

Asia Small Companies Unit Class

TAMIM Fund



At 30 November 2020

The past month has seen a 37% increase in the official number of Covid-19 cases globally, a small acceleration from the 35% growth rate recorded in the month of October. Asian equity markets for small to mid-sized stocks in November ended the month up by 10.0% in USD terms and increased by 4.9% in AUD terms. In the year to date the regional market has increased by 8.5% and 3.5% in USD and AUD terms, respectively. The strength in regional markets in the past month was largely derived from improved sentiment associated with news regarding the development of various vaccines for Covid-19 and the economic recovery that appears to be accelerating across the region.

Market Update

China reported that the factory sector accelerated at the fastest pace in a decade with business survey data in November. The Caixin Purchasing Managers' Index increased from 53.6 in October to 54.9 in November, the highest reading of that index since November 2010. Measures of new orders and factory output also reached 10-year highs, while export orders showed modest growth. The consensus economic growth number for China in 2020 is 2%, a year ago that would have been considered a disastrous outcome and now it can be viewed as a success against the backdrop of Covid-19.

The United States will be taking a close interest in their export numbers to China which are still well behind the levels required in their Phase 1 trade agreement. China has increased imports of crude oil and related products from the United States very sharply in recent months, by the end of October these imports stood at \$6.61 billion for the year to date versus \$1.29 billion three months earlier. China also recorded a near three-fold increase in their imports of soybeans from the United States in October compared with the previous year. Overall, China's imports of soybeans increased 41% in the year to October, with imports from Brazil rising by 11.6%. China isn't therefore importing United States product to the exclusion of other countries just to reach the commitments made in the Phase 1 trade agreement.

The Chinese foreign minister Wang Yi met Prime Minister Suga at the end of his two-day trip to Japan, a trip that marked the first high level visit since Mr Suga was elected party leader and Prime Minister in September. Prime Minister Suga stressed the need for a "stable relationship" between Japan and China. Some progress was made with the proposed resumption in business travel in December, together with positive comments regarding cooperation with respect to trade and fighting Covid-19. The long running territorial dispute regarding islands in the East China Sea will remain the subject of future talks. The prospect for a three-way trade deal including South Korea is being pursued by foreign minister Wang as he continues his travel around the region. If this trade deal can be secured, it would mark significant progress from the friction that has remained in place between Japan and South Korea for the past eighteen months and would be taken very positively by markets.

While the relationship between China and Japan is improving, the relationship between China and Taiwan remains frosty and has worsened in the past month due to steps taken in conjunction with the Trump administration. In late November a US Navy Rear Admiral Michael Studeman made a visit to Taiwan, a move that wouldn't please Beijing especially when followed by the news that Taiwan has started work to build a new fleet of submarines with the help of technology from the United States.

Japan's industrial output increased for the fifth straight month rising by 3.8% in October with a recovery in the numbers for motor vehicles being most notable after an extended period of weakness. There was also encouraging news regarding retail sales which increased 6.4% in the year to October, the first time an increase has been recorded since February 2020. Prime Minister Suga has instructed his cabinet to compile a package of stimulus measures to reinforce the recovery that appears to be underway. The unemployment rate in Japan remains at 3.1% and the jobs to applicant's ratio increased for the first time since April 2019.

Portfolio Update

The portfolio remains fully invested and there were no new positions acquired or disposals made during the month of November. There was a bid for property management company in Japan, Kenedix Incorporated, which saw those shares increase by 40% during the month. The Kenedix Board has approved the bid, so we may be required to exit that position if the bid proves successful.

We will continue to invest in Asian small to mid-sized companies with strong value, momentum and quality attributes together with accounting, strategy and governance standards that meet our requirements. Long-term returns will be generated by the ability of our companies to deliver growing profits and dividends.

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%)

Returns

	1m	3m	6m	1y	2y	Since inception p.a.
TAMIM Asia Small Comp.	1.98%	6.16%	6.44%	-0.55%	6.94%	1.36%
MSCI AC Asia SMID	4.86%	9.89%	9.64%	2.46%	7.74%	3.32%

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\$	\$8.2624	\$8.2377	\$8.2130

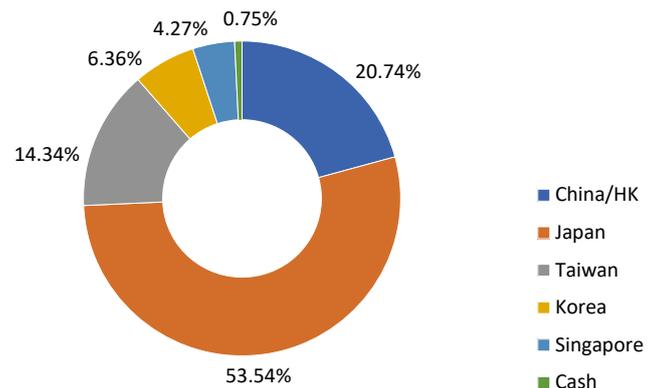
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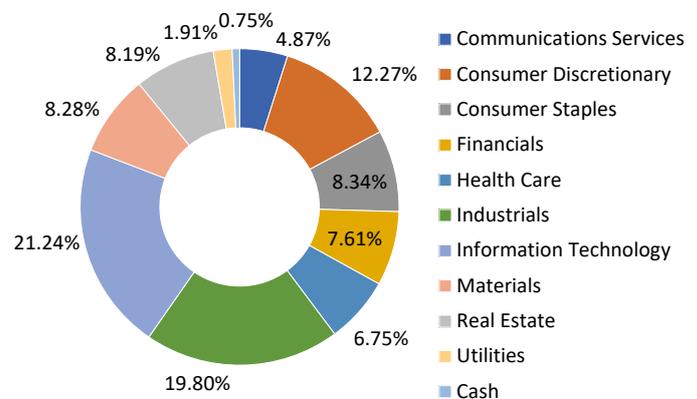
Portfolio Profile

Equity	99.25%
Cash	0.75%

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
Simple Technology Co. Ltd	6121.TWO	Taiwan
China Lesso Group Holdings Ltd.	2128.HK	China/HK
SFA Engineering Corp.	056190.KS	South Korea