

Global High Conviction Unit Class

TAMIM Fund

At 31 July 2021

The Global equity strategy performed creditably in July with the fund up 2.47% and up 20.78% calendar year to date.

Market Update

The 10 year note in the US declined in yield, rose in price, and investors generally rotated back to 'growth' stocks. In Asia, a Covid resurgence and more anti-liberal legislation from the Chinese Communist Party impacted Asian equities in general. Asia declined over 8% as a consequence. For more detailed comments on the situation in China see the commentary for our TAMIM Fund: Asian Small Companies portfolio.

In the USA an Executive Order signalled that the Surface Transportation Board (STB) would be intervening in the Railroad and Shipping industries to prevent and reduce monopolistic power. This affected Norfolk Southern (NSC.NYSE), Union Pacific (UNP.NYSE) and to a lesser extent UPS (UPS.NYSE), and FedEx (FDX.NYSE). NSC and UNP both had solid profit results and NSC increased their dividend by 10%, usually a sign of management confidence and a trigger for continued outperformance. The STB was the agency that allowed the existing US structure in the 1990s, and our guess is that this is a general pronouncement to specifically target a Canadian company's bid for a US Railroad's assets – Canadian National Railway (CNI.NYSE) and Kansas City Southern (KSU.NYSE) – and not the start of a dismantling of the industry structure in general. However, this follows the formulation of five separate bills in Congress specifically targeting 'Big Tech'. It looks as if a third policy tool is being developed and this one is to try to alleviate some of the inflation pressure and pricing power caused by the first two.



We therefore seem to have a 3-pronged policy from this administration: easy money; loose fiscal; and anti-monopoly legislation aimed at large companies to 'increase price competition'.

Re-regulation as a risk is not confined to the Chinese market.

On the positive side, the first part of the infrastructure package seems to have passed both Houses. We have been repetitive about infrastructure spending as both necessary and having a strong multiplier effect so are well invested in these beneficiaries.

As for inflation, we say 'yes it is here; it never went away if measured properly; is going to be more apparent and harder to conceal, and investors should hedge themselves. The new rhetoric from the central bank geniuses that brought you three crashes and unsustainable debt in the last twenty years, is that inflation is "good for you"'.

Sentiment is shifting slowly but materially and palpably back to stocks perceived as cheaper, safer (both financially and from legislation), and with a degree of protection from inflation. This includes infrastructure companies; also REITs, and raw material companies.

Portfolio Update

We benefitted from significant positive movements in KLA (KLAC.NASDAQ) and Kroger (KR.NYSE) in the USA and ZOZO (3092.TYO), a new purchase (on the last day of the month), and Hoya (7741.TYO) in Japan.



We sold Ebara (6361.TYO) and Hitachi (6501.TYO) in Japan reinvesting in ZOZO - an internet commerce stock that was sold off as investors thematically liquidated ecommerce stocks globally in the face of the Chinese crack down - and Home Depot (HD.NYSE) in the USA. While house prices need to stabilise, the recent frenzy in purchases and sales will typically lead to a renovation frenzy in the next few months. Home Depot provides the tools and raw materials for home renovation.

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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\$	\$1.1793	\$1.1764	\$1.1734

Portfolio Performance

Inception: 15/07/2011	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)	Since inception (total)
Global High Conviction	2.47%	7.07%	18.45%	31.65%	11.39%	11.07%	15.02%	307.66%
MSCI World	3.97%	10.13%	21.32%	31.78%	14.93%	15.00%	15.29%	317.57%
Cash	0.01%	0.02%	0.05%	0.14%	0.71%	1.03%	1.96%	21.57%

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	97.81%
Cash	2.19%

