

Global High Conviction Unit Class

TAMIM Fund

At 30 September 2020

Global High Conviction Portfolio Update

The past month has seen a 33% increase in the official number of Covid-19 cases globally, a deceleration from the 47% growth rate recorded in the month of August. US and European stocks consequently declined as lock downs were selectively re-introduced, but Asia was more resilient. Global indices declined about 3.5% in USD terms with Asia flat; Japan rose. In a reversal of the recent trend, Australian based investors were able to benefit from a weaker Australian dollar. In the year to date the markets have largely recovered the Covid-19 losses from the first quarter to stand at +3% in USD terms.

It was a big ex-dividend month for Japan with approximately half of all companies in that market adjusting for dividend payments on the 29th of the month. Companies in Japan have a habit of selling off in the immediate period after the ex-dividend date by more than the dividend amounts and this time was no exception with the market ending well below the highs recorded before the ex-dividend adjustments.

September was another month of trade tension between the United States and China especially in the field of semiconductors with suppliers of equipment to China's Semiconductor Manufacturing International Corporation being threatened with requirements to apply for individual export licences. This had consequences for the SME companies and the Taiwanese companies rose, as did the Japanese but US companies such as KLA Corp and Ciena fell as order books may well be impacted. This tension and recasting of the supply chain will continue regardless of which side wins the US election.

The key political change during September was the election of Japanese Chief Cabinet Secretary Yoshihide Suga as party leader and Prime Minister of Japan. Mr Suga, 71, spent nearly eight years as Chief Cabinet Secretary in the Shinzo Abe administration and is seen as likely to continue the same policies as Mr Abe. In particular we will be watching for a continuation of the policies allowing a greater flow of immigration in order to address Japan's serious demographic problems. Covid-19 has completely stopped the movement of people into Japan during 2020 and we will be looking to the new Prime Minister to enact measures to accelerate immigration during 2021 and beyond.

NTT announced the proposed acquisition of the minorities in NTT DoCoMo at a 30% premium to the prevailing share price. This was of benefit to the global strategy performance. This is the 3rd such deal in Japan in the last 18 months following the Hitachi bid for Hitachi High Tech's minorities, and Sony for Sony Financials'. We remain of the view that Japanese shares are cheap relative to potential earnings power which is more likely to be realised now that corporate restructuring is happening.

We made adjustment to the portfolio in September selling out of Veolia in France and reinvesting in Shin-Etsu Chemical in Japan and Quest Diagnostics in the USA, The former is a long term beneficiary of increased expenditure on wafer production and the latter of higher levels of testing for viruses probably in perpetuity.

We repeat what we have stated for a little while now. Obtaining equity returns of 8% p.a. may seem low but are attractive relative to cash rates and government bond yields which are being suppressed and held at zero in nominal terms and negative in real terms. At some point the yield curve will steepen which will affect the kinds of equities to own. In order to obtain even 8% p.a., it helps to start with a decent dividend yield and the prospect of P/E expansion from good business management driving the bottom line. In other words, 'Value' stocks with good governance.

This is exactly the philosophy of our global equity strategies.

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

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%)

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$0.9440	\$0.9417	\$0.9393

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%	6.51%
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%	14.78%
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%	41.71%
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%	20.26%
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%	18.75%
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%	5.60%
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%	6.41%
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%	-2.99%
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%	24.46%
2020	0.19%	-4.45%	-4.08%	2.78%	-0.15%	-1.22%	-0.88%	0.82%	0.15%				-6.85%

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

Equities	92.12%
Cash	7.88%

