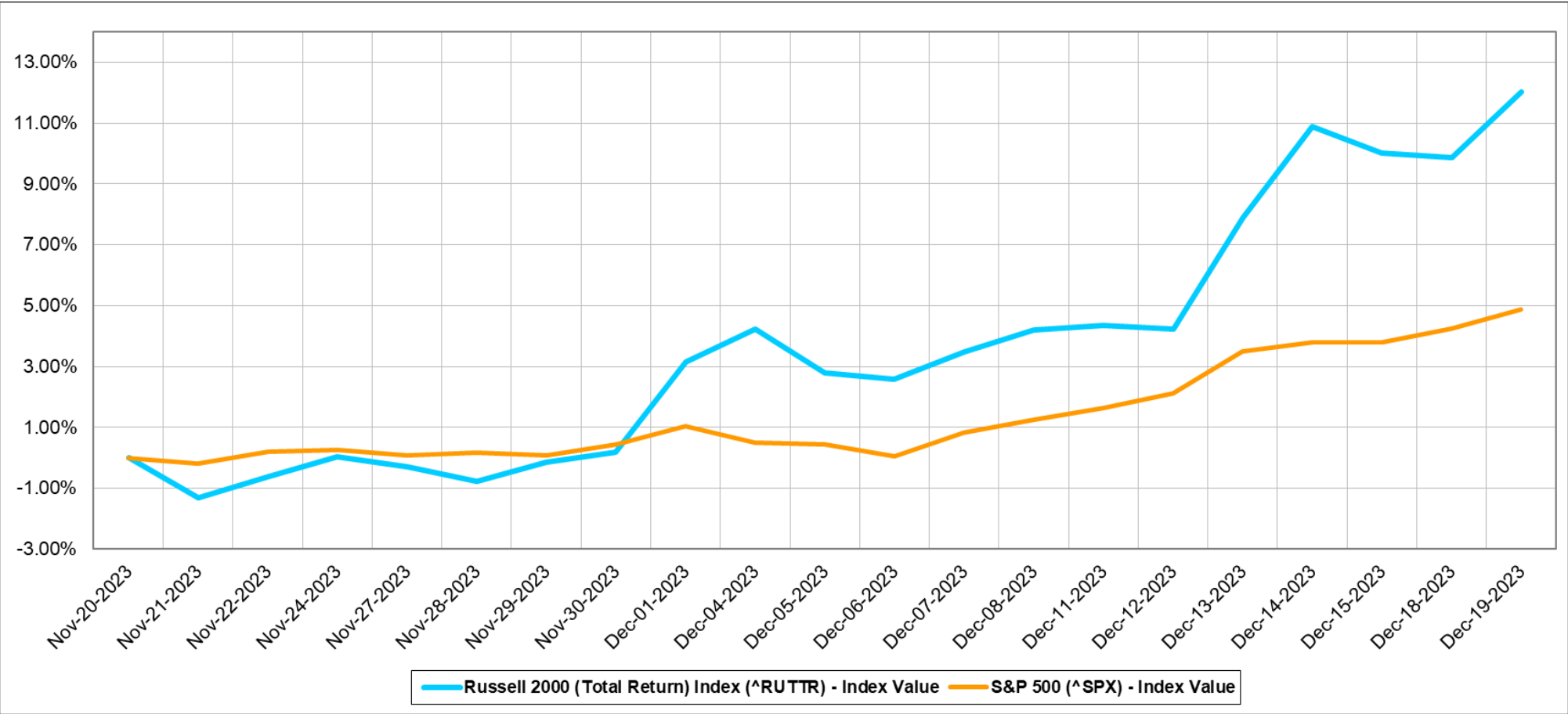


1. Some Risk is Still Cheap



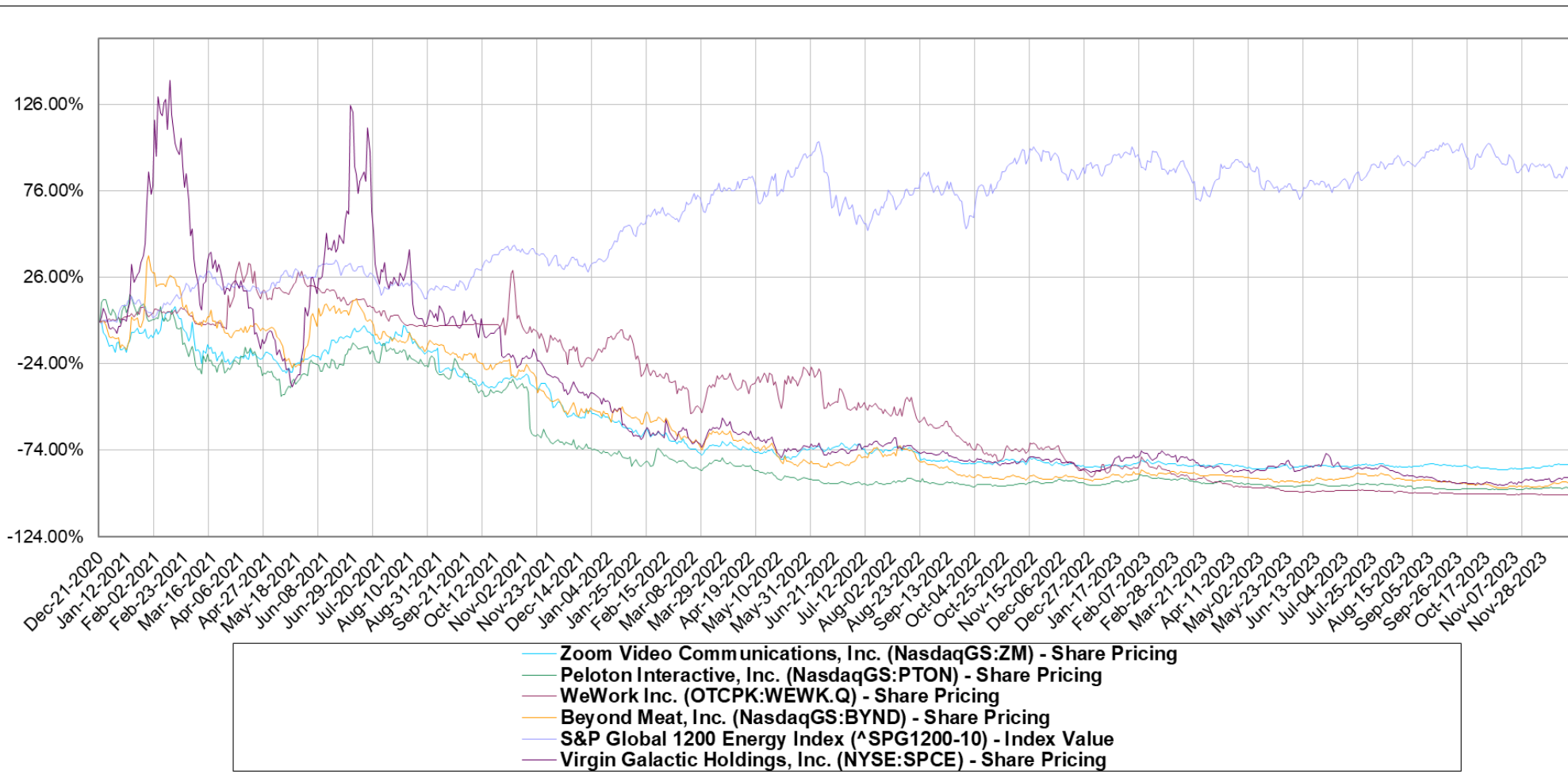
3 Year dominance by Mega Caps

1. Some Risk is Still Cheap



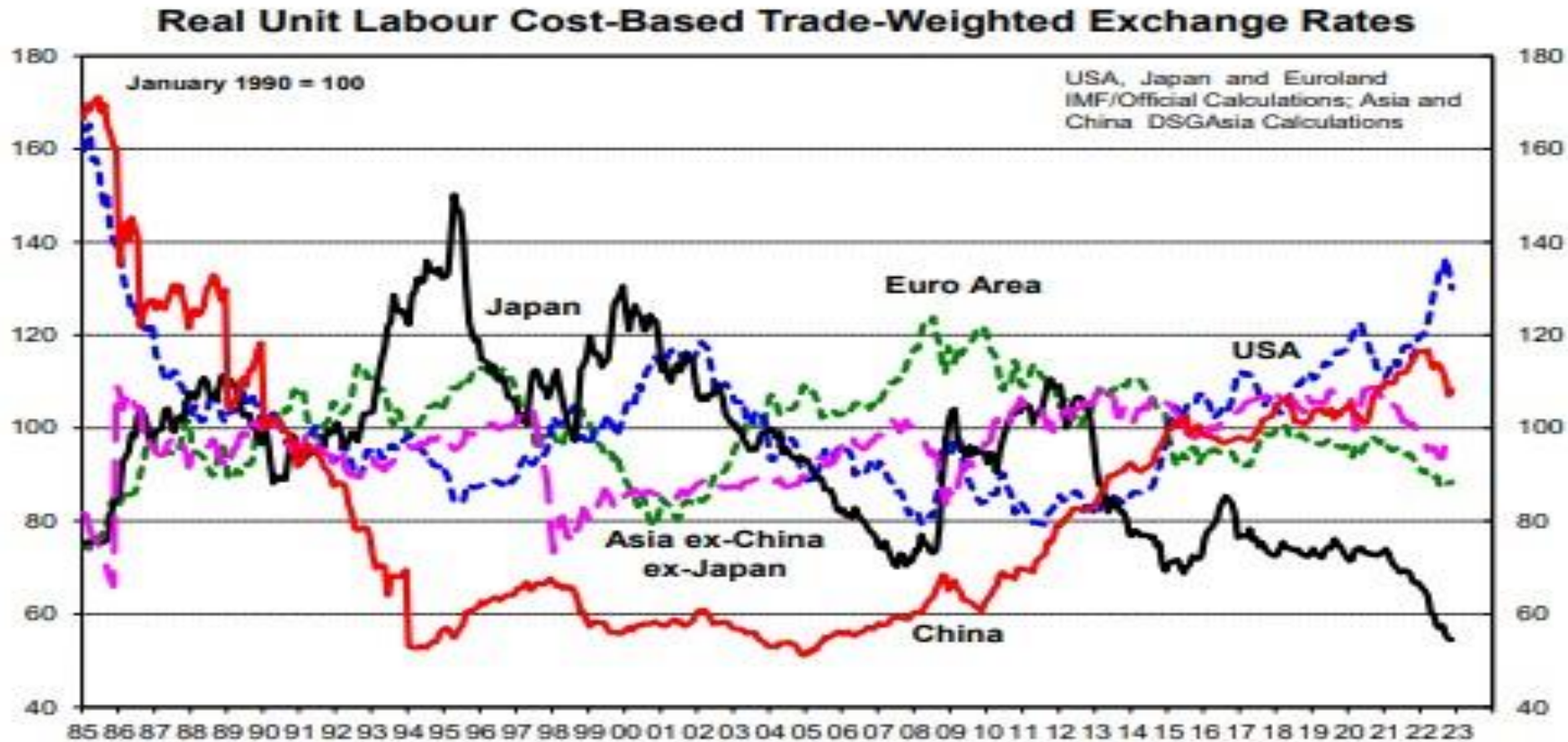
Now
unwinding?

2. Some Risk is Still Cheap – some not worth taking!



Cash is better than this stuff but...

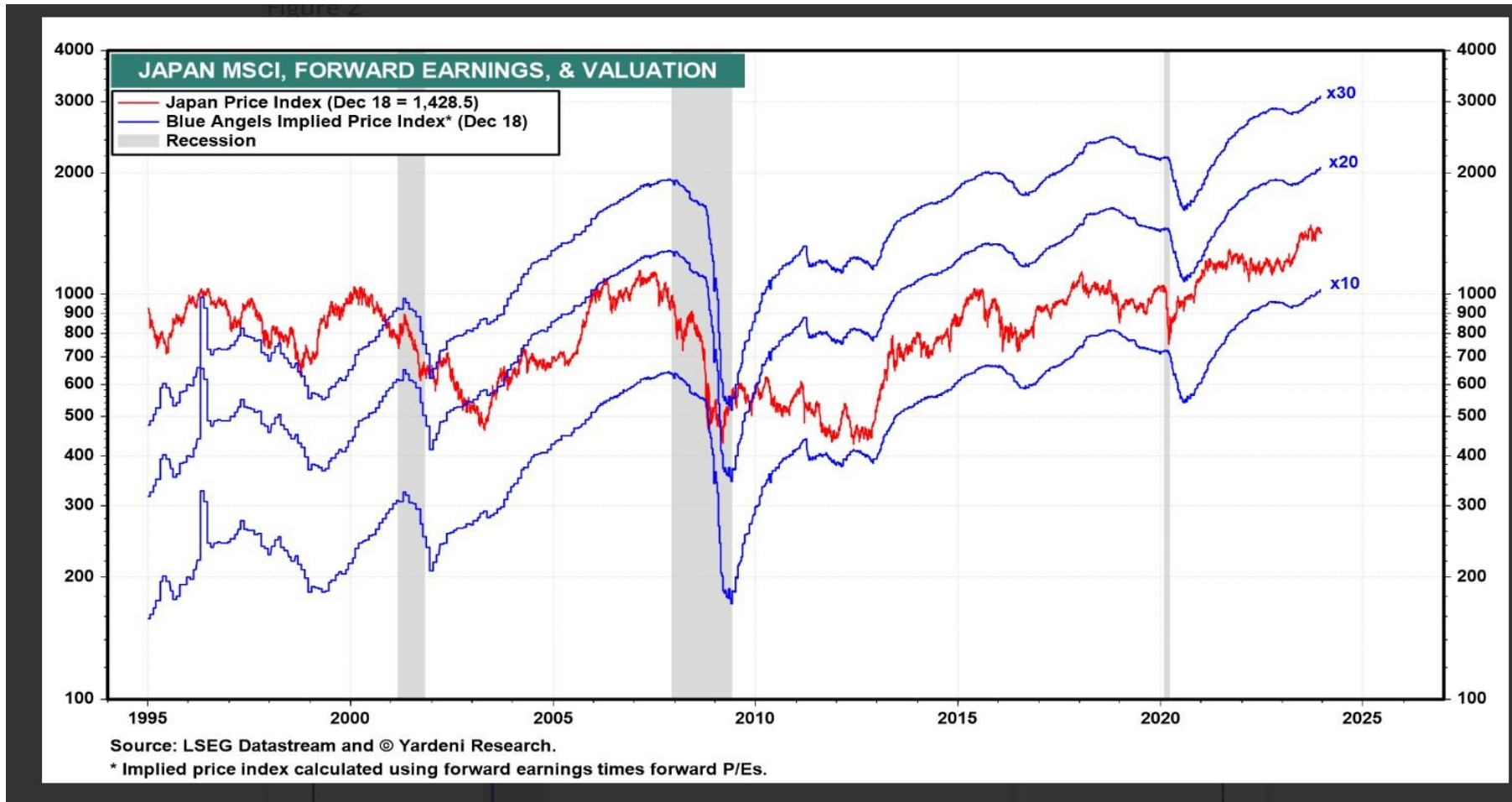
3. Japanese Equities – Don't fret about the Yen...



From here one should favour domestic companies

Tokyo Gas
NTT

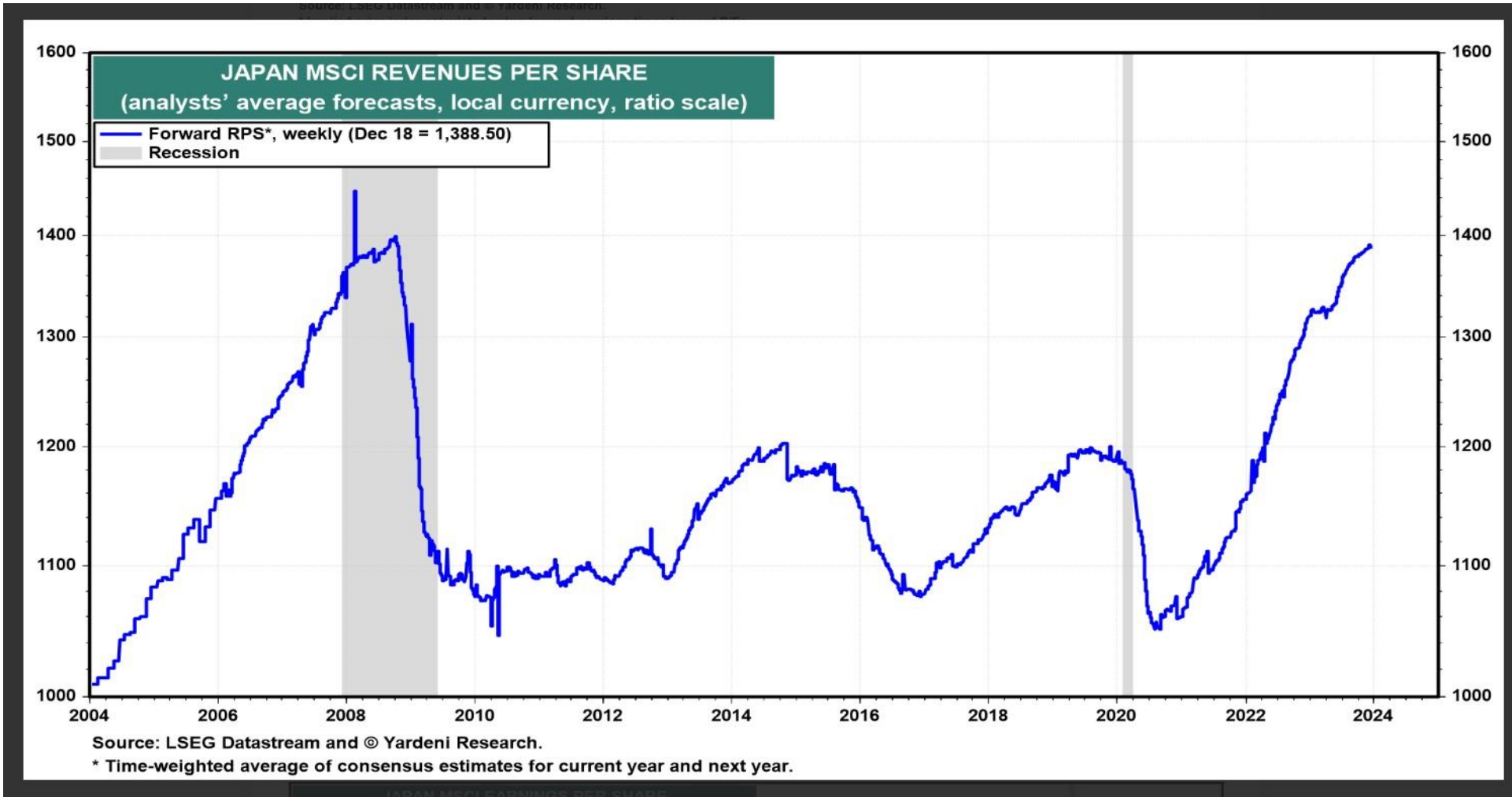
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3. Japanese Equities

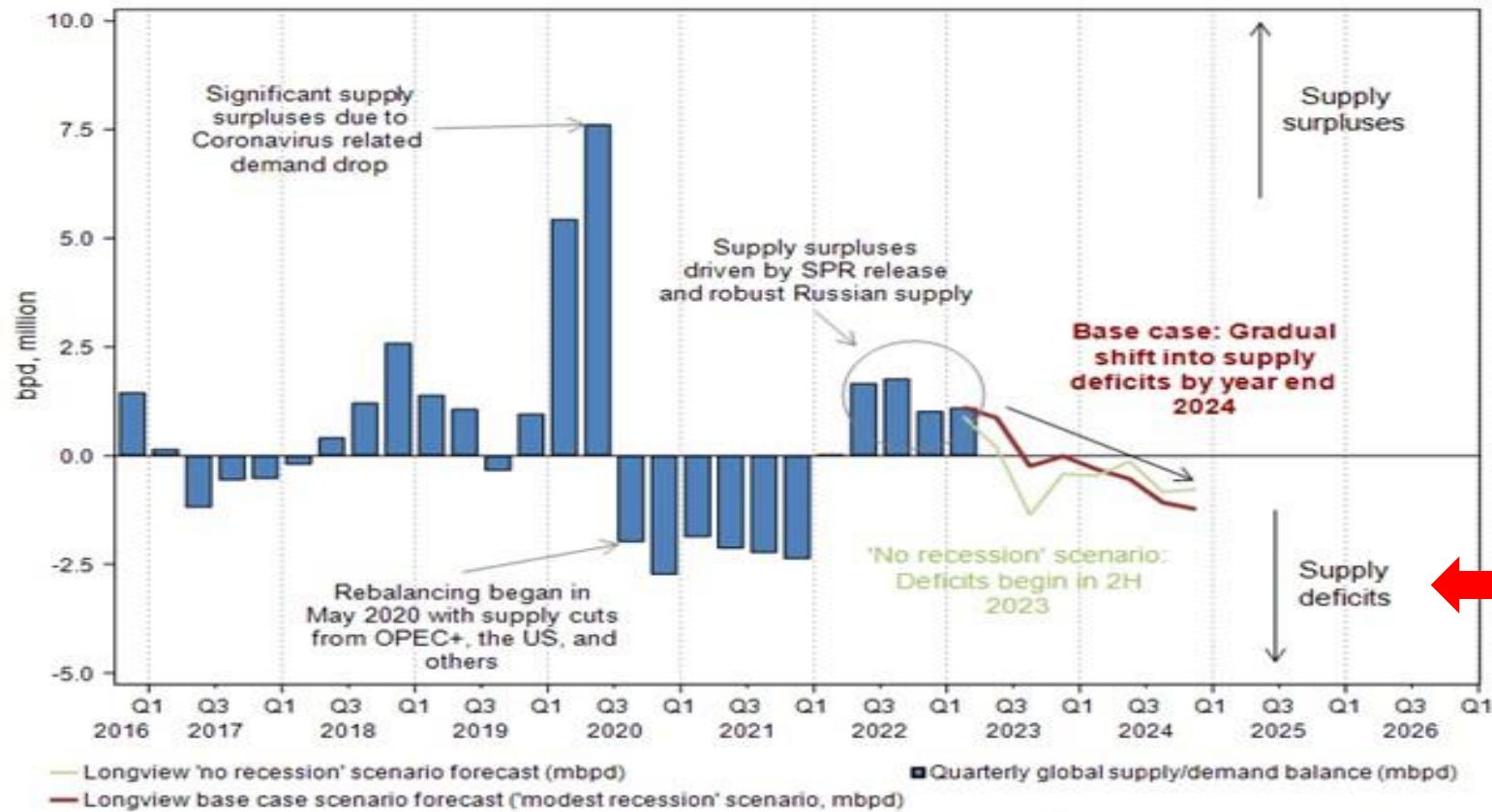


3. Japanese Equities



4. Oil & Gas, Nuclear - Energy

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



← Guess what happens!

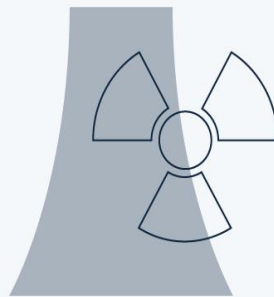
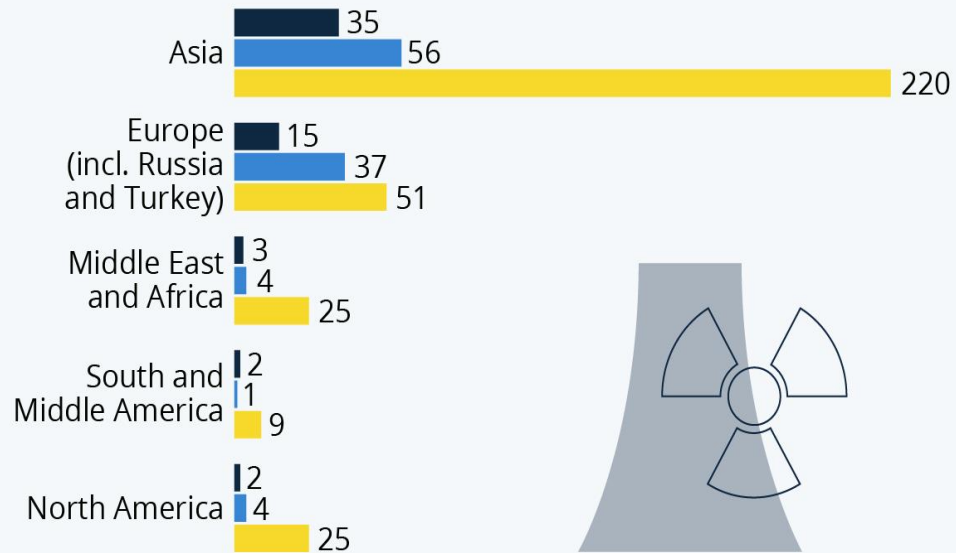
Source: Longview Economics, Macrobond

4. Oil & Gas, Nuclear – Energy

Asia's Going Nuclear

Number of nuclear reactors currently in construction or in preliminary construction stages per region

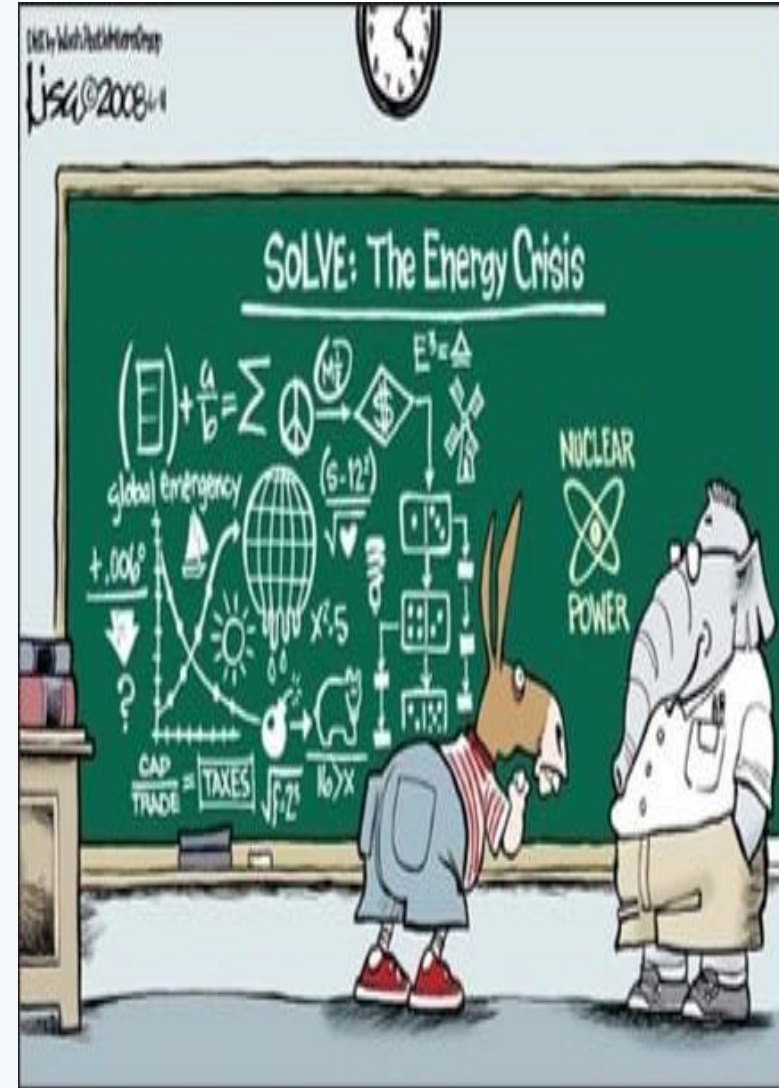
■ In construction ■ Planned ■ Proposed



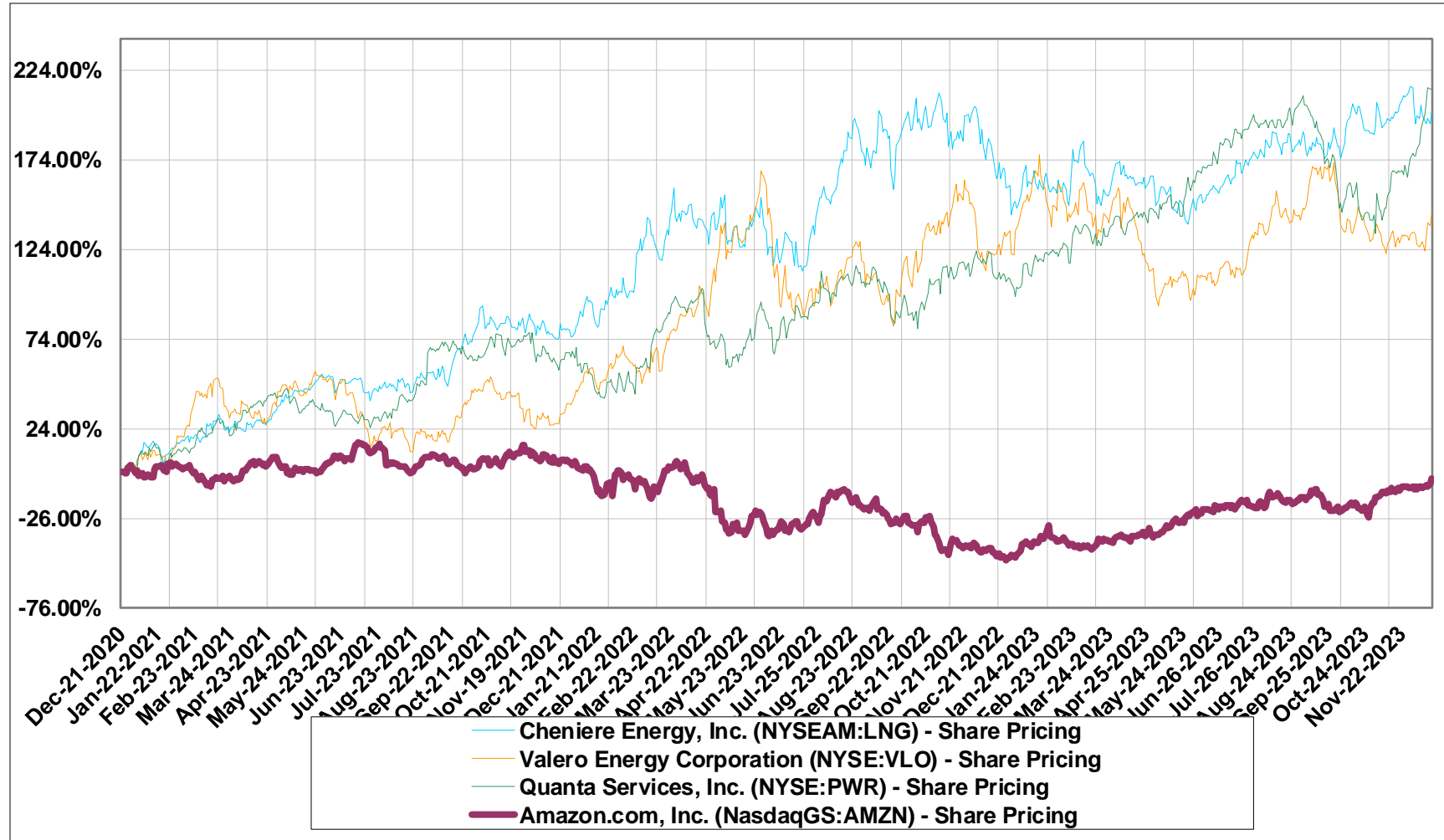
As of Dec 2021.
Source: World Nuclear Association



statista



5. Industrial, Oil & Gas, Re-Industrialisation (IRA and Chips Acts)



Our Energy Infrastructure favourites

Source: Delft portfolio via S&P CIQ

6. Infrastructure



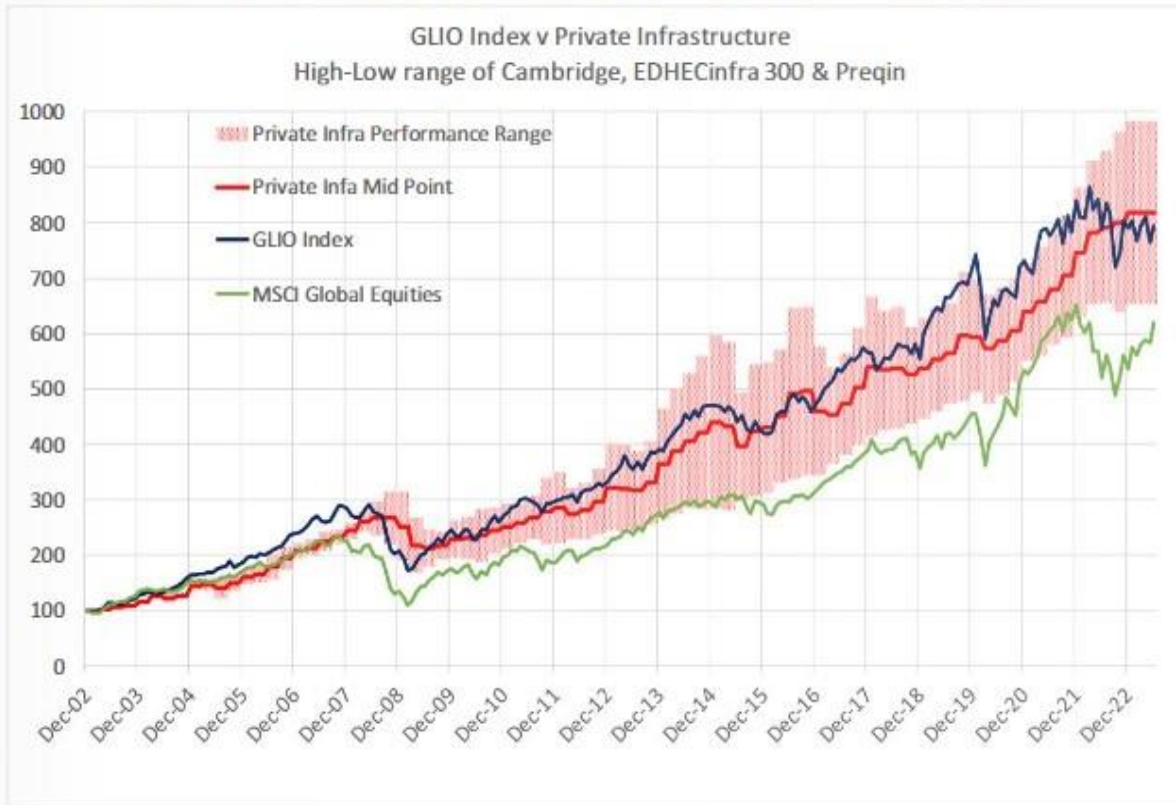
Coming soon to a street near you!

Street golf



6. Listed Infrastructure

ASSET CLASS COMPARISON – INFRA RANGE



Source: GLIO, EDHECinfra, WilderPreqin, Cambridge, MSCI

June 30, 2023

LISTED Infrastructure holds its own

The cost of a lock-up... means LISTED are better – you have access to your cash and the ability to react to change

7. Food & Ag

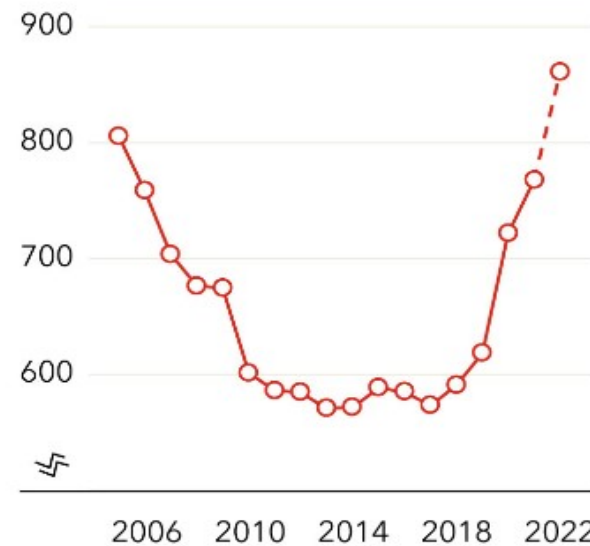
Going hungry

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.



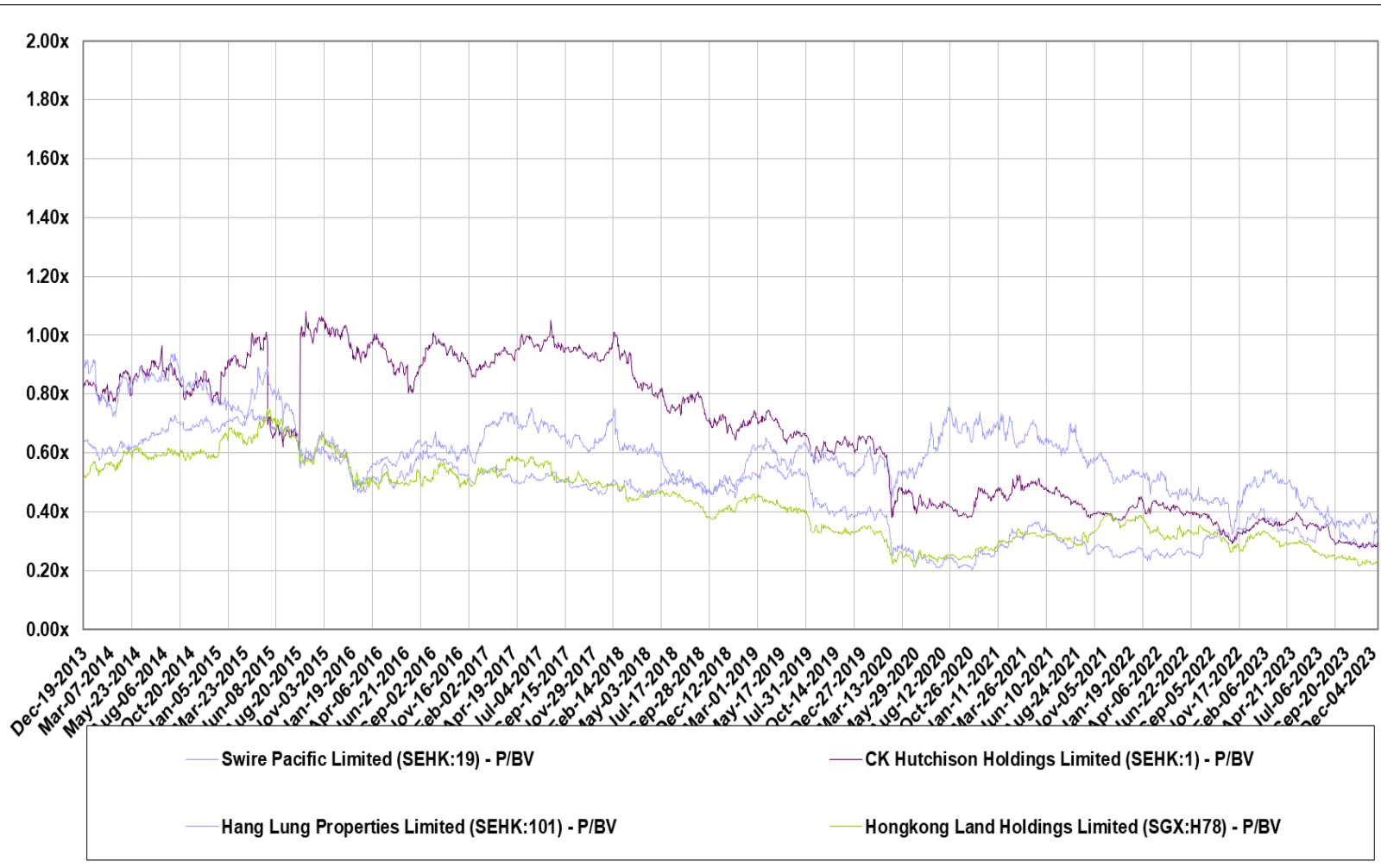
& a teaser...Is China going to undertake a U Turn and promote private sector again?

Our Macro Adviser Doug McWilliams...

HK Companies are VERY cheap...
Multi Year Lows on Book Value

The 2024 conundrum?

We could all do with a vibrant Chinese economy



What we own

Invest with us and see the rest!

ADVANTEST[®]

HILLENBRAND

ShinEtsu

 Weyerhaeuser

 **UBS**

 **EMCOR**

KLA 

SPROUTS[®]
FARMERS MARKET

 **TAMIM**

Thanks & Questions

Q & A

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 HWL Ebsworth

Why Us | Know what you do and do it well

- **Experience:**
 - Robert Swift | Global High Conviction Portfolio Manager
 - 35+ years industry experience
- Team of similar skills and experience
- **Proven Portfolio Management:**
 - Global High Conviction strategy
 - CYTD (31/11/2023) 12.93%
 - Last 3 years (31/11/2023) 9.53% p.a.
 - Since Inception (July 2011) 12.89% p.a.



Returns prior to 31 December 2019 reflect the Individually Managed Account (IMA) underlying portfolio returns. IMA returns reflect a higher fee structure. Individually Managed Account (IMA) returns will, by their nature, vary from the underlying portfolio and TAMIM Fund portfolio. Should you wish to see your individual return, please log in to your account online. Returns are quoted net of fees and assume dividends/distributions are reinvested. Past performance is no guarantee of future performance. The information provided should not be considered financial or investment advice and is general information intended only for wholesale clients (as defined in the Corporations Act). The information presented does not take into account the investment objectives, financial situation and advisory needs of any particular person nor does the information provided constitute investment advice. Under no circumstances should investments be based solely on the information herein. You should seek personal financial advice before making any financial or investment decisions. The value of an investment may rise or fall with the changes in the market. Past performance is no guarantee of future returns. Investment returns are not guaranteed as all investments carry risk. This statement relates to any claims made regarding past performance of any Tamim (or associated companies) products. Tamim does not guarantee the accuracy of any information in this document, including information provided by third parties. Information can change without notice and Tamim will endeavour to update this document as soon as practicable after changes. Tamim Funds Management Pty Limited and CTSP Funds Management Pty Ltd trading as Tamim Asset Management and its related entities do not accept responsibility for any inaccuracy or any actions taken in reliance upon this advice. All information provided in this document is correct at the time of writing and is subject to change due to changes in legislation. Please contact Tamim if you wish to confirm the currency of any information in the document. The MSCI Word refers to the MSCI World Index in AUD. Returns shown for longer than 1 year (other than Inception) are annualised. All returns shown are AUD denominated.



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