

# Global High Conviction Unit Class

## TAMIM Fund

At 31 March 2020

### Global High Conviction Portfolio Update

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The quarter was dominated by fear associated with the Covid-19 pandemic which spread across the globe. A simultaneous collapse in oil prices spooked investors who feared that this fall signified a calamitous decline in economic activity. With so much debt having been loaded into the system as a 'solution' to the GFC crisis, it is feared that any fall in economic activity could lead to debt default which will reverberate via the banking system - again.

Despite calming words and liquidity injections by central banks, global markets typically fell by more than 20% during the quarter. Our value weighted benchmark of Global companies fell 16% in Australian dollar terms. The impact of falling equity markets was partially cushioned by the weakness in the Australian dollar. In US dollar terms the benchmark index fell by over 20%. The Indian market fell by 34.5% and we continue to avoid investing in that popular market because the companies fail to meet our standards for governance and quality. Our Global High Conviction strategy declined just over 108% in A\$ terms for the quarter.

With widespread social distancing and lockdowns imposed in response to the Covid-19 pandemic there will be considerable disruption to global economic activity and a short-term decline in corporate profits. This is a time for investors to be patient and to direct their thinking towards the long-term.

Short-term disruption to corporate profits will not have a significant impact on long-term equity market returns. We are likely to see some significant changes to individual and corporate behaviour, as well as (more) regulations. These will work to the benefit of some companies and to the detriment of others.

We anticipate the following to be enacted, adopted, or mooted. All may change the relative merits of stocks and countries. For more detail please see our latest post, *One Hundred Years of Solitude*.

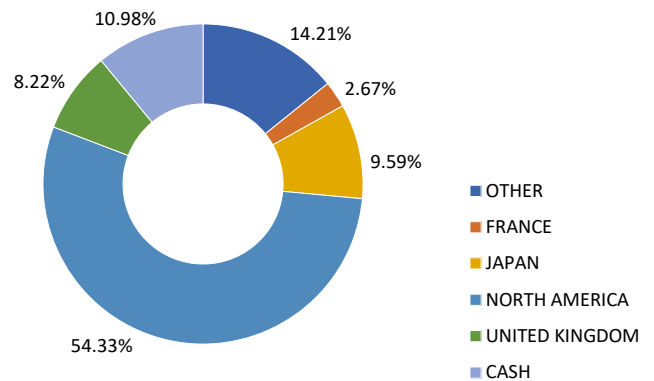
- 1. Government interaction with, and intervention in, corporations**
- 2. Changes in individual behaviour**
- 3. Changes in company strategy**

Governments and companies will be moving fast so please continue to check in for updates.

During March we received an important reminder that dividends are an important component of returns with most of our companies in Japan trading ex-dividend towards the end of the month. Many of our companies in Japan maintain balance sheets with zero debt and strong balances of cash. The corporate sector in Japan has net cash balances in excess of USD 6 trillion and this conservative approach to business management is a positive. The UK and European listed banks have been directed by the regulator to cancel all dividends including those previously announced and due for payment in the next month. Dividend cancellation is very unlikely among the cash positive corporate sector in Japan. Investors are likely to have long memories when it comes to companies that did and didn't maintain their dividends during this period.

We were cautious about markets at the beginning of the first quarter, and invested the liquidity slowly during the quarter into price weakness, across a diverse range of companies sectors and regions to achieve diversification benefits. At the end of March we were over 90% invested and while we have no doubt that economies will be deteriorating for a while, the liquidity injections by the USA China and Japan are large and effective and likely to find their way into asset prices. The sectors we find attractive are 'true' technology, healthcare, and stable revenue companies in Consumer and Telecoms. We anticipate Asia including Japan to be relatively strong especially in comparison to Europe.

Our current geographic breakdown of the portfolio is:



Note: Returns are quoted net of fees. Past performance is no guarantee of future performance.

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### Overview

The TAMIM Global Equity 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

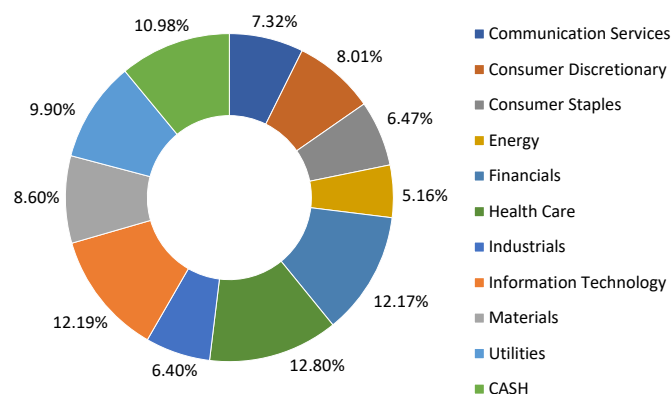
<b>Investment Structure:</b>	Unlisted Unit Trust
<b>Minimum investment:</b>	A\$100,000
<b>Management fee:</b>	1.00% p.a.
<b>Admin &amp; expense recovery fee:</b>	Up to 0.35%
<b>Performance fee:</b>	20% of performance in excess of hurdle
<b>Hurdle:</b>	MSCI World Net Total Return Index
<b>Exit fee:</b>	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%)

### 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

### Portfolio Profile

<b>Equities</b>	89.02%
<b>Cash</b>	10.98%



### Monthly Return Stream

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2011	-	-	-	-	-	-	0.02%	0.24%	1.48%	1.75%	-0.24%	3.14%	<b>6.51%</b>
2012	0.67%	3.83%	8.03%	-3.05%	-1.56%	0.57%	-1.64%	4.74%	2.58%	-0.68%	-1.95%	2.92%	<b>14.78%</b>
2013	2.51%	1.29%	-0.03%	3.27%	11.01%	1.11%	7.27%	-1.75%	-3.65%	3.32%	8.56%	3.41%	<b>41.71%</b>
2014	-3.32%	0.56%	-0.97%	0.74%	0.80%	0.02%	1.34%	3.13%	6.43%	2.11%	5.75%	2.40%	<b>20.26%</b>
2015	1.32%	7.07%	-0.65%	-0.53%	4.95%	-2.87%	6.09%	-3.37%	-0.76%	7.00%	1.06%	-1.24%	<b>18.75%</b>
2016	-0.96%	-3.34%	-0.61%	0.68%	6.24%	-5.53%	1.38%	3.05%	-2.97%	-0.93%	4.37%	4.78%	<b>5.60%</b>
2017	-4.04%	0.78%	0.91%	2.53%	-1.14%	-1.29%	-0.73%	0.64%	4.22%	3.47%	2.99%	-1.79%	<b>6.41%</b>
2018	2.12%	0.54%	-0.80%	3.80%	-1.01%	-0.62%	2.01%	3.43%	-0.46%	-4.37%	-2.68%	-4.57%	<b>-2.99%</b>
2019	4.39%	5.55%	0.43%	3.29%	-6.28%	7.20%	2.26%	-3.75%	3.79%	1.37%	5.21%	-0.52%	<b>24.46%</b>
2020	0.19%	-4.45%	-4.08%										<b>-8.17%</b>

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

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