

Global High Conviction Unit Class

TAMIM Fund

At 31 May 2025



The TAMIM Global High Conviction unit class was up +4.69% for the month of May 2025. The strategy has generated a return of +14.46% over the past 12 months.

Dazed and Confused?

May was a good month for equity risk assets even as the bond markets began to (finally) worry about debt issuance. It is seldom right to join in a panic sell down as we experienced in April with 'Tariff Turbulence' causing consternation and a "dash for cash".

To make it more challenging for investors we also have the problem of poor data with which to contend. US economic data remains confusing and confused or even contradictory. The ISM Services diffusion index showed a decline whereas the PMI diffusion index rose meaningfully. Pity poor Fed Chair Jay Powell who will no doubt get an earful if he doesn't cut rates. The 'data driven' philosophy of central bankers everywhere is now clearly "somewhat" (ahem) unsound, as we argued previously. Prepare for errors.

If the data is awful, it's likely that policy decisions will be awful. We'd go back to looking at monetary aggregates as a useful guide to setting rates, but that's not for this update. Anyway, our central case remains that we have to invest against a political backdrop of a strong bias to inflation as a debt reduction and fiscal drag tool; that national industrial policy is back on the agenda everywhere (never went away in Asia btw) and that individuals will be sluggish for tax rises although thankfully some companies are now being forced to 'cough up' to help out with deficits. This increase in tax payments by 'Big Tech' especially will be an interesting headwind for that part of the market. Along with signalled, required and anticipated increases in capital investment for AI etc, this will result in many 'Tech' firms seeing free cash flows no longer so large and free. The current rate of share buybacks in the US is C.\$1 trillion of which over \$250bn is made by 'Big Tech'; or approximately 25% of the total is coming from 4-5 companies; and if this rate of buybacks is reduced, so is a support for that part of the market. Therefore we have higher taxes, lower levels of share support from buy backs and accelerated depreciation from a wave of capital investment, all of which hit the bottom line adversely. It's not to say that the profits won't be substantial, it's that the rate of increase expected may well be too high. Not a lot of people know that.

Tariff turbulence continues but markets rose strongly with the cap weighted global indices rising c5% in A\$ terms. The fund rose equally with global indices. Growth beat Value in May but over the last year Value has started to claw back years of underperformance. As pressure returns to re-industrialise the West and for more infrastructure and Defence spending, we expect this trend favouring a Value style to continue. We continue to hold a small Value bias in the fund too.

Some managers may have raised a lot of cash in the last few weeks as the tariff threats escalated but timing equity exposures against cash is a very hard thing to get right. We very rarely do it.

Despite DOGE efforts to reduce spending there hasn't been a significant drop in expected US debt servicing outlays. It will be much easier to reduce debt to GDP by pro growth policies and various incentives or even cajoling, to the private sector to invest. The tax cuts, deemed irresponsible by some, were passed in the House. We expect (hope) that growth will surprise on the upside (eventually) but years of bad policy almost everywhere have produced poor economic growth rates and serious imbalances.

Europe has pledged significant increases in defence spending and Materials and Defence stocks there continue to rise in anticipation. We held on to Heidelberg Materials, CRH and Smiths Industries in the UK but very large gains in the last year are making other options look more attractive.

We purchased Sterling Infrastructure, and added to Cheniere Energy, Quanta, Corning, in the USA; A2A in Italy; and Sumitomo Electric Industries in Japan.

At the end of May Meta announced a deal with Constellation Energy for the supply of nuclear power from the plant in Illinois which would otherwise have been mothballed in 2027 after the expiry of government supplied \$ via the Zero Emission Credits scheme. This type of deal whereby the private sector funds vital infrastructure, is a sensible way to bring the healthy balance sheets of the private sector into direct investment allowing the over stretched government balance sheets to be repaired. Care needs to be taken when investing because some private capital will pillage the asset base to the detriment of the customers, the equity holders, and the annoyance of governments - Thames Water anyone?

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Portfolio Highlights:

Sterling Infrastructure (NASDAQ: STRL)

Sterling Infrastructure continues to benefit from the re-industrialisation of the United States, aligning with federal infrastructure stimulus and demand for data-driven construction. The company operates across three key segments—E-Infrastructure, Transportation, and Building Solutions—with the E-Infrastructure division currently driving strong top-line growth. Its work in site development for AI data centres, logistics hubs, and power facilities has propelled a >85% rally in the past quarter. Importantly, Sterling's exposure to fast-growing regions such as Texas and the Sun Belt ensures continued demand in residential and commercial concrete works. Its Transportation division also stands to benefit from the urgent need to upgrade ageing infrastructure, as highlighted in the latest ASCE report card. While concentration risk exists with key clients, our position sizing reflects this, ensuring appropriate exposure to an exciting growth story. Revenue and earnings estimates continue to trend upwards, and we believe Sterling offers a unique blend of AI, infrastructure and population growth thematic. The business is well managed, capital disciplined, and exposed to the capex-heavy foundations of the future economy. As such, it continues to score well across our PAR model.



Arrow Electronics (NYSE: ARW)

Arrow Electronics is a global leader in distribution and design support for electronic components and IT solutions. What makes Arrow compelling is its strategic positioning in complex, mission-critical supply chains across sectors like industrial automation, smart mobility, cloud computing, and embedded systems. In an era of geopolitical tension and trade volatility, Arrow's global network provides resilience and optionality to clients—making it an “anti-fragility” play amid tariff risk. The company's earnings have been supported by rising demand for edge-to-cloud integration, and its ability to generate recurring, fee-based revenue from logistics and procurement services has supported a recent market re-rating. Arrow's strength lies not in just what it sells, but in the high value-add it brings via system design, supply chain optimisation, and technical support. Recent earnings have shown resilience and upward revenue revisions, validating our investment thesis. Arrow is not a household name, but it is deeply embedded in the core of the modern electronics economy. It remains a core holding in our portfolio for its scale, operational excellence, and ability to capitalise on disruptions in global supply chains.



Kajima Corporation (TSE: 1812)

Kajima offers a uniquely diversified infrastructure and engineering platform anchored in Japan but with growing global reach. Our position is partly macro—providing a hedge against Japanese inflation and reflationary policy—but also bottom-up: Kajima is positioned to benefit from domestic infrastructure upgrades, climate resilience projects, and green construction mandates. Its business spans commercial and civil engineering, hotel and property management, construction equipment manufacturing, and environmental consulting. Importantly, Kajima is a credible player in coastal protection and seismic-resilient building—critical capabilities in a country vulnerable to natural disasters. As Japan navigates a new inflationary era and its government accelerates stimulus to renew ageing infrastructure, Kajima stands to benefit from both public and private capex. The company maintains a strong balance sheet and has a diversified earnings base across real estate, environmental services, and project management. While often overlooked by Western investors, Kajima provides global exposure with local tailwinds and a valuation that remains attractive. We continue to see this as a strategic holding in the portfolio that blends stability, upside, and structural relevance in a changing Japanese economy.



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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
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.
Cash level (typical):	0-100% (0-10%)
APIR code:	CTS5590AU

NAV

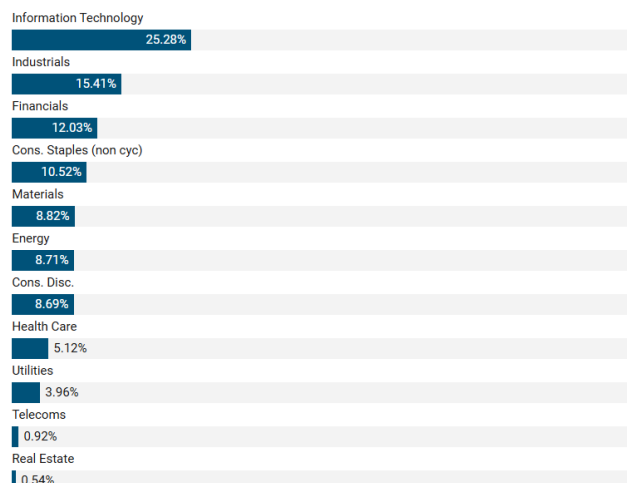
	Buy Price	Mid Price	Redemption Price
AU\$	\$1.5894	\$1.5854	\$1.5815

Selection of 5 Holdings

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

Portfolio Profile

Equities	97.71%
Cash	2.29%



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	4.69%	14.46%	14.48%	13.45%	13.75%	494.32%
Cash	0.34%	4.31%	3.75%	2.29%	2.24%	35.89%

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. Returns shown for longer than 1 year (other than Inception) are annualised. All returns shown are AUD denominated.