



# Global High Conviction Portfolio

Individually Managed Account

## Monthly Update

August 2019

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# Global High Conviction Portfolio Update

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### Portfolio & Market Update

August was a down month on world markets and continues the pattern of volatility that has been with us for a while.

The MSCI World Value Weighted index fell over 3.27% in US\$ terms but just over -1.67% in AUD\$ terms. The AUD\$ continues to weaken as the central bank, the RBA, makes it clear that they will be joining other central banks in holding rates near to zero for an extended period. The Global High Conviction strategy fell -3.75%.

Markets continue to be concerned by global trade war fears; and no resolution currently looks imminent. Both China and the USA have moved ahead with implementing earlier announced tariffs. Our expectation is that President Trump will start trying to prepare the economy for the election cycle, and so will want to find a resolution which he can claim as a victory. The difficulty as investors is that the USA policy seems to 'turn on a sixpence' with each tweet.

Macroeconomic recessionary signals such as an inverted US Yield Curve, falling global trade volumes and poor manufacturing surveys have also spooked the markets. Companies are guiding earnings expectations lower which always tends to happen at this time of year.

In the short term the fears may be overdone and because the rates at which governments can finance spending are so low there is an easy way out - governments across the world can choose to invest and encourage companies to invest. Infrastructure in the West sorely needs replenishing, and Asian governments have plenty of fiscal room to increase spending. This increase in investment would provide a better fillip to growth than continued ultra low interest rates, and remains a central part of our investment thesis. We especially like Japan.

In the portfolio we have been reducing our exposure to Macy's, Lear and Caterpillar. Macy's did not turn out as we had expected. The market appears to have given up on the turnaround plan and we decided to let the market tell us we were wrong. We initiated new positions in General Dynamics a USA based aerospace and defence contractor, and EBay an e-commerce C2C and B2C retailer. The USA consumer appears to be in reasonable shape.

July August and September are often months of exaggerated price moves, where trading volumes are thin in the Northern hemisphere Summer, and the early exuberance at the start of the year concerning earnings growth is scaled back. With interest rates so low equity dividend yields are attractive and with decent balance sheets and cash flow many equities are cheap. We remain invested and unhedged for AUD\$ based investors.



## Overview

The TAMIM Global Equity High Conviction IMA is a portfolio of global equities from major developed global exchanges. The portfolio holds approximately 25 of the best ideas from our investment manager's portfolios. The portfolio uses a systematic and consistent approach to stock selection and portfolio construction to deliver strong risk adjusted returns to our clients while focusing on attempting to preserve their wealth.

## Key Facts

<b>Investment Structure:</b>	Individually Managed Account (only available to wholesale or sophisticated investors)
<b>Minimum investment:</b>	A\$250,000
<b>Pricing &amp; Reporting:</b>	Daily
<b>Investment horizon:</b>	3-5+ years
<b>Management fee:</b>	1.50% p.a.
<b>Expense recovery fee:</b>	Nil
<b>Performance fee:</b>	20% of performance in excess of hurdle
<b>Hurdle:</b>	RBA Cash Rate + 2.5%
<b>Administration fee:</b>	Nil
<b>Exit fee:</b>	1% if exit within 12 months
<b>Single security limit:</b>	10% (typically 2-7%)
<b>Benchmark</b>	MSCI World Index
<b>Target number of holdings:</b>	20-30
<b>Portfolio turnover:</b>	< 25% p.a.
<b>Investable universe:</b>	MSCI AC World
<b>Cash level (typical):</b>	0-100% (5-10%)

## Selection of 5 Holdings

Stock	Country
Verizon Communications Inc	USA
Legal & General Group PLC	UK
China Mobile	China
Hoya Corporation	Japan
Ping An Insurance	China

## Returns

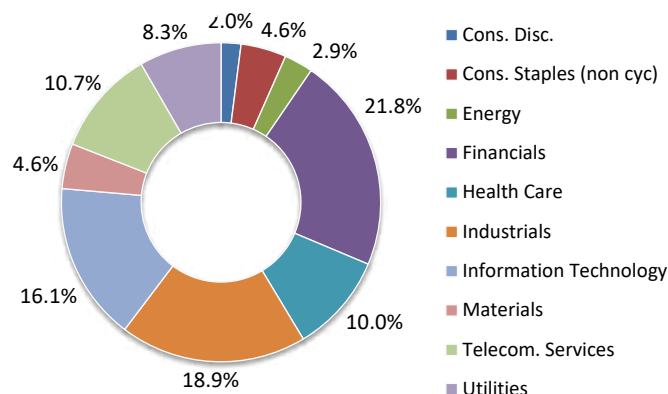
	1m	6m	1y	3y (p.a.)	5y (p.a.)	Since inception (p.a.)
<b>TAMIM Glob. High Conv.</b>	-3.75%	2.58%	-0.09%	7.04%	11.48%	14.70%
<b>Cash</b>	0.08%	0.60%	1.36%	1.46%	1.72%	2.35%

Note: Returns are quoted net of fees and assume dividends are reinvested. Past performance is no guarantee of future performance. TAMIM Glob. High Conv. refers to the performance of the API High Conviction Strategy (Underlying Portfolio). The TAMIM Global Equity High Conviction IMAs mirror the Underlying Portfolio.

## Portfolio Profile

<b>Equities</b>	98.2%
<b>Cash</b>	1.8%

### Sector Allocation



Note: Portfolio returns are quoted net of fees. The ASX 300 refers to the S&P/ASX 300 Accumulation Index. Returns shown for longer than 1 year (other than inception) are annualised. The information provided in this factsheet is intended for general use only. 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. Please consider our Information Memorandum and Services Guide before investing in any of our products. Past performance is no guarantee of future returns. Returns displayed in this document are unaudited. For wholesale and sophisticated investors only.

## Contact

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