

Global Mobility Unit Class

TAMIM Fund

At 30 September 2021

The TAMIM Global Mobility portfolio was up 2.03% net for the 3rd quarter, this is in comparison to the S&P Kensho Smart Transportation Index which is down -11.69%. The Kensho Smart Transportation Index is designed to measure the performance of companies focused on autonomous and electric vehicle technology, commercial drones, and advanced transportation systems in the Smart Transportation Sector. While we do not benchmark the fund to any index, it does provide a level of insight into the efficacy of the Ibex team's investment management. It is pleasing to deliver a positive return when the sector we are investing into has been sold off quite heavily.

Going forward, the portfolio is now well positioned as volatility has picked up and many of the individual companies in our universe are down 30, 50, or even 70, 80 percent. This presents great buying opportunities for investors. For context the S&P Smart Transportation Index, mentioned above, is down -21.2% since we started the fund in February.

Macro Update

Over the last twelve months or so, we've seen a dramatic out performance in energy and financials, up somewhere between 50 and 80 percent at a sector level. Many of the tech and next-gen growth winners have lagged or are even down significantly. This is typical of early cycle market environments. Rates start moving higher, the yield curve begins to steepen, and shorter duration names with nearer term cashflows, like banks and many legacy businesses, tend to do very well. You typically also see a commodity cycle, this time exacerbated by significant fiscal stimulus in the system, as well as some of the ESG initiatives, which we will touch on below. Typically, all of the gains for these shorter duration names, like financials and energy, are concentrated within the first 12 to 18 months of the cycle. Right now, we're probably in month 12 to 14 so, we're probably nearing the end of this phase. This is typical for what we're seeing in terms of market cycles.

On the flipside, longer duration names investing for the future with longer dated cashflows have a much higher sensitivity to interest rates and tend to lag over this early cycle period, doing a lot better over the following several years. A simple example of this on the large cap side, over the past year, Exxon Mobile is up over 80%, while Amazon is down a couple of percent. At the other end of the market in the small cap space, there are some much more extreme examples. So, generally, the worst companies have done the best. To highlight a few, Avis is up nearly 10x off the bottom and is significantly above its pre-pandemic levels. Hertz which went bankrupt and has now relisted, has a \$12bn market cap and a \$20bn enterprise value. American Axle, another that we think is likely to struggle over time, is up almost 5x off the bottom. So, a lot of companies that have near term cash flows are doing well as the economy reopens. Our medium-term view on a lot of these companies is still negative and this creates opportunities on the short side as we start to exit this early cycle period.

The companies we generally view as best - those with the longer-term opportunities, have lagged, i.e. the software ecosystem, the EV ecosystem. In general, the stocks in the

Overview

The TAMIM Global Mobility strategy seeks to capitalise on the ongoing \$7 trillion autonomous/electric vehicle revolution. In analysing first, second, and third order effects, the portfolio invests into companies that will benefit while shorting those that will suffer.

Key Facts

Investment Structure:	Unlisted Unit Trust
Minimum investment:	A\$250,000
Management fee:	1.50% p.a.
Admin & expense recovery fee:	Up to 0.35%
Performance fee:	20% of performance in excess of hurdle
Hurdle:	Greater of: RBA Cash Rate + 2.50% OR 4%
Exit fee:	Nil
Buy/Sell Spread:	+0.35% / -0.35%
Management style:	Active - Long/Short
Target number of holdings:	45-70
Investable universe:	MSCI ('mobility' universe)
Cash level (typical):	0-100% (0-10%)
Lock up:	12 months

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$0.9789	\$0.9755	\$0.9721

mobility universe that we track are down anywhere from 5 to 75%. The pivot to early cycle names within our portfolio, has helped the portfolio to conserve capital. We are now setting the portfolio up quite nicely as we exit this early cycle period. In terms of market progression, we believe we hit peak market liquidity in March/April of this year. Since then, we've seen SPACs and a lot of high valuation names down a lot. The Delta Variant paused the cyclical recovery from May through August but, since then, the reopening has resumed, and you've seen the yield curve start to steepen again. As expected, volatility started to pick up in September and October on the back of fiscal package and monetary policy concern, China concern, and this early cycle all resuming. Overall, we are a lot more sanguine about November and December and expect things to pick back up then. In terms of the backdrop for our strategy as we exit this early cycle period, we expect the backdrop for our winners and losers to materially improve over the next twelve months. We expect inflation will likely peak, in rate of change terms (while it may stay high in absolute levels), in the next three to six months when the secular deflationary forces of tech, demographics, and debt will likely reassert themselves.

So, in summary, economic growth and inflation are likely to revert towards their long-term trends, rates will settle down, and the market backdrop for our universe improves over the next three to twelve months. The secular themes that we focus

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on will once again reassert themselves. A lot of the great growth companies that we've seen lag in terms the market over the past twelve months have continued to grow, continued to do well, and their multiples have simply compressed as the stock price has come down. Overall, after a big 2020, consolidating for this last nine-to-twelve-month period and preserving capital, we see significant opportunities ahead. We don't want to force things or completely flip the book around when we transition, we don't want to swing at every pitch. We will size up when the timing is right. Impatience is the enemy of an investor; our thesis isn't going to play out in a year. It is important to remember, the real-world economy is not necessarily the stock market and the market discounts things ahead of time. So, while the market backdrop for our universe has been challenging for the last twelve months both on the long and short side, the real-world implications and what's been going on in terms of the tech sphere has continued to accelerate.

Mobility Universe Update

Electrification

EV adoption continues to accelerate. As we've previously laid out, we think we have hit the kink in the s-curve. Remember though, this transition can't happen overnight. You can't simply shut off the carbon economy before the green economy is built. There has to be a transition period and, clearly, it's bumpy. There are massive opportunities to invest in the buildout of this new green ecosystem infrastructure. That being said, what we've seen with ESG initiatives - like oil drilling moratoriums, investment restrictions, and the like - is that this is ultimately restricting fossil fuel supply at a time when demand is rebounding as we reopen the economy and rebound above trend given the significant fiscal stimulus currently being pumped into the system. In our view, **this likely creates the last fossil fuel boom** where supply is being restricted while demand is coming back. We expect this to normalise over the next six months. But, as mentioned, you can't simply shut off an energy source at a time when things are reopening around the world. Simultaneously, this new green ecosystem is being built to serve the broader EV ecosystem. New semiconductor fabs, for example, are being built in Japan, Europe, and the U.S. **Our thesis remains the same here, semiconductors are the new**



"There are massive opportunities to invest in the buildout of this new green ecosystem infrastructure."

oil. You're also seeing charging infrastructure being rolled out, EV grids being updated, rare earth minerals up, and overall, the new green ecosystem is a massive investment opportunity over the next decade.

Autonomy

We've recently seen Waymo and Cruise receive permits to operate in San Francisco. GM also recently hosted an analyst day and they expect Cruise to start to commercialise in 2022, ramp in 2023, and hit over \$50bn in revenue by 2030. We view these autonomous businesses as similar to cloud tech/systems within the big tech giants. As we've previously mentioned, Amazon Web Services was ignored as a cash burning machine for years and today it's probably worth over a trillion dollars. These companies - like GM, Google and now Amazon with Zoox - aren't getting credit for these internal businesses but, when they commercialise, we expect that will change quite quickly. In addition, automation more broadly is accelerating. We're seeing labour issues today in terms of shortages and automation often ends up being the answer here. There are a lot of investment opportunities on the automation front whether it's supply chain, trucking, or others, we expect that to accelerate as the US re-shores supply chains.

Returning to a couple of the bold predictions we've laid out in the past, one, semiconductors are the new oil. Given our background in the segment, we think that this is going to be critical in terms of our investment expertise. Autonomy is part of the new space race, China vs the US. Autonomous companies are going to be worth hundreds of billions, likely trillions, in the next decade. Remember the cloud that was ignored by many investors for a long time, it became one of the most powerful ecosystems we see today, enabling the cloud software ecosystem. Finally, governments around the world will make energy and transportation top geopolitical initiatives. Rather obviously, this is certainly coming to a head and is top of mind today, both on the carbon and green side of things.

Portfolio Update

The universe that we invest in has dramatically expanded over the last eighteen months. As we've noted in the past, many came at nosebleed valuations, many are frauds - we've called out Lordstown before - but there are also several real companies. This is similar to the internet boom of the late 90s where there was a deluge of companies that went public. Like today, some were fake, and some went away, like pets.com, while others were real and have become multitrillion-dollar businesses like Amazon. So, we view this as an important time for active management; being able to sift through all of these winners and losers in the broader new mobility ecosystem and, perhaps most importantly, knowing when to size them up and when to make bigger investments.

In terms of our focus and where we're spending the most time, while it's critical to understand what the big companies like Tesla, GM, etc are doing, we are more interested in investing in the ecosystem - that is, the picks and shovels that benefit no matter what. Frankly, we wouldn't be surprised to see a legacy

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OEM have significant financial troubles in the next decade as you see things like battery recall risks eventuate. There are big risks for these legacy OEMs as they transition from oil/ICE to EV.

In terms of the ecosystem, the analogy that we like to use is the smartphone. In 2007, it was hard to know who the winner of the smartphone ecosystem was going to be. It was hard to know that Apple, in 2007, was going to be the OEM winner. But if you had the thesis that smartphone penetration was going to go from low single digits to 20, 30, 70+ percent today, what you really wanted to do was spend time on the ecosystem serving Apple along with everyone else. Those, in many respects, were semiconductor companies (that you may never have heard of), such as Skyworks, Qorvo, Qualcomm, TriQuint, RFMD (now Qorvo). Those have gone up 10x, 20x, 30x, or even 100x in the last ten to fifteen years. The risk/reward profile of these is much more attractive, they didn't necessarily care if they were selling to Apple, Samsung or Nokia. They just knew that smartphone penetration was going to increase and the complexity of smartphones was going to increase. Similarly, we view the car as the next smartphone. Rising EV penetration, as it goes from low single digits today to 20 to 25+ percent in the next two to three years and significantly higher in ten years, means these ecosystem companies are going to do quite well.

We're simply making the bet that EV penetration is going to go up and the complexity of the vehicle is going to go up. If you can pick out the companies that are exposed to these trends and have significant new revenue opportunities as a part of it, that's where you can make significant money. We haven't even really started talking about AV, autonomous vehicles, from that perspective, where you can see an even more significant step function change in terms of technological complexity, data consumption etc.

Briefly looking at the main winners from the last quarter, they were mostly concentrated around commodity type exposures like Albemarle, a lithium producer that we think has significant opportunity as EV adoption accelerates. The supply/demand balance for that market is significantly skewed in favour of producers right now too. Other winners included supply chain management software companies like Kinaxis where, as we mentioned in terms of autonomy, as the world re-shores supply chains and supply chain complexity increases, automation is going to become increasingly important. Thinking about the broader software ecosystem that serves that is critical in terms of opportunities as we look ahead.

The losers over the past quarter were some of our China-exposed names, we were a bit early in entering a few of these names. We think the broader Chinese market on the tech side of things likely bottoms in the next quarter or so. We've seen tightening monetary policy and putting on regulatory pressure, which they tend to do hand in hand, over the last twelve or so months. We expect that this reverses in the next three to six months as China begins to loosen and the world reopens. On a go forward basis, we see a lot of opportunities in these EV ecosystem names, many of which are down significantly. One of note would be Wolfspeed, a silicon carbide wafer provider.

They have 70%+ share of the market and, as we transition from internal combustion engines to electric vehicles, you have to change the substrate on which these semiconductors are manufactured. It's a power management, power density issue. So, as we shift from silicon to silicon carbide, Wolfspeed is well positioned. II-VI (pronounced "Two-Six") is another we're paying attention to here.

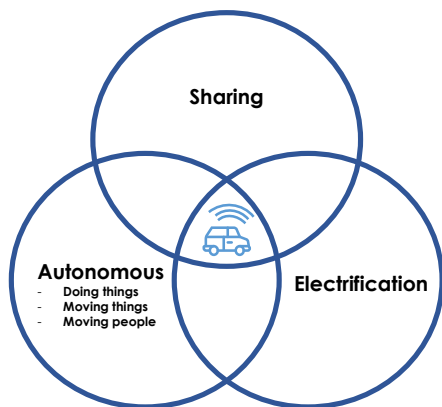
As mentioned, legacy companies have done well over the last twelve plus months, which is very typical of early cycle. In terms of a broader market cycle, all of their gains tend to be concentrated in the first twelve to eighteen months. These are setting up very well as shorts, whether it's an American Axle or Tenneco of the world, or Avis or Hertz. Businesses which will struggle as we shift from ICE to battery power and EV. Those companies have done quite well over the last twelve to eighteen months but we view them as opportunities on the short side over the next twelve to eighteen.

So, the overall outlook? Frankly, we're more excited than we've ever been. We have a massive new universe to invest in with the valuations of many of these companies now coming back to reality. We're well positioned to capitalise on these trends and pick the new winners as well as avoid or short the losers. Volatility wise, we've seen market volatility come back in September and October, and we think there's a significant opportunity now being present over the next twelve months. We're really just getting started in terms of this multidecade transition that's worth trillions of dollars.

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The Three Pillars



These three pillars are the building blocks for the future of mobility. The pillars are not mutually exclusive, but overlapping, synergistic, and collectively “constructing” the \$7 - 10 trillion revolution.

Autonomous, connected, and electrified vehicles are likely to have profound effects on various industries and geographies. The strategy is focused on taking advantage of these changes by initiating long and short positions related to these overarching themes. Thematic focuses include, but are not limited to:

- artificial intelligence (“AI”),
- enabling hardware and software,
- sensor technology,
- cyber security,
- logistics-related technology,
- fleet management,
- electrical systems,
- safety systems,
- communication infrastructure,
- communication platforms,
- data monetisation, and
- basic materials.

Why Mobility? Why Now?



\$7-10 Trillion Revolution: That’s right, trillion with a “T.” We believe this is going to be the biggest technological revolution of our lifetime... and very few are paying attention.



It’s Happening Now: EV adoption is inflecting, and autonomous vehicles are already on the road today across the US. Google’s Waymo division has over 600 self-driving cars (no safety drivers!) that have collectively driven over 20 million miles (32 million kilometres). In the Phoenix area, consumers can hail one today with a simple click in the app.



Every Industry Will Be Affected: We believe there will be massive winners and significant losers – given our structure, we plan to make money on both. On the winner side, think about: semiconductors (digital and electric vehicle content), cloud software & infrastructure, and autonomous technologies. On the loser side, think about the industries that will disappear: car rental companies, internal combustion engine (ICE) components, and Big Oil...



Multiple Ways to Win: While the end state is already coming into view, there are multiple building block evolutions that we are actively seeking to capitalize on – namely, Sharing/Connectivity, Electrification, and Autonomy.

Portfolio Performance | TAMIM Fund: Global Mobility

Inception: 8 February 2021

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2021	-	-3.70%	-0.71%	-0.54%	-2.71%	2.98%	1.52%	2.03%	-1.50%				-2.79%

Equities (long)	47.03%
Equities (short)	-9.93%
Equities (net)	37.10%
Cash	62.96%

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