

Global High Conviction Unit Class

TAMIM Fund

At 30 April 2021

The past month has seen a 17% increase in the official number of Covid-19 cases globally, a small acceleration from the 13% growth rate recorded in the month of March.

Global Equity markets ended the month up over 4.5% in USD terms and c.3% in AUD terms as the Australian dollar resumed the trend of strengthening versus the US dollar.

The USA economy continued to show a strong recovery from the Covid-19 lockdown as government fiscal support kicks in. Company results for q1 were generally positive especially from the virtual oligopolies and monopolies of Amazon, Apple, and Microsoft. Netflix slightly disappointed with comments on subscriber growth and programming outlays.

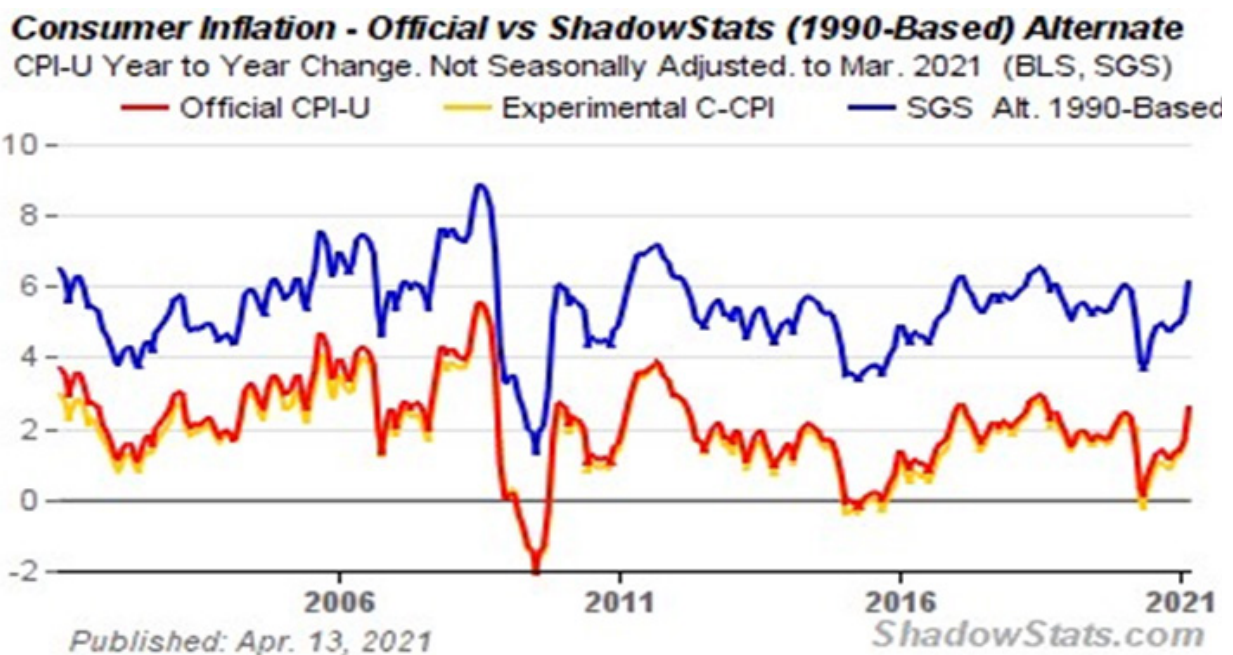
We don't own Netflix nor Amazon which we anticipate coming under more scrutiny for its very aggressive and frankly anti-social tax avoidance.

A quick comment on ESG here – it strikes us that investors who shun basic materials companies on the grounds of 'ESG' while remaining happily invested in AMZN FB etc are suffering from cognitive dissonance. One set of companies provides the raw elements to make lives cleaner, better, safer, with sanitation and power and shelter, and the other engages in large scale lobbying with large \$ budgets, issues non-voting share classes, and pays as little tax as possible with aggressive use of global tax shelters.

We hope this "anti S" practice is firmly in the cross hairs of the Biden Administration.

The Biden Administration continued to announce very large-scale public spending plans. While planned to be spent over 10 years, the proposed outlays are rapidly amounting to almost 30% of the economy. We have argued for a little while that fiscal levers were better to pull than the continued use of zero interest rates, especially if deployed to fixing the USA's 3rd world infrastructure, but the combination of the two will be inflationary. Commentators have suggested this is a second coming of FDR but it looks more like Lyndon Johnson to us. In 1963 he introduced the notion of the 'Great Society' and talked about ending poverty and racial injustice. A large number of public spending bills were passed including ones on Civil Rights and Education. Given the spending required for the Vietnam war and the consequent explosion in the money supply we then had the pleasure of rampant inflation in the 1970s. With today's war being the "war on Covid", political conditions and economic policy settings look similar.

If you are interested in the true level of inflation, using the 1990 methodology, it is in the chart below. Equities represent the best hedge against this erosion of your purchasing power, but the two big killers of bull markets are inflation and regulation and we're not going in the right direction in either. We still anticipate the yield on the US 10-year note going higher.



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From earnings transcripts almost every USA company mentioned input cost increases and intended product price increases.

We sold Ciena and reinvested in Seagate Technologies. We got 'lucky' because we invested before STX announced stellar results and guided forward revenues higher. The shares rose 10% toward the end of April. We also sold Raytheon and started investing in Corning. This company will benefit from the 5G spending plans and is also a likely beneficiary of the continued shift to EVs.

Japan fell by 1.4% during April as the market reacted to fears of an acceleration in Covid-19 cases locally and the prospect of the Olympics taking place without spectators. Japan, like Taiwan and South Korea announced strong economic data with industrial production growth of 2.2% in March being well ahead of market expectations. The April purchasing managers survey of 53.6 was the strongest monthly figure since February 2018. Japan's industrial production is expected to grow by 7.7% for the full year. The Government responded to the increased rate of Covid-19 infections with a third state of emergency in Tokyo, Osaka and two other prefectures that will remain in force until at least 11th May.

Sony reported strong numbers and the market strangely ignored them. The company is typically very cautious in forward earnings guidance and the strength of the device market (Sony makes the camera sensors for iPhones), the new Playstation roll out, and the imminent global awakening to 'Anime' are all catalysts.

European markets performed creditably despite the continuation of the lockdown. The ECB advocated for continued bond purchases with no 'underlying' inflation. We remain invested in building materials, speciality chemicals, and financial companies in the expectation of more mutual debt sharing and the emulation of the USA fiscal SPLURGE (Spending Public money Like U R giving it Everything).

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Overview

The TAMIM Global High Conviction strategy is a portfolio of global equities from major developed global exchanges. The portfolio holds approximately 60 of the best ideas from around the globe. 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:	Unlisted Unit Trust
Minimum investment:	A\$100,000
Management fee:	1.00% p.a.
Admin & expense recovery fee:	Up to 0.35%
Performance fee:	20% of performance in excess of hurdle
Hurdle:	MSCI World Net Total Return Index
Exit fee:	Nil
Single security limit:	+/- 5% relative to Benchmark
Country/Sector limit:	+/- 10% relative to Benchmark
Target number of holdings:	50-80
Portfolio turnover:	Typically < 25% p.a.
Investable universe:	MSCI World Net Total Return Index
Cash level (typical):	0-100% (0-10%)
APIR code:	CTS5590AU

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$1.1496	\$1.1467	\$1.1438

Portfolio Performance

Inception: 15/07/2011	1 month	3 months	6 months	1 year	2 years (p.a.)	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)	Since inception (total)
Global High Conviction	1.80%	10.63%	22.16%	20.20%	11.14%	9.01%	9.94%	14.63%	280.74%
MSCI World	3.19%	10.16%	17.36%	23.17%	12.75%	13.23%	13.71%	14.58%	279.17%
Cash	0.01%	0.02%	0.05%	0.17%	0.48%	0.82%	1.11%	2.01%	21.54%

Strategy inception: 15/07/2011 | TAMIM Fund: Global High Conviction unit class inception: 31 December 2019

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 World 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.

Selection of 5 Holdings

Stock	Country
Verizon Communications Inc	USA
Euronext N.C.	France
Quest Diagnostics	USA
Kurita Water Corporation	Japan
Sony Corporation	Japan

Portfolio Profile

Equities	97.54%
Cash	2.46%

