

Asia Small Companies Unit Class

TAMIM Fund



At 30 April 2021

The past month has seen an 17% increase in the official number of Covid-19 cases globally, a small acceleration from the 13% growth rate recorded in the month of March. Asian equity markets for small to mid-sized stocks in April ended the month up by 1.7% in USD terms and 0.4% in AUD terms as the Australian dollar resumed the trend of strengthening versus the US dollar.

Market Commentary

April was a month of very mixed performance in the Asian region, by far the strongest market was Taiwan where the small to mid-sized stocks increased by 13.1% bringing the year to date return to 26.1%. This was despite the front cover of “The Economist” announcing Taiwan as the most dangerous place on Earth. President Tsai Ing-wen responded by assuring “everyone that our government is fully capable of managing all potential risks and protecting our country from danger.” President Tsai went on the speak about responding prudently to regional developments and overcoming the challenges posed by authoritarian expansion in a reference to China without naming China. The equity market in Taiwan was much more interested in the news that the local economy grew by 8.16% in the first quarter, the fastest growth recorded in a decade and well above consensus expectations. The positive surprise was driven by stronger domestic manufacturing and demand for exports. Two of Taiwan’s major semiconductor manufacturers have recently announced major investment programmes aimed at alleviating the worldwide shortage of semiconductors needed in the automotive industry and consumer products. Taiwan is expected to achieve economic growth in excess of 5% for the full year of 2021.

South Korea was the next best performing market up 5.8% for the month of April. In a trend similar to Taiwan, economic growth of 1.8% for the first quarter showed an acceleration from the previous quarter and exceeded consensus expectations. Business investment increased by more than 12% for the first quarter. The Bank of Korea flagged that their forecast of 3.2% economic growth for 2021 was likely to be upgraded.

Japan fell by 1.4% during April as the market reacted to fears of an acceleration in Covid-19 cases locally and the prospect of the Olympics taking place without spectators. Japan, like Taiwan and South Korea announced strong economic data with industrial production growth of 2.2% in March being well ahead of market expectations. The April purchasing managers survey of 53.6 was the strongest monthly figure since February 2018. Japan’s industrial production is expected to grow by 7.7% for the full year. The Government responded to the increased rate of Covid-19 infections with a third state of emergency in Tokyo, Osaka and two other prefectures that will remain in force until at least 11th May.

Portfolio Commentary

We sold out of small positions in Korean Reinsurance and DL Holdings Co. Ltd, both in South Korea. DL Holdings Co Ltd was previously Daelim Industrial that split into two corporate entities at the beginning of 2021, we decided to focus our position on the other company to emerge from the restructure, DL E&C Co Ltd which is principally a construction business. We sold Korean Reinsurance due to concerns regarding their growth strategy and the risks associated with a relatively small balance sheet in a global reinsurance market that is dominated by a handful of global players with much bigger balance sheets.

We continued to see strong results from our companies in Japan, for example Anritsu, a manufacturer of precision measuring equipment announced annual growth of profits of 20% in the year to March 2021. The Company has net cash and a return on investment of 15%. Financial services business SBI Holdings more than doubled their profits for the full year and announced a significant increase in the dividend. SBI Holdings is also debt free, trades on a price earnings ratio of 10x and has a return on equity of 16%. Specialty chemical maker Tokuyama announced a 22% increase in earnings per share for the financial year and now trades on a prospective price earnings ratio of 6.5x and return on equity of 13%. Specialist embedded controls maker Technopro Holdings announced earnings that increased 9.7% for the year, the company is also debt free and has a return on equity in excess of 20%. These examples of recent results for companies held in the portfolio provide us with plenty of confidence for the prospects going forward.

Note: Returns are quoted net of fees. Past performance is no guarantee of future performance.

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Fund Overview

The TAMIM Fund Asia Small Companies unit class seeks to achieve a high real rate of return over the long-term within defined risk parameters acceptable to the Investment Manager through a diversified portfolio of Asian small and mid-cap shares.

Key Facts

Investment Structure:	Unlisted unit trust
Minimum investment:	A\$100,000
Applications:	Processed monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Annually
Management fee:	1.00% p.a.
Expense recovery fee:	Up to 0.35%
Performance fee:	20% of performance in excess of hurdle
Hurdle:	MSCI AC Asia Small & Mid Cap Index
Buy/Sell Spread:	+0.30%/-0.30%
Exit fee:	Nil
Single security limit:	+/- 5% relative to Benchmark
Country/Sector limit:	+/- 10% relative to Benchmark
Target number of holdings:	60-80
Portfolio turnover:	< 30-40% p.a.
Investable universe:	MSCI AC Asia Small & Mid Cap (US\$ 500m - 10bn)
Cash level (typical):	0-100% (0-5%)
APIR Code:	CTS7571AU

Returns

	1m	3m	6m	1y	2y (p.a.)	Since inception p.a.
TAMIM Asia Small Comp.	-0.72%	7.40%	12.00%	17.85%	8.97%	4.88%
MSCI AC Asia SMID	0.30%	6.05%	12.50%	21.35%	7.92%	5.62%

Note: Returns are quoted net of fees and assume distributions are reinvested. Past performance is no guarantee of future performance. MSCI AC Asia SMID refers to the MSCI AC Asia Small & Mid Cap Index in AUD. Inception 1 October 2018.

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$9.0741	\$9.0469	\$9.0198

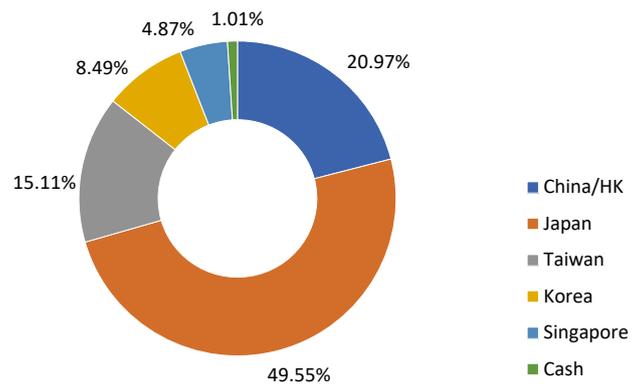
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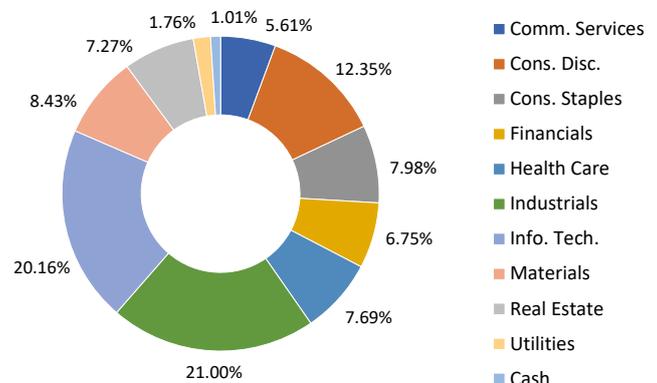
Portfolio Profile

Equity	98.99%
Cash	1.01%

Regional Allocation



Sector Allocation



Selection of 5 Holdings

Stock	Code	Country
Open House Co. Ltd.	3288.T	Japan
Sheng Siong Group Ltd	OV8.SI	Singapore
Novatek Microelectronics Corp	3034.TWO	Taiwan
China Lesso Group Holdings Ltd.	2128.HK	China/HK
SFA Engineering Corp.	056190.KS	South Korea