

# Global High Conviction Unit Class

## TAMIM Fund

At 30 June 2021

The strategy returned 2.74% in AU\$ terms in June and 6.38% for the quarter.

World markets rose during the quarter, as a large coordinated fiscal stimulus was proposed to accompany ultra-low interest rates.

Economic activity appears robust in North America even without the new 'infrastructure' spending proposed. US Fed policy could be described as "we're going to close the barn door after the inflation horse has bolted but closing it before he has gotten too far away will still be ok."

US policy is also very skewed toward 'equity of outcomes' and is essentially interventionist to an extent that rolls back the President Reagan era reforms.

Asia is seeing temporary headwinds from a resurgence of Covid, monetary and fiscal tightening by China and aggressive rhetoric toward Taiwan to coincide with the 100 year's anniversary of the Chinese Communist Party. This too shall pass.

Europe opens slowly from Covid. The summer tourist season is needed to help the economies recover – especially 'Club Med'. Calls for a "coordinated fiscal stance" grow louder from those countries who would benefit most, and the Germans are on the hook. In addition, the 'weaponisation of ESG' has begun with a proposed Carbon Border Adjustment Mechanism to raise tariffs on producers of goods with greenhouse gases embedded. India and China aka low-cost producers are the target. It is essentially protectionism and a tax on consumers and reversing globalisation.

Inflation will not be transitory but remain at a level which will make fixed income investments lose money in real terms. In addition to ultra-loose monetary policy and fiscal incontinence, we also have demographic, trade tariffs / National Industrial Policy with ESG as the justification for tariffs, and the 'green revolution', all acting as a tailwind to rising prices.

Supply and demand remain relevant forces even if this new paradigm is venturing where we haven't been before. You will need to think hard about how to hedge inflation and tax increases and more government intervention in the allocation of your capital.

We remain invested in companies benefitting from increased industrial activity, productivity enhancing investment (true technology, infrastructure) and those with a margin of balance sheet safety – KLA Corp (KLAC.NASDAQ), Emerson Electric (EMR.NYSE), Shin-Etsu Chemical (4063.TYO), Heidelberg Cement (HEI.ETR), CRH (CRH.LON).

We like Japan and Asia on valuation, fiscal resilience and improving governance. Shareholder activism is on the rise in Japan which will help continue the trend toward better treatment of shareholders.

Large US companies are in the cross hairs of anti-trust regulation. There are five bills in debate in Congress currently, all of which

would hinder the ability of 'Big Tech' to run integrated, closed architecture platforms and make acquisitions to stifle incipient competition.

- The **"American Innovation and Choice Online Act"** would prohibit companies from discriminating against smaller competitors and prioritizing their products ahead of others.
- The **"Platform Competition and Opportunity Act"** would empower regulators to block dominant companies from acquiring would-be competitors.
- The **"Ending Platform Monopolies Act"** would prohibit companies from stomping out smaller competitors and undermining fair and free online competition.
- The **"Augmenting Compatibility and Competition by Enabling Service Switching (ACCESS) Act"** would make it easier for new companies to enter the market by changing requirements that affect costs for businesses.
- The **"Merger Filing Fee Modernization Act"** would update filing fees for mergers "for the first time in two decades," according to the press release, so that regulators could better enforce antitrust laws.

We still argue small cap is a better place to be - cheaper and typically less exposed to regulation. We hold no investments in Facebook, Amazon, Google or Apple.

Notable performers in June were Johnson Controls (JCI.NYSE)+ 15%, Ebara (6361.TYO) + 20%, Kurita Water (6370.TYO) + 10%, CRH + 8%, Ping An Insurance (601318.SHA) -18%. The last of these is suffering temporarily from monetary tightening by the PBOC and fears of continued credit defaults in China. We have re-affirmed our valuation and remain investors. How ironic that China is following a more traditional fiscal and monetary approach than the USA by tightening?! Short term pain but long term a better policy.

The portfolio remains well diversified across sectors and geographies.

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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

<b>Investment Structure:</b>	Unlisted Unit Trust
<b>Minimum investment:</b>	A\$100,000
<b>Management fee:</b>	1.00% p.a.
<b>Admin &amp; expense recovery fee:</b>	Up to 0.35%
<b>Performance fee:</b>	20% of performance in excess of hurdle
<b>Hurdle:</b>	MSCI World Net Total Return Index
<b>Exit fee:</b>	Nil
<b>Single security limit:</b>	+/- 5% relative to Benchmark
<b>Country/Sector limit:</b>	+/- 10% relative to Benchmark
<b>Target number of holdings:</b>	50-80
<b>Portfolio turnover:</b>	Typically < 25% p.a.
<b>Investable universe:</b>	MSCI World Net Total Return Index
<b>Cash level (typical):</b>	0-100% (0-10%)
<b>APIR code:</b>	CTS5590AU

## NAV

	Buy Price	Mid Price	Redemption Price
<b>AU\$</b>	\$1.2012	\$1.1982	\$1.1952

## 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)
<b>Global High Conviction</b>	2.74%	6.38%	17.87%	27.35%	13.34%	11.22%	10.83%	14.87%	297.84%
<b>MSCI World</b>	4.64%	9.31%	16.19%	27.52%	15.61%	14.38%	14.59%	14.98%	301.65%
<b>Cash</b>	0.01%	0.02%	0.05%	0.15%	0.40%	0.75%	1.06%	1.98%	21.56%

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

<b>Equities</b>	98.90%
<b>Cash</b>	1.10%

