

# Global High Conviction Unit Class

## TAMIM Fund

At 31 October 2020

### Global High Conviction Portfolio Update

Equity markets mostly declined in October with the last week seeing an acceleration of the sell off. The World Value Weighted index declined just over 2% in US\$ and the market capitalisation-based index declined 3%. Value beat growth by a little.

The A\$ declined by about 2% so mitigated these falls. The GHC strategy dropped a little, -0.32% in A\$ terms.

The USA retreated almost 4% and its year-to-date return has turned negative. Small caps outperformed large caps and we expect this to continue now for a while. More regulation in the USA is highly likely in the next Presidency and periods of regulation have tended to favour smaller companies, since they are seldom the objective of regulation. They are also appreciably cheaper.

Other regions also declined with Japan, our favourite market, falling over 2.5% and Europe, our least favourite, falling as much as 5% but more in Germany. Europe is struggling in a number of dimensions. We remain underweight.

Reasons for the sell-off that were cited were: a recurrence of Covid-19, especially in Europe, a failure to produce another stimulus package in the USA and the imminent USA Presidential election.

Asia is effectively over the Covid-19 outbreak, has relatively strong public and private sector balance sheets, and an ability to formulate and execute policy initiatives quickly since it is relatively 'untroubled' by lengthy considerations of opposing opinions. Consequently, it remains our favourite region and Japan especially shows signs of improving shareholder returns. The new Prime Minister has already made pledges regarding continued deregulation. Japan is clearly going to be an important Pacific ally of the USA regardless of which side wins the US election. Add in a cheap market and true technological innovation and you have a compelling case for investing.

During the month we sold NTT DoCoMo which had received a bid from its parent company, NTT, in late September, since we do not believe a higher bid is likely. We reinvested in Nexon, a Japanese developer of online games. It trades on a P/E of 18x prospective earnings, and revenues look like growing over 20% p.a. in the next two years. The company habitually guides analysts higher. Board composition provides two external independent directors. These are attributes we favour.

Our worst stock was Intel which 'missed' on data centre revenues; an area which is a focus for growth. We try not to get too unnerved by quarterly earnings' reports; and remain a holder.

We remain fully invested and unhedged. We are also diversified across sectors and regions and believe that remains the best way to control risk and thus the optimal pathway to wealth accumulation.

Regardless of which side wins the USA election we think that domestic US economic policy will support increased domestic production and re-onshoring. We can't see much difference between "Build Back Better" and "Make America Great Again". As for foreign policy, this too will be different only in style and not substance. Expect the Quad Alliance of Japan, Australia, India, and USA to be further pursued by either administration. In Asia defence spending is going up, supply and procurement chains are being re-routed, incomes are growing, infrastructure and public services are good and FDI will be used as a political tool, and thus remain strong. Investment opportunities in this region are plentiful.

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%)

### NAV

	Buy Price	Mid Price	Redemption Price
<b>AU\$</b>	\$0.9410	\$0.9387	\$0.9363

### 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%	2.78%	-0.15%	-1.22%	-0.88%	0.82%	0.15%	-0.32%			<b>-7.14%</b>

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.

### 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>	99.28%
<b>Cash</b>	0.72%

