TAMIM FUND

GLOBAL TECH AND INNOVATION

TAMIM Asset Management

EQUITY | PROPERTY | CREDIT

TAMIM

www.tamim.com.au
1300 750 007

ABN 97 608 304 963 AFSL 421469

Investment Objective and Approach

The investment objective of the unit class is to maximise long-term, absolute returns. The unit class' strategy will be focused on investment opportunities created by the growth and transformations of the Technology, Energy, and Money systems in the evolving global landscape, primarily through a long-bi ased equity structure, with the ability to selectively short targeting absolute returns.

The Confluence strategy utilises primarily long and selective short equity investments to capitalise on the growth and transformations of the Technology, Energy, and Money systems in the evolving global landscape. These three critical building blocks of power are at an inflection point in history that will usher in significant change and shape the world for decades to come. Given each pillars geostrategic importance, all of these evolutions and revolutions are taking place in a compressed time period – and change has shifted from a want to a must, exemplified by the latest US National Security Strategy. With significant change and disruption, comes great opportunity.

Investment opportunities created by the growth and transformations of the Technology, Energy, and Money systems.

By analysing first, second, and third order effects, the unit class invests into companies that should benefit from transformations in Technology, Energy, and Money – from semiconductor & semiconductor capital equipment companies and communication service providers, to next-gen electric & autonomous vehicle auto OEMs to uranium and lithium producers, and automation software adopters and bitcoin. In parallel, the unit class may selectively short legacy companies and sectors that will be completely transformed into obsolescence in the next decade – notably overleveraged businesses that have primarily utilised the low-rate environment to pay management teams rather than reinvest in the business and the future (e.g. legacy Auto OEMs).

CONFLUENCE – STRATEGY OUTLINE

GLOBAL SYSTEM BACKDROP:

- Rising geopolitical tensions and global power struggle (see Peter Zeihan's The End of the World is Just the Beginning)
  - Unipolar world moving toward multipolar world
  - Efficient supply chains moving toward resilient
- Aging demographics and wealth inequality (see Neil Howe's The Fourth Turning is Here)
- Overleveraged Sovereign Governments (see Ray Dalio's Principles for Navigating Big Debt Crises)

THE CONFLUENCE OF THE ABOVE LEADS TO:

- Rising labor and capital costs
- Rising energy and inflation costs
- Rising taxes
- Rising populism

WHICH ULTIMATELY FORCES AN ACCELERATION IN:

- Technology investment and innovation
- Energy investment and innovation
- Money printing and innovation

Hence, the focus of the Confluence strategy is to capitalise on these transformations by investing in the leaders, enablers, and beneficiaries of the three key pillars of power – Technology, Energy, and Money – that must be invested in to control and guide the global system.

Investment Strategy – Synopsis

A long-biased equity unit class focused primarily on investing in the significant winners (innovative industry creation) and selectively shorting the significant losers (legacy industry destruction) created by the growth and transformations of the Technology, Energy and Money systems in the evolving global landscape. We believe the combination of long-term capital, strategic vision, and a repeatable investment process is a recipe for generational wealth creation – capitalising on what others aren't, can't, and/or won't.

Aquavis believes the nature of the global power system is in the early stages of revolutionary change. Growth and transformations in the Technology, Energy, and Money systems will have profound effects on various companies, industries, and geographies. The unit class' strategy is focused on taking advantage of these changes by initiating primarily long, and selective short positions related to the overarching themes at advantageous prices. The goal is to capitalise on the growth and transformation of these pillars of Power – Technology, Energy, and Money – and the ultimate end state system that is built. Just as there were several building blocks that enabled the mobile Internet and related app ecosystem – from cables, to computers, to cloud infrastructure, to smartphones, and then to software – Aquavis expects a similar process for these pillars, with opportunities along the path. Non-mutually exclusive evolutions will continue to grow in parallel and naturally create both winners (long opportunities) and losers (short opportunities) along the path. The ultimate Confluence revolution will be a product of these sub-evolutions and transform the way the world operates. As mentioned, the unit class focuses on three primary distinct building blocks for the future of the global power system. These spheres are not mutually exclusive but rather synergistic:

Technology

Energy

Money

The unit class will invest primarily long, and selectively short to profit from the changing global landscape. Because these trends have far reaching implications, the universe of relevant potential investments extends across market caps, industries and global geographies. Thematic focuses include, but are not limited to:

- advanced computing
- artificial intelligence ("AI"),
- automation & robotics,
- enabling hardware and software,
- sensor technology,
- cybersecurity,
- logistics-related technology,
- electrical systems,
- communication infrastructure,
- communication platforms,
- space & satellite technology,
- energy creation & battery storage,
- basic materials, and
- monetary debasement hedges

Aquavis actively seeking investments offering attractive risk/reward opportunities. A primary focus is placed on companies with "multiple ways to win" – those companies that sit at the confluence, or intersection, of the three spheres and/or the sub-themes within the spheres. For instance, companies involved in artificial intelligence that are enabling autonomous robotics while simultaneously profiting from applications in other industries, such as healthcare and finance. In addition, many of the companies that benefit from the end state are also helping to build and are profiting from the evolutions along the path – most notably, the semiconductor industry, who we deem the "blue jeans to gold miners" of this broader revolution. The strategy also focuses on investments that are overlooked, underfollowed, or misunderstood. As a result, Aquavis regularly evaluates opportunities in small caps, developing countries, and beneficiaries of second and third order effects from these global trends. On the negative side, the short book will focus on waves of disruption brought by these same trends. Just as the Internet impaired different business models at different points of its evolution, Aquavis expects similarly staged out effects from the transformation of these systems. Aquavis expects the trends it has identified in the changing global landscape to be inevitable. Because exact timing is inherently difficult to estimate, Aquavis is constantly assessing the next stage of change and deploying capital accordingly.

With the global system now in the midst of transformations across three major spheres – Technology, Energy, and Money – opportunities abound. On the Technology front, AI is a major foundational layer that will impact all industries and is a key area of focus in the East vs. West technological arms race. On the Energy front, with geopolitical tensions rising, next-generation energy sources and storage are necessary. On the Money front, all of these transformations will need funding and reliable means for commerce and savings. With fiscal dominance already prevalent in the West, and monetary debasement becoming more obvious, monetary hedges become critical. Leadership and control over these three areas are critical for Power, and thus it is not surprising we are seeing both non-kinetic ("cold") and kinetic ("hot") wars fought over each: Technology (e.g., Semiconductor Restrictions; Battles over Space & Arctic; Tariffs), Energy (e.g., Russia/Ukraine; Israel/Hamas; "Climate" War), Money (e.g., Russian sanctions/confiscation; East gold-backed currency). As we traverse and emerge from this period of relative global disruption and disorder, there will be many opportunities – out of disorder, comes order. Studying history and utilising experts with domain expertise in their respective fields (see Resource list) is how the strategy navigates and capitalises on the coming volatility. The overriding theme is the strategy is focused on investing in fast, nominally growing assets within these spheres – from technological innovations, to scarce commodities, to monetary hedges – to generate absolute positive returns.

LONG SIDE

The long side of the investment strategy focuses on investing in the winners of the transformations with the most growth potential. Each pillar has its own sub-themes and sub-universe which we evaluate and analyse for overlap. The overall universe encompasses various industries and assets, notably those relevant to the enablement, creation, and monetisation of the three spheres of power. These include, but are not limited to, semiconductor and semiconductor capital equipment manufacturers, electric and autonomous original equipment manufacturers (OEM), sensor fusion software, processing hardware (graphics processing units, central processing units, AI architecture, etc.), electrical architecture, cyber security, edge to everything communication technologies, battery manufacturers, battery inputs and supply chain, autonomous edge development platforms, data management platforms, energy sources and storage, and monetary hedges. As noted, the strategy analyses these pillars end-to-end, including first, second, and third order impacts. Other, unforeseen investment opportunities are likely to present themselves as these spheres of power evolve and the global system takes shape. This strategy aims to take advantage of those as they present themselves. Additional details on the characteristics of the long investments the strategy looks for – notably resilient and adaptable companies set up to capitalise on disruption and change – can be found in the FAQ and additional resources.

SHORT SIDE

The short side of the investment strategy focuses on betting against the losers of the aforementioned evolutions and ultimate transformation of the global system. The exact same themes that have been highlighted – notably, Technology, Energy and Money – will naturally create losers as the systems evolve. The evolutions and ultimate revolution will be highly disruptive to various companies, industries, and assets over time. This strategy is primarily focused on those that are at high risk of disruption and potentially complete obsolescence. In particular, companies and/or assets that are overly levered to the prior global order, that have been huge beneficiaries of lower interest rates, and have generally now become over-levered (i.e., generally debt-laden capital structure) and reliant upon capital markets refinancing for survival (i.e., Zombie companies). Further, majority of these businesses we are interested in on the short side have management teams that have primarily compensated themselves (principal-agent problem) and/or implemented very short-term programs (e.g. levered buybacks), instead of investing in the business and/or the future, and thus putting the terminal value of the business at risk. With evolutions of these three spheres of power and an ongoing transformation of the global system, there will be significant disruption – particularly in legacy businesses that are not resilient, adaptable, and/or investing in the future. As noted, the short side of the strategy will be selective and focused primarily on absolute returns, not hedging.

Investment Objective and Approach

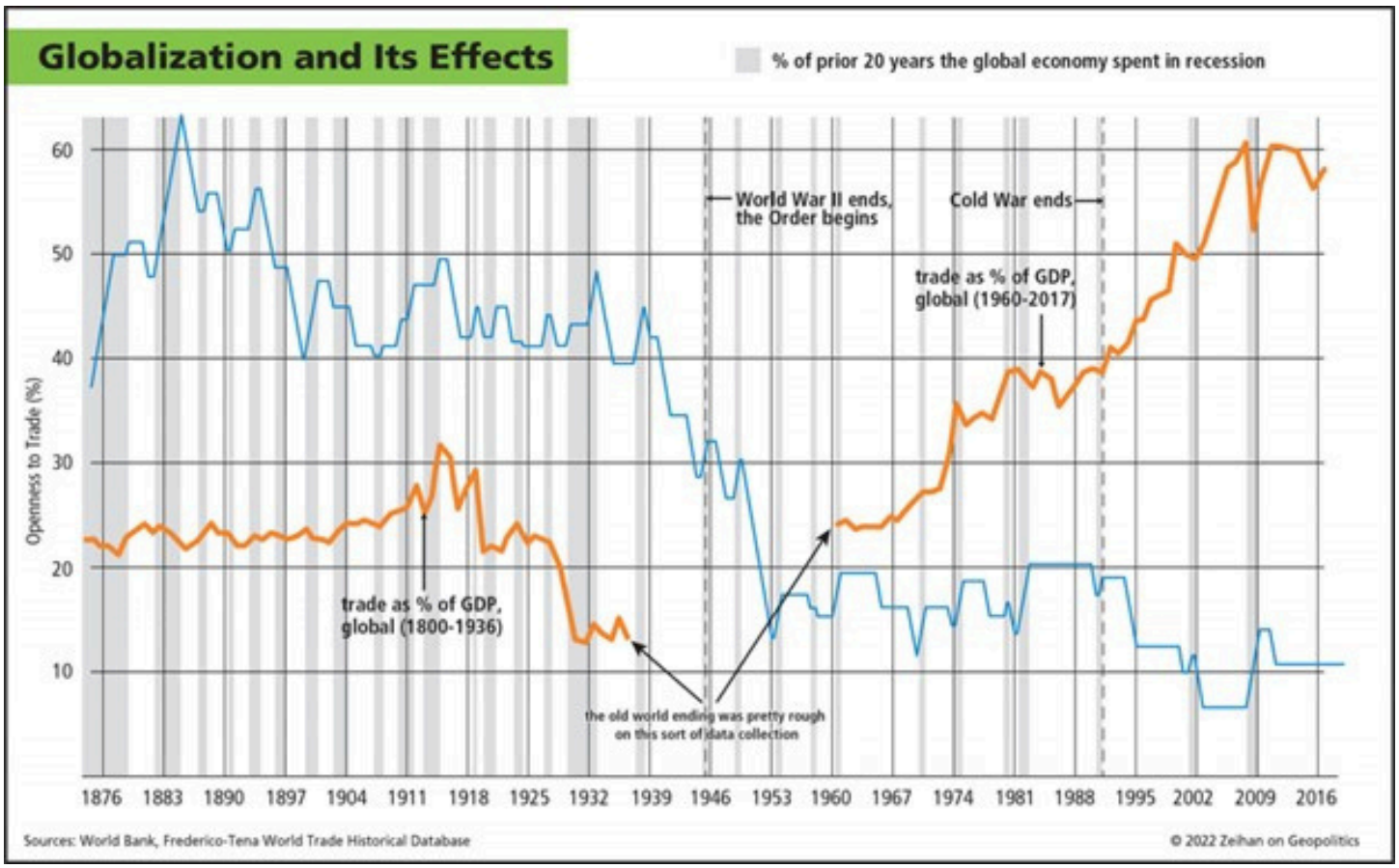
BACKDROP: CHANGING SYSTEMS BRING OPPORTUNITY

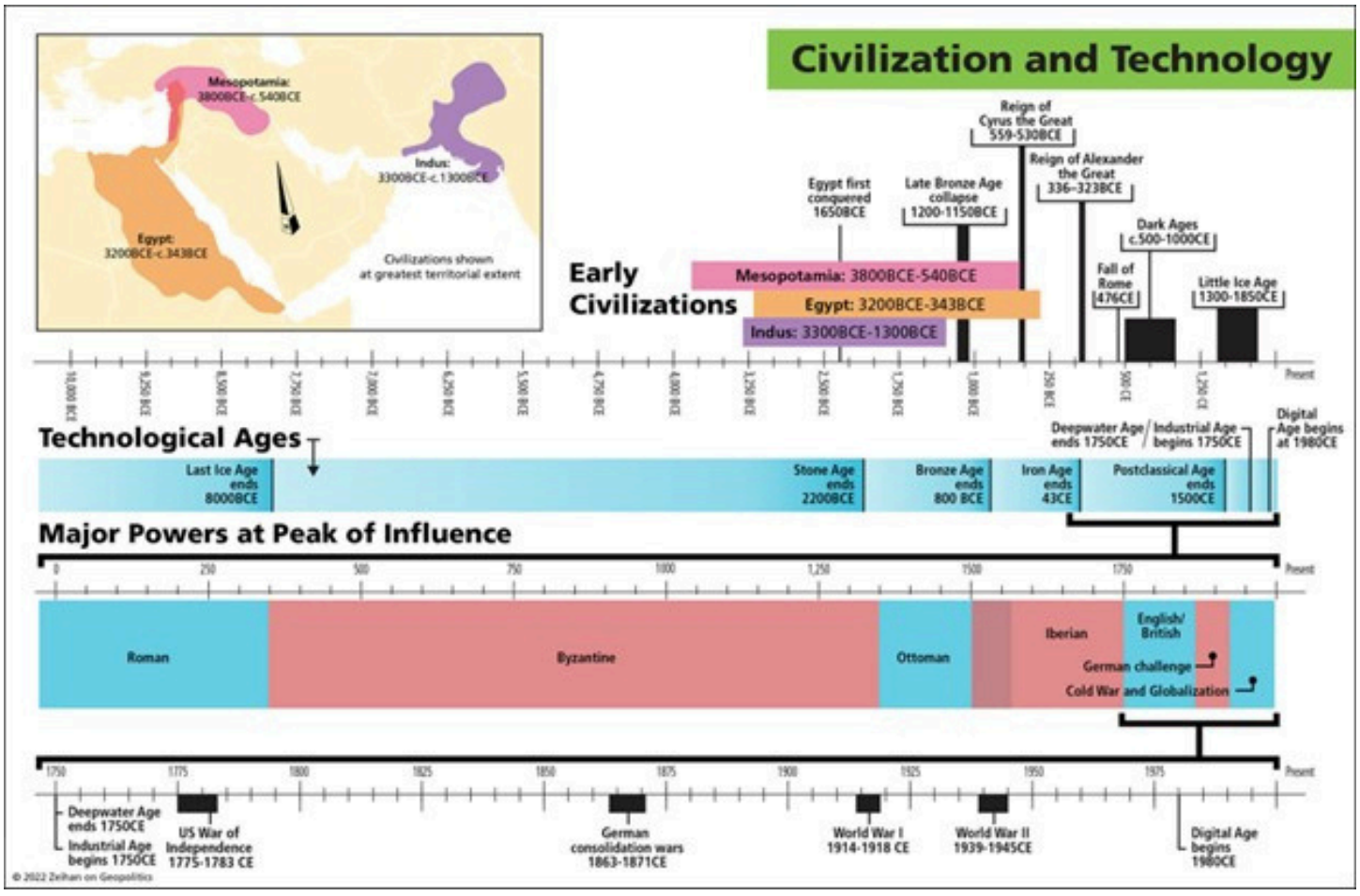
AquaVis believes we are at a **major inflection point in history that will usher in significant change and shape the world for decades to come.** With this change, we see abundant opportunity. Utilising the in-depth demographic research of Neil Howe (i.e., The Fourth Turning [1997]; The Fourth Turning is Here [2023]), geopolitical research of Peter Zeihan (i.e., The Accidental Superpower [2016]; The End of the World Is Just the Beginning [2022]), and financial research of Ray Dalio (i.e., Principles for Navigating Big Debt Crises [2018]; Principles for Dealing with the Changing World Order [2021]) – among many other experts across unique disciplines – **AquaVis sees us at the confluence of the Fourth Turning, the end of a Long-Term Debt Cycle, and the beginning of a New World Order.**

These cycles happen consistently throughout history, albeit infrequently – roughly every 80 years (not coincidentally, the ~average human lifespan) on a minor scale, and even less frequently as it relates to empires and global systems. As we learn from the timeless wisdom of Will and Ariel Durant's book, The Lessons of History – "History repeats itself, but only in outline and in the large." The natural cycles and waves of history rhyme, primarily because human nature does not change. Through studying history, we can learn from the past to better understand and frame the present and shape the future.

G. Mihcael Hopf succinctly summarised the cyclicality of history – "Hard times create strong men, strong men create good times, good times create weak men, and weak men create hard times." The relative good times over the last several decades have created weak men, and these weak men have created hard times (Winter).

We've come from a unique ~40-year period of relative peace, order, and stability (i.e., good times). As entropy within the system builds, disorder ensues – where we are today. But just as Winter inevitably turns to Spring, order consistently follows disorder in the waves of time. The greatest opportunities tend to present themselves during these turning points and system shifts – but these opportunities are primarily available to those who have studied history and are prepared to capitalise amidst disorder and uncertainty.


Globalization and Its Effects
% of prior 20 years the global economy spent in recession
Openness to Trade (%)
60
50
40
30
20
10
World War II ends, the Order begins
Cold War ends
trade as % of GDP, global (1960-2017)
trade as % of GDP, global (1800-1936)
the old world ending was pretty rough on this sort of data collection
1876 1883 1890 1897 1904 1911 1918 1925 1932 1939 1946 1953 1960 1967 1974 1981 1988 1995 2002 2009 2016
Sources: World Bank, Frederico-Tena World Trade Historical Database
© 2022 Zeihan on Geopolitics


Civilization and Technology
Mesopotamia: 3800BCE-c.540BCE
Indus: 3300BCE-c.1300BCE
Egypt: 3200BCE-c.343BCE
Civilizations shown at greatest territorial extent
Early Civilizations
Reign of Cyrus the Great 559-530BCE
Reign of Alexander the Great 336–323BCE
Egypt first conquered 1650BCE
Late Bronze Age collapse 1200-1150BCE
Dark Ages c.500-1000CE
Fall of Rome 476CE
Little Ice Age 1300-1850CE
Mesopotamia: 3800BCE-540BCE
Egypt: 3200BCE-343BCE
Indus: 3300BCE-1300BCE
Present
Technological Ages
Deepwater Age ends 1750CE
Industrial Age begins 1750CE
Digital Age begins at 1980CE
Last Ice Age ends 8000BCE
Stone Age ends 2200BCE
Bronze Age ends 800 BCE
Iron Age ends 43CE
Postclassical Age ends 1500CE
Major Powers at Peak of Influence
Roman
Byzantine
Ottoman
Iberian
English/ British
German challenge
Cold War and Globalization
Deepwater Age ends 1750CE
Industrial Age begins 1750CE
US War of Independence 1775-1783 CE
German consolidation wars 1863-1871CE
World War I 1914-1918 CE
World War II 1939-1945CE
Digital Age begins 1980CE
© 2022 Zeihan on Geopolitics

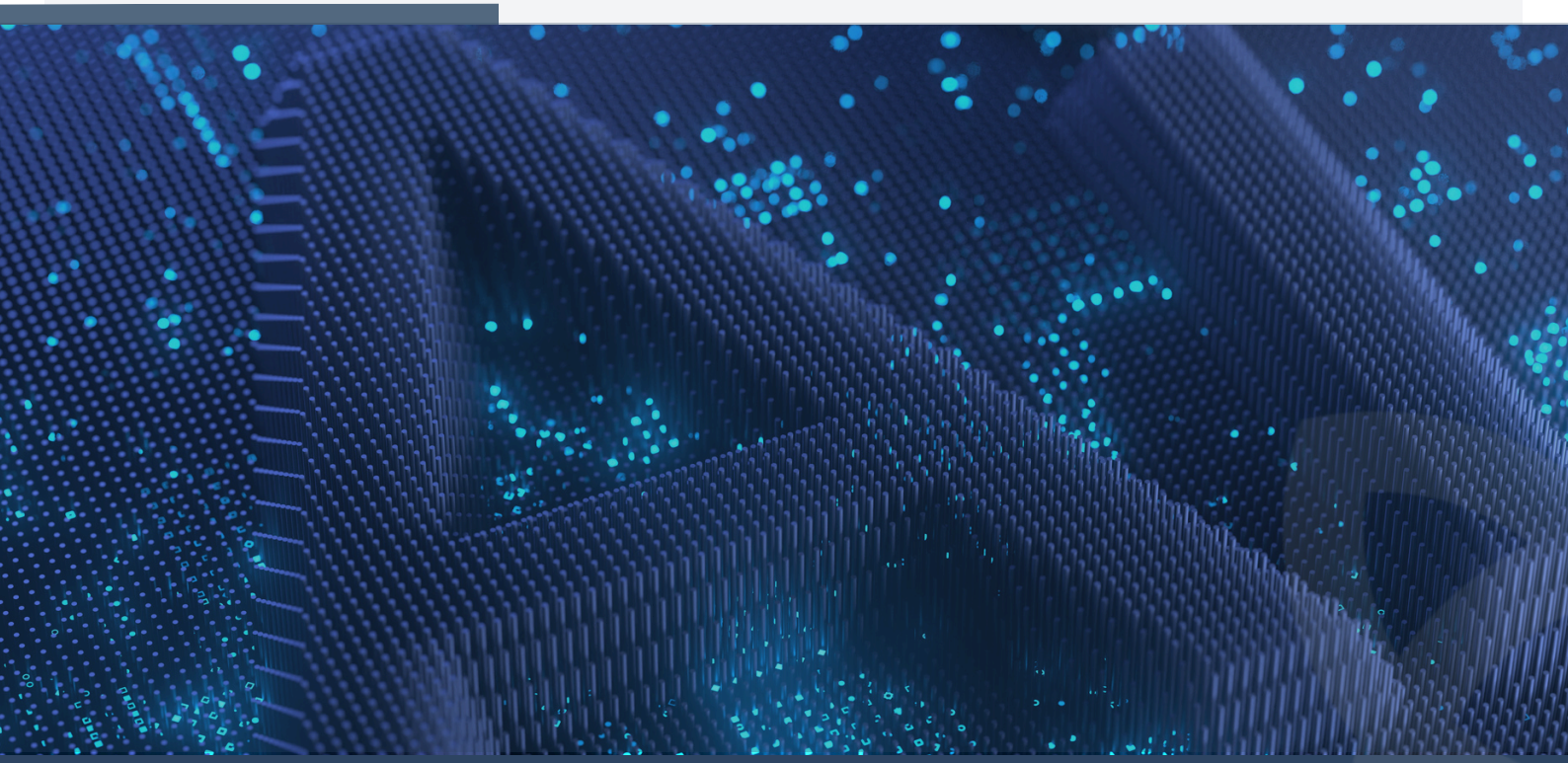
Given the magnitude of the in-process and upcoming shifts, we believe there will be once-in-a-generation investment opportunities, particularly related to three major spheres of power: Technology, Energy, and Money. These major spheres are critical building blocks of Power overall and relative influence, particularly as it relates to major Nations. We see this most clearly today with the ongoing power struggle between the two major 'superpowers' – the US and China. Both countries are allocating significant public (i.e., government fiscal spend) and private (i.e., tailored incentives) resources toward preserving and/or improving their relative dominance within these areas.

> *"The world is changing. We're at a significant inflection point in world history. And our country and the world—the United States of America has always been able to chart the future in times of great change. We've been able to constantly renew ourselves. And time and again, we've proven there's not a single thing we cannot do as a nation when we do it together—and I mean that—not a single solitary thing."*
>
> Joe Biden from National Security Strategy (October 2022)

> *"Right now there are changes – the likes of which we haven't seen for 100 years – and we are the ones driving these changes together."*
>
> -President Xi Jinping to Vladimir Putin

With this backdrop, the Confluence strategy is focused on capitalising on the evolution of these three major spheres and their respective supply chains and derivative impacts.

Three Major Spheres of Power



TECHNOLOGY

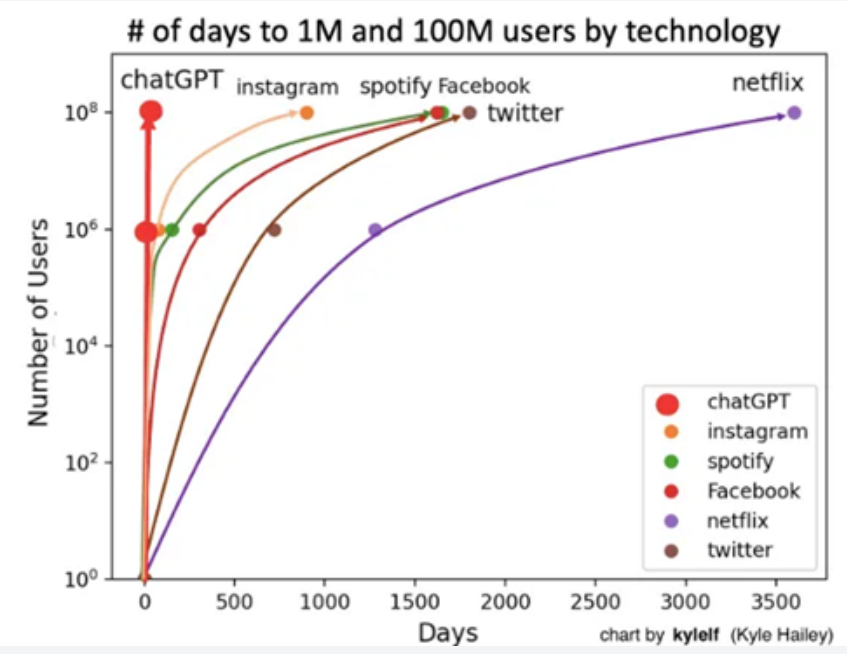
Technology is a critical component of power, as step-function changes in innovation can place one country well ahead of others. This is part of the reason why spurring innovation within an economy is critical to future power and growth prospects of that country. We saw this in the Cold War, as the US was able to supersede the USSR via the US' significant advancement in semiconductor technology, notably CMOS materials and leveraging Moore's Law. And we see the same today as AI and automation is part of Space Race 2.0. The military tends to be an early adopter of technology, utilising government funding to explore the viability and research phase, followed by the private sector for scaling and commercialisation. A great recent example is the Internet – which began as the ARPANET to coordinate advanced research projects by the US Department of Defense. The commercialisation of the Internet created a massive technological and financial boom that still is creating growth and value today. By focusing on areas the military and government are interested in and effectively subsidising, we can stay ahead of the curve.

> *"While technology development has always been a critical defining force and while it is well known that whoever wins the technology war wins the economic, geopolitical, and military wars, this has never been truer than now, and China and the US are the leaders and big adversaries."*
>
> Ray Dalio

We see several opportunities for similar technologies to move from the military and R&D phase to fully scalable, commercialisable solutions over the coming decade. A notable example here is automation or autonomy across use cases. The military today is utilising autonomy across a range of use cases – from vehicles to drones to tanks to trucks. These effective 'subsidies,' combined with significant advancements on the advanced computing side as it relates to AI and power consumption, should further accelerate a trend that is already in place as it relates to autonomous vehicles on the roads (e.g., Waymo expansion) and autonomous robots in factories (e.g., Figure.AI). The general point is, the government, and in particular the military, is accelerating several technological trends that were already in place. And government subsidies for the R&D phase paired with private partnerships for the commercial phase has proven to be a powerful model to spur innovation – from semiconductors to the Internet to autonomous robots. This strategy is built to capitalise on all of the above, in a period of time where this is likely to be accelerated given the aforementioned backdrop – best articulated in a recent National Security Strategy report (October 2022):

> *"We must complement the innovative power of the private sector with a modern industrial strategy that makes strategic public investments in America's workforce, and in strategic sectors and supply chains, especially critical and emerging technologies, such as microelectronics, advanced computing, biotechnologies, clean energy technologies, and advanced telecommunications."*

The confluence of technologies building upon one another – Internet, Cloud, smartphones, mobile Internet, apps and so on – creates opportunities that are greater than the sum of their parts. And, ultimately, creates exponential growth that is hard for the human brain to fathom. The confluence of exponential technologies creates even more rapid change and opportunity. Now that majority of people and businesses around the world are connected to the Internet, the proliferation of technology and adoption cycles compresses – for example ChatGPT took days to get to 100M users, whereas it took Netflix almost 10 years.



https://www.linkedin.com/pulse/chat-gpt-mass-market-adoption-within-days-alexander-paruschke

These exponential growth opportunities are the ones we are focused on, and we see several burgeoning today – from AI and automation, to advanced compute and next-gen energy. As Carlota Perez laid out in Technological Revolutions and Financial Capital, semiconductors are the latest innovation trigger and foundation layer for the current technological revolution we are in the midst of. They are the critical building blocks that have enabled the creation and proliferation of PCs, smartphones, data centers, robots, AI, etc. And the transformation and reshoring of supply chains adds a further growth element to these areas deemed of critical National Security importance, namely – advanced compute (e.g. AI, semiconductors), biotechnology, clean energy, and advanced telecommunications.

Table 1. Five successive technological revolutions, 1770s to 2000s

Technological revolution	*Popular name for the period*	*Core country or countries*	*Big-bang initiating the revolution*	*Year*
FIRST	The 'Industrial Revolution'	Britain	Arkwright's mill opens in Cromford	1771
SECOND	Age of Steam and Railways	Britain (spreading to Continent and USA)	Test of the 'Rocket' steam engine for the Liverpool-Manchester railway	1829
THIRD	Age of Steel, Electricity and Heavy Engineering	USA and Germany forging ahead and overtaking Britain	The Carnegie Bessemer steel plant opens in Pittsburgh, Pennsylvania	1875
FOURTH	Age of Oil, the Automobile and Mass Production	USA (with Germany at first vying for world leadership), later spreading to Europe	First Model-T comes out of the Ford plant in Detroit, Michigan	1908
FIFTH	Age of Information and Telecommunications	USA (spreading to Europe and Asia)	The Intel microprocessor is announced in Santa Clara, California	1971

Carlota Perez' Technological Revolutions and Financial Capital

Some of the primary general themes, subsectors, and supply chains we are focused on here are:

- Semiconductors & Semiconductor Capital Equipment
- Artificial Intelligence (AI)
- Automation
- Electronic & Autonomous Robots (e.g. vehicles)
- Quantum Computing
- Space & Satellites
- Clean Energy (e.g. ICE to EV transition)

As noted, this strategy delves deeply into the supply chains and derivative impacts of these major themes. We believe AI is going to be a multiple of the Internet, as it is a key layer that will unlock an incredible amount of value from once trapped data – highlighted by Nvidia's latest GTC event. An early iteration of this is generative AI as powered by Large Language Models (LLMs), most notably OpenAI's GPT4. Using AI as an example, below is how we frame the current ecosystem and how it is likely to evolve:

INFRASTRUCTURE LAYER

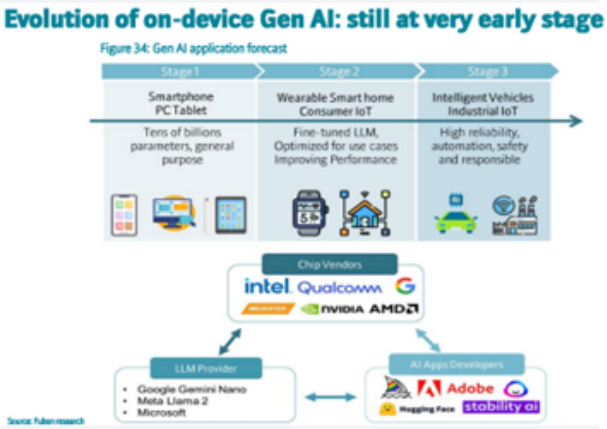
- Data Centers & Networking - $2 trillion+ opportunity in next few years
  - The entire architecture and
  - In addition, tying into the Energy pillar, the grid and transmission systems will need to be updated. And this will accelerate the development of emerging and potential new energy sources and their respective supply chains.

SOFTWARE LAYER

- Interfacing with AI
  - Enterprises developing software to create applications (e.g. intelligent agents to complete redundant tasks). Semiconductor companies well positioned to capitalise here as they add intelligence to chips and allow enterprises to create items at the application layer (e.g. Nvidia Omniverse as the initial software interfacing layer).
  - Consumer layer first iteration is ChatGPT – this will evolve over time

EDGE LAYER

- Smartphones, PCs, Robots, Vehicles, AR/VR Devices etc.
  - All of these devices will eventually have inference locally, allowing them to be fully "intelligent" (e.g., autonomous vehicles)



APPLICATIONS LAYER

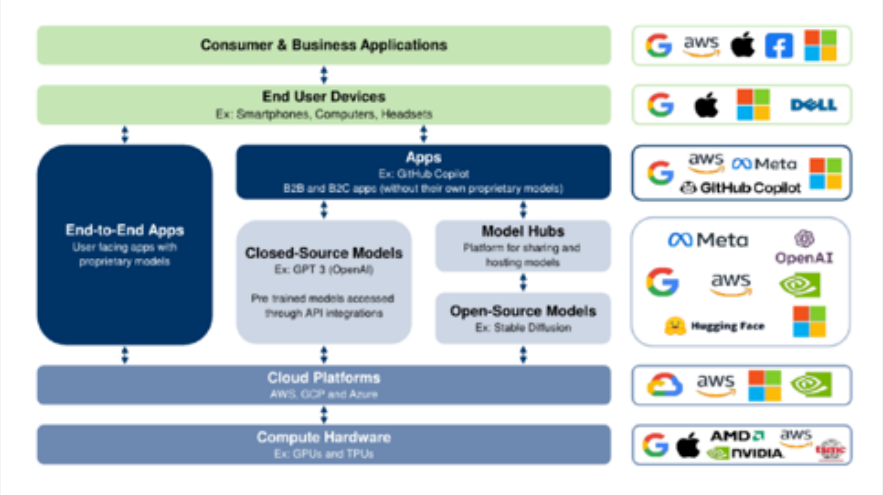
- With the proliferation of Edge AI, new application ecosystems will develop
  - OpenAI has an opportunity here to build an app store on top of ChatGPT. There will be many opportunities as this evolves (i.e., Apple app store)

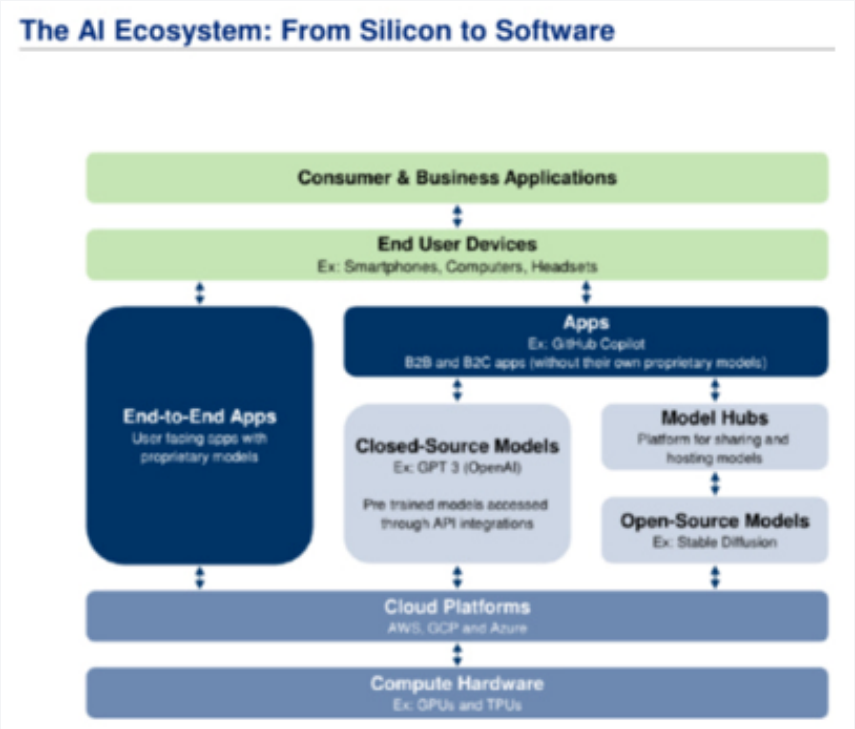
ADOPTION LAYER

- Factory Automation, Autonomous Vehicles, Autonomous Tractors, etc.
  - Companies with connected, intelligent devices will be able to network and automate them – e.g., John Deere utilising Starlink to connect autonomous tractors
  - Those companies with proprietary data are best positioned. Data will be king in this new age.

SECURITY LAYER

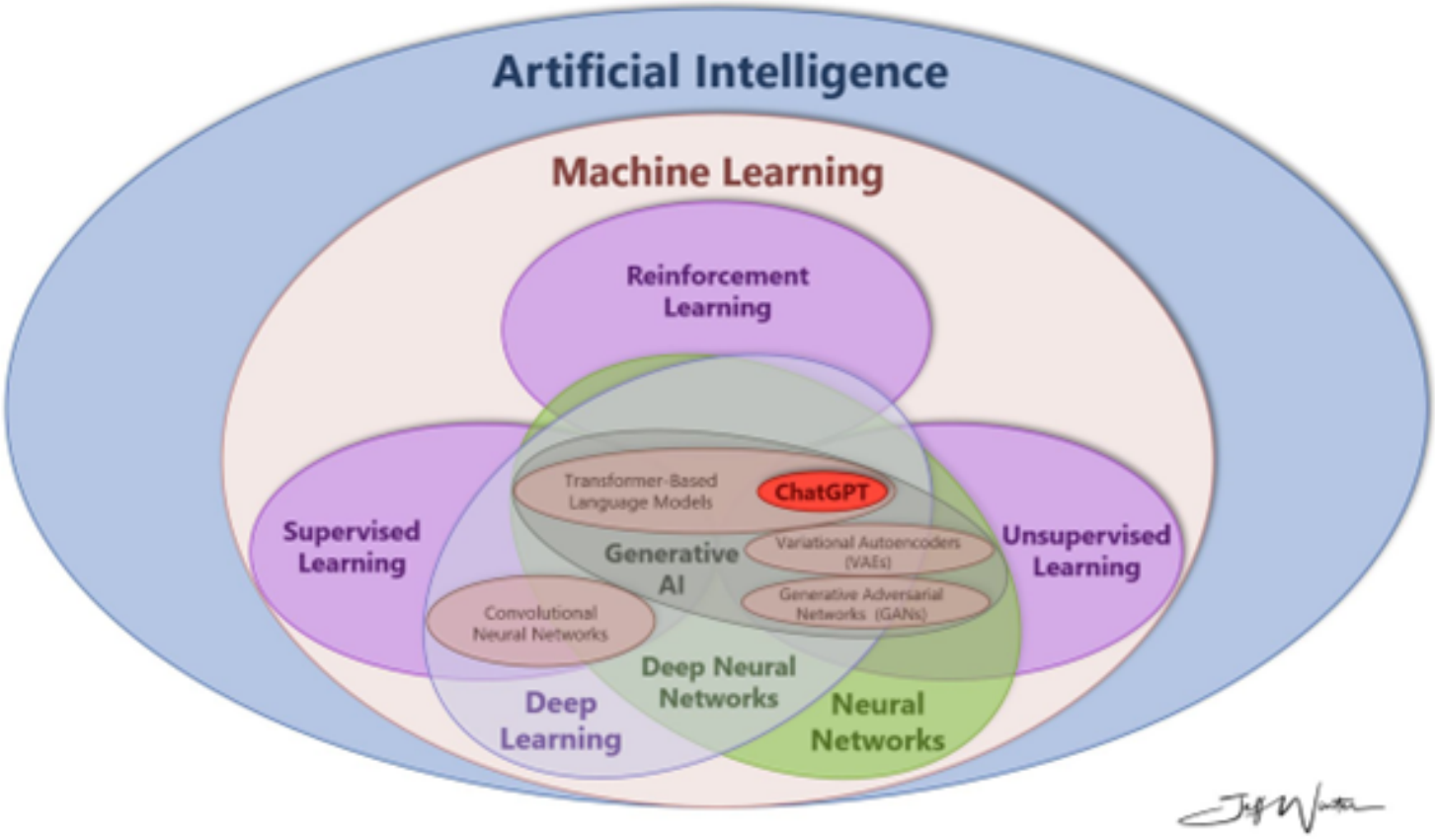
- Data will be king. Protecting all of this data and these networked devices will be critical. Cybersecurity companies protecting the network and edge devices well positioned.



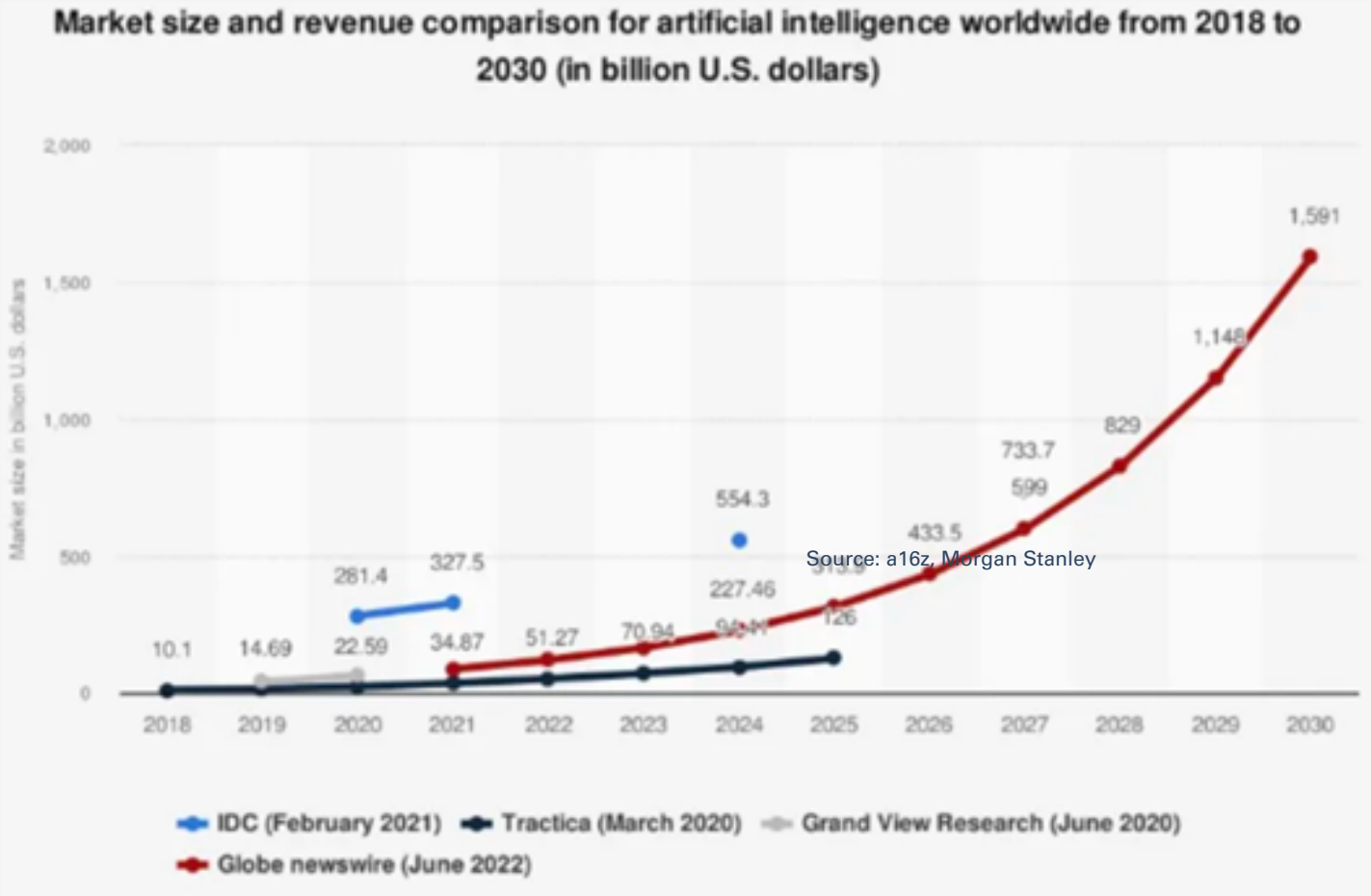


Source: a16z, Morgan Stanley

AI is a broader term that encompasses many sub-technologies, best illustrated by the graphic below. And the overall spend on the this theme is in the early innings of a massive inflection point higher in an exponential curve – with estimates of spend in the trillions of dollars – as illustrated by the second image.



Source: https://www.benparr.com/p/future-of-ai-investing-report

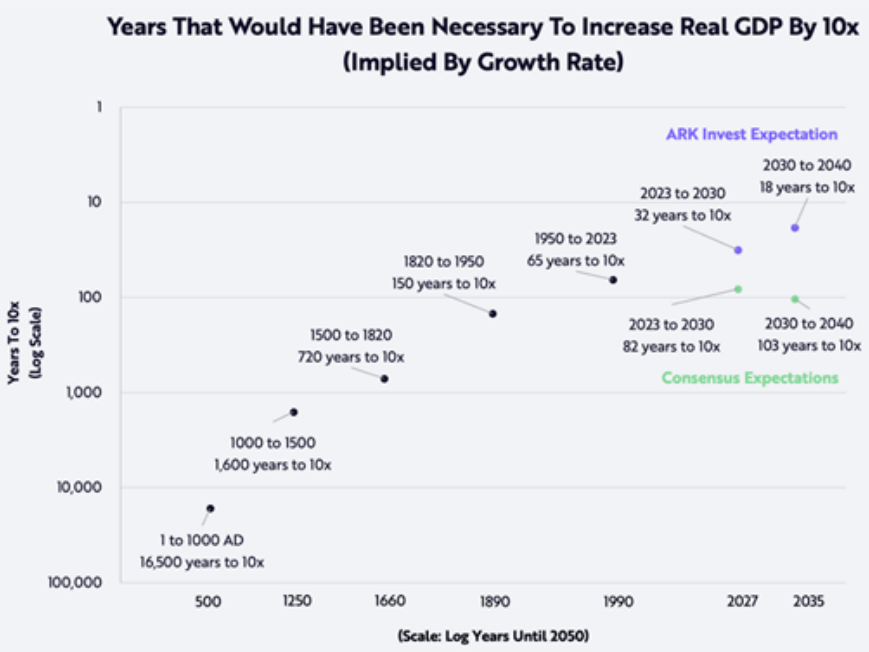


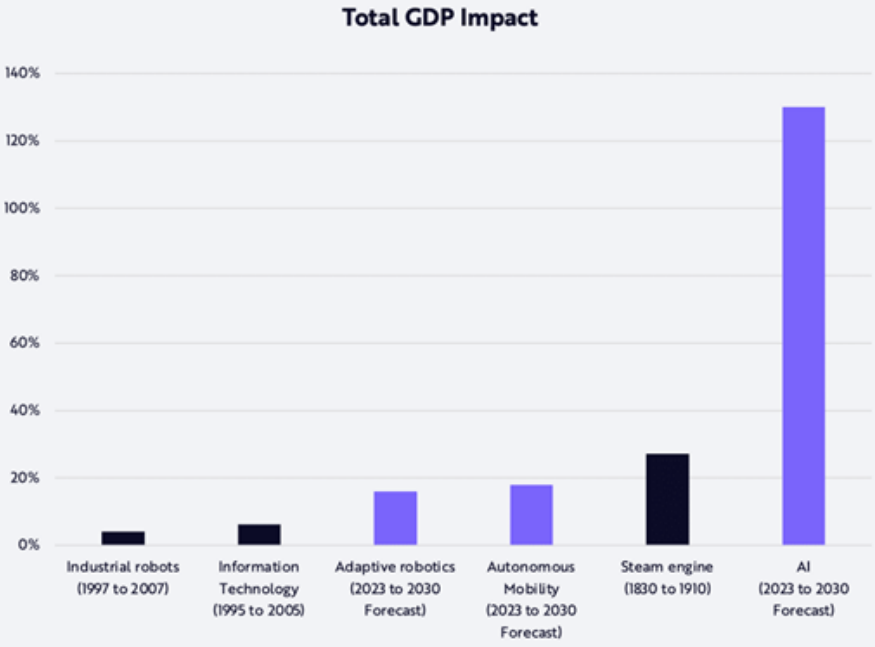
Source: a16z, Morgan Stanley

Source: https://www.benparr.com/p/future-of-ai-investing-report

The impact of AI on the economy is going to be profound and far-reaching. And, as noted above, because of the geopolitical backdrop, the geostrategic importance of the technology, and the overall confluence of several exponential-growth building block technologies, the pace of adoption is likely to happen in a compressed time period.

Technological advancements and shifts create massive opportunities. And when you have a backdrop like today, these investment and innovation cycles are forcibly compressed and accelerated. Our focus investing-wise sits at the confluence of the technological cycles listed above. We are most interested in investing in the companies that have "multiple ways to win" and ideally have a "blue jeans to gold miners" approach – investing against the trend itself, rather than a specific end OEM (see smartphone analogy in FAQ).
Overall, we are focused on investing in the technological enablers with massive total addressable markets, and with research and adoption curves that are being accelerated by the geopolitical backdrop today.





Source: a16z, Morgan Stanley

ENERGY

To power technology, society, and life in general, you need Energy. The most powerful Nations are energy independent, have access to the lowest cost energy resources, and have abundant supply of these energy resources. Generally, energy consumption per capita is an indicator utilised to gauge relative quality of life – with minimum per capita energy availability translating to certain base life quality (i.e., middle class label). As you continue to reduce the cost of energy, that enables you to increase the relative quality of life – the actual distribution of which depends upon the system (i.e., the 'wealth' can concentrate in the hands of a few, like in Russia, or spread more evenly, like in Norway). Many countries today are attempting to grow their middle class, and at the base of enabling that, you need access to low-cost energy – for example, expanding the Technology (like refrigeration) available to people in India at an affordable cost. This further highlights how the confluence of all of these spheres – Energy, Technology, and Money – is critical to evaluate as a Venn diagram. If you can make energy sustainably abundant and low-cost, you can enable massive growth – this is a critical building block, directly intertwined with Technology.

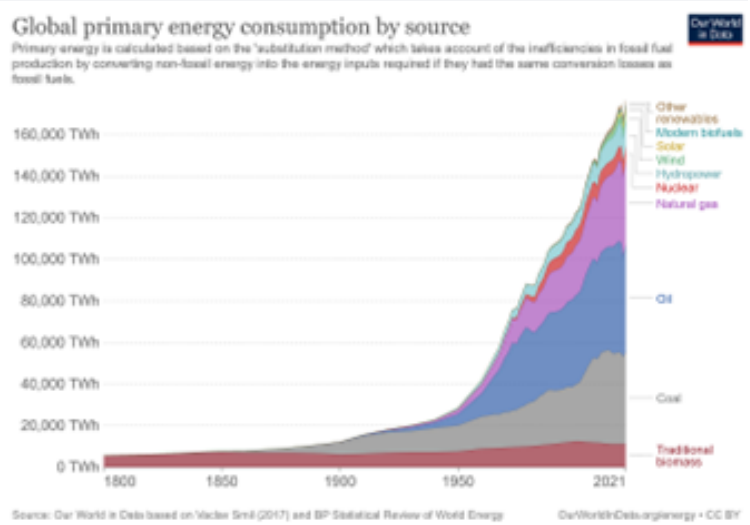
To use a specific example on the Technology side, Artificial Intelligence (AI) is a massive secular theme (detailed above) that will not only require a revamping of data centers, but also will require a massive increase in baseload energy and electricity transmission to power it. The grids and related electrical transmission systems within the US need to be upgraded to handle the electricity, and base sources of energy need to be re-evaluated. All of this will require a massive investment cycle, which we believe has just begun.

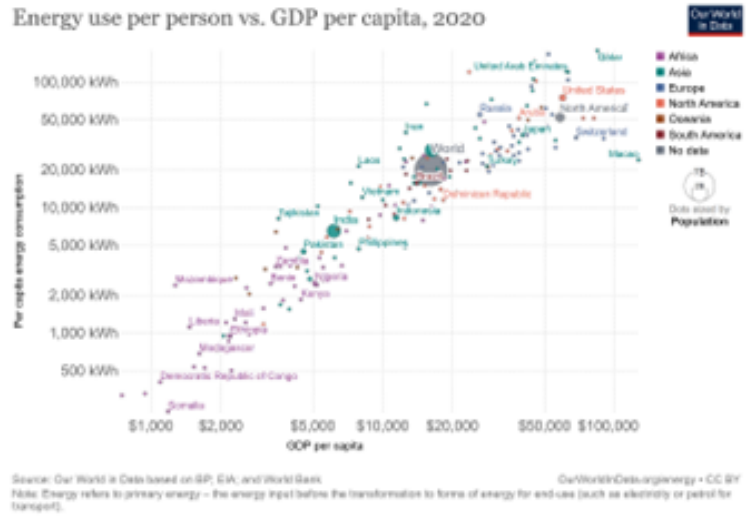
A further connection to Technology, or simply innovation, is finding new, scalable energy sources, storage, and related materials. From space-based solar power to nuclear fusion on the source side, to improved battery technology on the storage side – innovations in all of these can radically increase the supply and reduce the cost of energy. As such, all of these are areas of opportunity investment-wise.

Energy comes in many forms. In terms of the strategy's focus areas within Energy, we break it down into three major categories – current primary sources, emerging sources, and potential new sources. Within these categories, there are opportunities along the supply chains and related derivatives – such as storage and materials. As highlighted by Lyn Alden, energy consumption generally goes up over time and the new sources of energy tend to build upon the prior main sources of energy (image below). For example, for a long period of time coal was the primary energy source, then oil was discovered and began to ramp in usage – since then, coal usage growth has slowed (usage still flat to up), while oil usage has grown on top of that base.

The energy source categories are listed below with a few, non-exhaustive examples within each.

- **Current**
  - Nuclear
  - Oil & Gas
  - Coal
- **Emerging**
  - Solar
  - Hydro
- **Potential**
  - Nuclear Fusion
  - Space-based Solar





Overall, the strategy focuses on areas that are most likely to sustainably grow and have a supply/demand imbalance – i.e. demand projected to be greater than supply, requiring investment. And within those areas, also evaluating and investing in the "picks and shovels" to build out that source and/or storage – for example, lithium for battery storage. As noted above, we evaluate these supply chains end-to-end as well – from the source energy, to the transmission, to the storage, to the critical minerals and/or materials. Potential new sources, like nuclear fusion, are areas we pay attention to but are likely to be small or not invested in until closer to commercialisation and scalability.

MONEY

Often overlooked, as many fail to ever assess the 'water in which they are swimming,' Money is of critical importance as it relates to power within a system. The monetary system is generally broken down into the price of money (interest rates), the quantity of money (absolute 'liquidity'; often M2 as proxy), and the exchange rate (with most assets quoted in USD terms today). As an example, the US has a unique ability to print the currency in which it spends and owes debts – the USD system is one of America's greatest sources of power. The global system today – and since Nixon's decision in 1971 to drop the gold standard – is a fiat system based upon the US Dollar (USD) ingrained in international trade (notably, pricing energy in USD) and backed by the power of the US military (and its relative Technological prowess). In exchange for safety in global sea lanes as provided by the US Navy, the world has agreed to trade primarily in US Dollars (exemplified by Saudi Arabia pricing oil in USD). This is the foundation of the interconnected global system we've seen over the past several decades – and highlights how Money, Energy, and Technology are all intricately interconnected. While the system is currently being challenged on many fronts – most notably by China pricing commodities in its own currency (Yuan – CNY) and the emerging gold-backed currency of the East (or BRICS; generally outdated) – the post-WWII Bretton Woods system remains at least partially in place. Over the coming years, this system is likely to evolve into a more multi-polar system at the margin, rather than the unipolar system we have become accustomed to.

Given the current fiscal situation of most major sovereign governments worldwide (i.e., relatively high debt to GDP, which is characteristic of the end of a Long-Term Debt Cycle), and the required money to be spent on the spheres (namely Technology and Energy), monetary debasement appears inevitable. As such, part of this strategy is to 'hedge' against debasement directly and indirectly. Directly via monetary hedges (e.g., Gold, Bitcoin, and their respective derivatives) and indirectly via fast-growing, critical assets (e.g., exponential technology, scarce critical resources – captured in the Technology and Energy pillars). Overall, we seek to own assets that are expected to nominally grow above the rate of debasement.

Generally, they have low/no supply growth, and increasing demand. As it relates directly to the Money sphere, we are primarily focused on:

- Monetary Debasement Hedges
  - Bitcoin
  - Gold
  - Precious Metals
  - Supply Chain and Derivatives of the Above

WHY NOW – AT AN INFLECTION POINT

There are certainly other key areas as it relates to the power of a Nation – such as Geography (i.e., Prisoners of Geography) – but the above are the main areas we are most focused on based on history, what is 'changeable,' and the investable opportunity set.

As it relates to investing, we also have identified themes that span all of the spheres – reshoring (i.e., rebuilding localised supply chains for a multipolar world) is a prime example. Reshoring – whether onshoring within the US, or friend-shoring with allies – is a major theme that has already been put into motion. While still very early in implementation, the framework has been set up and the efforts are gathering momentum. Examples of key geopolitical allies here are India, Mexico, and Japan – all of which are seeing the beginning of a massive influx in capital investment.

Supply chain reshoring has shifted from a want to a need – it's of paramount importance for national security, as highlighted by Jake Sullivan's National Security Strategy briefing in October 2022. First COVID exposed the fragility of critical global supply chains (from healthcare to semiconductors), then Russia/Ukraine and Israel/Hamas highlighted the vulnerability of energy supply chains. The Western government response has been clear, with reshoring a broadly bipartisan effort.

We expect to see the implementation and execution of government legislature as impactful as the Interstate Highway Act of the 1950s and the Pacific Railway Act of the 1860s – both highly productive bills. Similar to today, both of these government acts occurred during inflection points in Fourth Turnings, Long-Term Debt Cycles, Geopolitical tensions and wars. We are already beginning to see the signs of the fiscal response today with the multi-trillion dollar packages in the US that are specifically targeting Technology and Energy, namely the CHIPS Act, the Infrastructure Investment and Jobs Act, and the Inflation Reduction Act.

As this decade progresses, we expect supply chains will shift from fully global and unipolar to multipolar, from efficient to redundant, and from fragile to resilient. With the framework and alliances taking shape, this is beginning to move from outline to implementation. And we believe this will likely usher in another major Industrial Revolution in the West in particular. Overall, we target owning the purest play winners, with limited legacy drag, within each of these spheres.

INVESTMENT PROCESS

The unit class will pursue a rigorous investment process to identify investment opportunities, track their progress, and exit when the risk/reward ceases to be favorable. Aquavis pursues a disciplined and patient approach to its investment decisions. The strategy is highly process oriented and reliant on a team focused approach to in-depth diligence and intelligent execution. The process involves the consideration and utilisation of the following steps:

1. IDEA GENERATION

- Leverage extensive network of industry experts, globally
- Utilise the Investment Manager's internal network
- Attend conferences focused on relevant themes, innovations, and/or industries of interest
- Proactively seek out and review independent and trusted research
- Filter through varied sources of public information to understand key drivers of supply and demand, competition, and market conditions
- Read and listen to relevant materials – from books, to podcasts, to whitepapers
- Conduct intense screening using sophisticated software and data science
- Run all investments through structured investment process and industry/company/stock framework
- Create and filter Universe – including Technology, Energy, and Money related assets – to find assets at the center of the overlapping Venn diagram

2. IDENTIFICATION OF ATTRACTIVE LONG OPPORTUNITIES

- ·Poised for growth related to the confluence of technological, monetary, and energy systems transformations, including derivative effects
- ·Top quality technology or products whose business potential is not yet appreciated by markets
- ·Multiple ways to win with tailwinds from several major themes and/or sub-themes
- ·Unappreciated potential expansion into new geographies or business verticals
- ·Sustainable competitive advantage, with constant focus on creating value and building defensible moats

3. IDENTIFICATION OF ATTRACTIVE SHORT OPPORTUNITIES

- Poised for disruption related to the confluence of technological, monetary, and energy system transformations, including derivative effects
- Multiple ways for the target to lose beyond just thematic trend shifts
- Peers not yet reflecting disadvantages
- No sustainable competitive advantage; not investing in the future
- Keep other asset classes in mind
- Look for next order effects of a trend that has already hurt a given industry, geography or business
- Priced for near term cyclical changes when secular decline is imminent

4. FILTERING FOR TARGET CHARACTERISTICS - LONG SIDE

- Start with “top-down” macro level view, informing where to dig deeper on a “bottoms up” fundamental basis
- Multiple ways to win, with exposure to several of the aforementioned evolutions and themes
- Unique technology, products, competitive advantages, attractive point in the cycle
- Significant growth in users, volume, revenues, or cash flows not priced by the market
- Bias towards models boasting recurring revenue and strong sales pipeline
- Business model with returns to scale
- Rational cost structure
- Attractive balance sheets; investing in the future
- Under the radar of the investment community
- Near-term catalysts that will force investment community to take notice

5. FILTERING FOR TARGET CHARACTERISTICS - SHORT SIDE

- Start with “top-down” macro level view, informing where to dig deeper on a “bottoms up” fundamental basis
- Low margin or cyclical models that are weak and getting weaker
- Cyclically disadvantaged relative to valuation
- Secular declines or disappearance of businesses without future relevance; not investing in the future
- Businesses propped up with distributions or buybacks not sustained by free cash flow generation
- Opportunity to generate absolute returns, not just relative

6. INVESTMENT AND MONITORING OF POSITIONS

- Sophisticated valuation models
- Financial statements
- Quarterly earnings calls
- Research reports
- Comparisons to peer group
- In-depth discussions with management team (founder, CEO, CFO) and investor relations
- Site visits
- Data science analysis and reports
- 3-5 year industry outlook
- Independent, critical thinking experts in key areas

7. CLOSING OF POSITIONS

- Company has reached the internal target price and risk-to-reward makes valuation no longer compelling
- Deterioration in investment thesis or business fundamentals
- Significant moves down in shorts that are likely to bounce and can be re-initiated at a better price

INVESTMENT GUIDELINES

Although the Investment Manager anticipates the unit class will be biased towards net long exposure, there will be no explicit gross or net exposure limits or targets. Flexibility, will allow the Investment Manager to be patient putting capital to work, entering and adding to investments as well as permit the Strategy to invest in short opportunities at times when the market misprices the relevant securities.

- The securities in which the unit class may invest include common stocks, preferred stocks, convertible debt, depository receipts, rights and warrants.
- The unit class may also invest in initial public offerings and private placements.
- The unit class will generally hold a maximum of 20% in cash but can hold 100% cash if required.
- The unit class will be unhedged.

The Confluence unit class will typically invest in concentrated bets, both long and short, in publicly traded equities related to technology, energy and money. While the unit class expects to be fully invested, it reserves the right to be 100% in cash. Although the unit class will focus primarily on equities, it may also invest in other asset classes, including, but not limited to, options, futures, forwards, debt, convertible debt, warrants, and physical assets when those asset classes offer a better risk/reward opportunity for the same investment theme. Likewise, although not a primary focus, the unit class may invest in private portfolio companies to the extent the Investment Manager deems such investments appropriate.

DISCLAIMER

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 changers 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 party 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 accuracy 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.

ADDRESS
Level 10
8 Spring Street
Sydney NSW, 2000

PO BOX 234
Rose Bay NSW 2029

EMAIL
ima@tamim.com.au

PHONE
1300 750 007

WEBSITE
www.tamim.com.au

V 20240619_1