



Global High Conviction Portfolio

Individually Managed Account

Monthly Update

July 2019

TAMIM Asset Management
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Global High Conviction Portfolio Update

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Portfolio & Market Update

July was another month with high day to day volatility for global equities. The strategy benefitted from a weak Australian dollar which fell by 2.5% during the month versus the US dollar.

The US market rose in July by over 1% in US\$ terms and over 3% in AUD\$. The rest of the global markets were generally down and UK Sterling notably weak falling almost 4% against the US\$.

We are underweight Europe and the UK and consequently underweight Sterling and the Euro.

In Asia, Japan rose slightly and Hong Kong declined as political protests against Chinese legal encroachment continued.

Quarterly results from US companies were generally ok with the main trend being a revenue 'miss' but an earnings 'beat'. This is consistent with a slowing economy and the continued ability of companies to make cuts to their expenses. At some point, and we do not think we are far away, the ability to keep cutting costs becomes diminished. One company's cost cutting is another company's lost revenue.'

The Federal Reserve cut interest rates at the very end of July, but the yield curve inverted further – the opposite of what was desired. This is not helpful to asset prices nor the economy and the additional and unexpected tariffs on Chinese goods, announced at the end of the month, will add additional 'complexity'. Add in the possible difficulties of rolling over the high level of maturing corporate debt in the next 2-3 years and it would seem to us that volatility will be with us for a while.

We continue to favour stocks with sensible multiples and good balance sheets.

Notable stock movements were Intel up over 5% as they announced a possible sale of a loss-making business to Apple, and KLA Tencor, a recent purchase up over 10%, as the news flow from the Semiconductor market was more positive.

Sony also rose 6% as the company's results were satisfactory and the shareholder pressure to drive profits higher continues.

Caterpillar declined 8% as the company guided to the lower end of expectations for the year citing weakness in Asia and the impact of tariffs. The North American market was strong with revenue growing over 10%. We will review this and other companies seemingly exposed to negative news flow on the trade war.

To reduce cyclicality in the Global High Conviction Strategy we sold Mitsui Chemical in Japan and re-invested in Hoya, a manufacturer of imaging products used in transferring circuitry design onto silicon chips and displays, and precision medical equipment.

We will continue to invest in larger companies with strong value, momentum and quality attributes together with accounting, strategy and governance standards that meet our requirements.

Long-term returns will be generated by the ability of our companies to deliver growing profits and dividends. We take comfort from the portfolio P/E below 13x projected earnings, dividend yield of 3.5% and strong dividend cover.



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

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

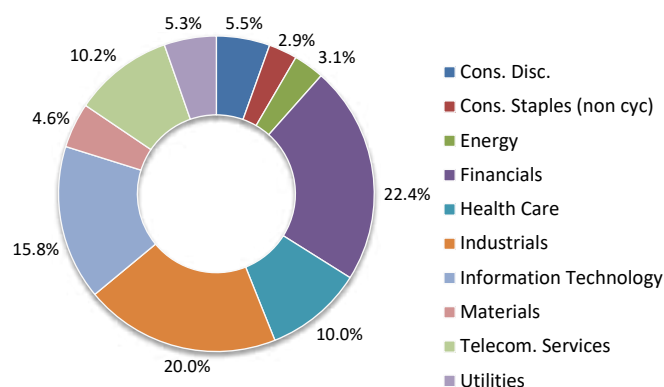
	1m	6m	1y	3y (p.a.)	5y (p.a.)	Since inception (p.a.)
TAMIM Glob. High Conv.	2.26%	12.49%	7.37%	9.50%	13.03%	15.41%
MSCI World	3.04%	16.20%	12.55%	14.26%	13.95%	15.09%
Cash	0.08%	0.65%	1.40%	1.47%	1.74%	2.37%

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

Equities	95.56%
Cash	4.44%

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.

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