

Global High Conviction Unit Class

TAMIM Fund

At 31 January 2025



The TAMIM Global High Conviction unit class was up +3.53% for the month of January 2025, this was in comparison to the index return of +2.77%. The strategy has generated a return of +24.69% over the past 12 months.

How are you coping?

A frenetic and for some traumatic start to the Trump Presidency round II. Nonetheless and regardless of your stance on politics, social cohesion, fiscal policy, and stuff such as individual vs government responsibility required, as investors we will have to find 'coping strategies' (to use modern HR jargon) with what appears to be a significant pendulum swing.

Here in bullet point format are some of the new challenges we see. We've probably missed some. Naively perhaps we see a very simple solution to them. We'll reveal at the end of the brief conjecturing.

Central bankers love trotting out they're 'data driven' in setting interest rates but the data on inflation and (un)employment is alarmingly, clearly and more obviously inaccurate. If they don't have accurate data how can they make the correct decisions? - how should investors cope?

As DOGE removes 'wasteful' spending in the US by government agencies, a simple Kalecki calculation means it has to be replaced with a fiscal spend of equal efficacy by one, some or all of, the private sector, the overseas sector or personal sector. If it isn't replaced then nominal GDP will fall, and while interest rates may thus adjust downwards, it's not clear they will, nor that the cost of capital to discount company earnings will fall. Spreads to Treasuries may not contract or widen.

Tariffs can appear and disappear in a moment. A favourite sector or country can be clobbered by a few comments on 'Truth Social' Capital Expenditures from Big 'Tech' have all but been guaranteed to increase. This makes sense since it's what companies should do, but part of the miracle of the US equity market has been a high level of share buy backs and subdued capital investment. This changes the dynamics. Time to buy the picks and shovels companies and not the Gold prospectors?

China won't backdown or be bullied quietly - see an excellent article entitled 'ctrl Altman delete' on Substack by a colleague in Hong Kong, Mark Tinker.

Equity market volatility has been very subdued at below c.15% and, more importantly for active managers, cross sectional volatility has been subdued too. This has manifested itself in the extraordinary returns to the momentum risk factor. However, if a few large companies' share prices rise and rise, then their correlations do too, and the diversification offered to investors falls. We pointed out that \$ billions was being invested globally on a single company's eco-system, representing or chewing up over 10% of a passive strategy risk budget. That's more like gambling. You can avoid this by diversification. So, and given the above 'problems' we see developing, we anticipate (finally) the cross-sectional volatility reverting to normal levels and thus offering more opportunity for active managers. If you have skill

then the more chances you have to use it, and the greater its effect as the difference between winners and losers widens, (cross-sectional volatility) the bigger your excess return. This means investors should:-

1. Diversify more if they haven't already. More stocks, more countries, more sectors, more variety in size exposures
2. Use a risk control tool to ensure correct sizing and directionality of views, and
3. Be prepared for higher portfolio turnover and to 'suffer' a value bias

We'll see if we're correct!

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Portfolio Highlights:

Smiths Group plc (LSE: SMIN)

Smiths Group has been a core long-term holding in the portfolio, reflecting our global equity expertise and our ability to identify value in out-of-favour sectors before the broader market re-evaluates them. Our investment approach enables us to capitalise on market inefficiencies caused by short-term sentiment-driven trading, ensuring diversified exposure beyond portfolios overly reliant on Momentum risk factors.

Smiths Group is a UK-based industrial technology conglomerate operating across four divisions: John Crane, Smiths Detection, Flex-Tek, and Smiths Interconnect. The company's expertise in defense electronics, industrial components, and detection systems positions it well to benefit from surging defense and infrastructure spending in the UK and EU. The John Crane business supports energy infrastructure modernisation, while Smiths Detection's security and threat identification systems are increasingly essential amid rising geopolitical tensions.

Despite being overlooked for years, Smiths Group has delivered consistent earnings growth and recently raised its FY2025 organic revenue growth forecast to 6-8%. With operating leverage, this translates into earnings growth exceeding 1-2%, reinforcing the strength of its business model and balance sheet. The company is also streamlining operations, considering a spinoff or sale of its Detection business, which could unlock further shareholder value. Trading at a forward P/E of 17.98, Smiths remains undervalued relative to its potential earnings trajectory. With a 2.08% dividend yield, strong cash flow generation, and exposure to long-term industrial investment cycles, Smiths exemplifies the value of a disciplined, contrarian investment strategy in delivering diversified, long-term growth for clients.



CRH plc (NYSE: CRH)

CRH has been a longstanding position in the trust, reinforcing our confidence in identifying strong businesses in unloved sectors that the market eventually re-evaluates. This investment highlights our global equity knowledge and long-term approach, which contrasts with short-term news-driven investing that often leads to over concentrated and momentum-driven portfolios.

As the world's leading building materials provider, CRH operates across North America and Europe, supplying cement, aggregates, asphalt, and construction solutions to critical infrastructure projects. Governments in the US and EU are increasingly prioritising industrial policy and infrastructure investment, leading to secular tailwinds for CRH's business. Its recent acquisitions in concrete and precast solutions have further strengthened its exposure to public sector spending on utilities, roads, and commercial developments.

Financially, CRH continues to outperform expectations. In FY2024, revenue reached \$35.4 billion, with EBITDA growth of 6% year-over-year. Management's capital allocation discipline has allowed for \$2.3 billion in capital expenditures while maintaining a manageable debt-to-EBITDA ratio of 2.14. The company's revised FY2025 guidance, forecasting earnings per share above \$6.00, underscores its resilient earnings power.

Trading at a forward P/E of 19.09, CRH remains undervalued relative to its long-term earnings growth potential. With a 1.24% dividend yield and a commitment to enhancing shareholder returns, CRH stands as a testament to our ability to identify businesses with strong fundamentals at compelling valuations, positioning clients for long-term, risk-adjusted gains.



Heidelberg Materials AG (XTRA: HEI)

Heidelberg Materials has been a core holding in the trust for an extended period, reinforcing our long-term investment philosophy of seeking quality businesses in out-of-favour sectors. This approach allows us to capture value before broader market recognition, avoiding reactionary, short-term investing that often results in momentum-driven, unbalanced portfolios.

As one of the largest global building materials companies, Heidelberg Materials provides cement, aggregates, ready-mixed concrete, and asphalt for infrastructure and commercial projects across Europe, North America, and Asia. With the EU and US governments ramping up industrial policy and infrastructure spending, Heidelberg's strategic positioning in construction materials makes it a key beneficiary of these structural shifts. The company has also



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led the charge in low-carbon cement innovation and carbon capture initiatives, aligning with increasingly stringent environmental regulations.

Financially, Heidelberg has consistently delivered robust performance. FY2024 revenue is expected to reach €21.2 billion, with EBITDA margins expanding to 21%, supported by pricing power and efficiency gains. Net income margin has risen to 9.99%, and EPS is projected to grow 14.3% in FY2025, reinforcing the company's ability to generate sustainable shareholder value.

Despite these strengths, Heidelberg trades at a P/E ratio of 13.2, offering a compelling valuation given its earnings trajectory and dominant industry position. With a 2.02% dividend yield and strong capital discipline, Heidelberg exemplifies our ability to identify undervalued, structurally important businesses, delivering long-term, diversified returns for our clients.

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Overview

The TAMIM Global 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 Investable Universe
Country/Sector limit:	+/- 10% relative to Investable Universe
Target number of holdings:	80-110
Portfolio turnover:	Typically < 25% p.a.
Investable universe:	MSCI World Net Total Return Index
Cash level (typical):	0-100% (0-10%)
APIR code:	CTS5590AU

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$1.6073	\$1.6033	\$1.5993

Portfolio Performance

Inception: 15/07/2011	1 month	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)	Since inception (total)
Global High Conviction	3.53%	24.69%	12.56%	12.33%	14.21%	501.52%
MSCI World	2.77%	28.66%	14.08%	13.67%	14.85%	548.52%
Cash	0.36%	4.35%	3.29%	2.03%	2.19%	34.03%

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. The MSCI Word refers to the MSCI World Index in AUD. Returns shown for longer than 1 year (other than Inception) are annualised. All returns shown are AUD denominated.

Selection of 5 Holdings

Stock	Country
Hitachi	JP
Schlumberger	USA
Corning	USA
Cummins	USA
Ebara	JP

Portfolio Profile

Equities	99.80%
Cash	0.20%

