

# Asia Small Companies Unit Class TAMIM Fund



At 30 November 2021



The past month has seen a 6% increase in the official number of Covid-19 cases globally, a small acceleration from the 5% growth rate recorded in the month of October. Asian equity markets for small to mid-sized stocks in November ended the month down 3.6% in USD terms and up 2.1% in AUD terms. Year to date, the index has increased by 2.8% in USD terms and up 11.7% in AUD terms. The key elements behind the weak month (in USD terms) was uncertainty associated with the discovery of the Omicron variation of Covid-19. A sharp fall in the value of the Australian dollar resulted in the robust performance when measured in AUD terms.

Only one of our investment markets increased in value during the month, Taiwan by 4.1%, while the other markets fell to varying degrees, the worst being South Korea down 8.5%.

## Taiwan

There was plenty of news associated with Taiwan during the month. During cordial talks between China and the United States, President Xi Jinping confirmed once again that China will never relinquish its territorial claims over Taiwan. During the virtual meeting President Biden reaffirmed the “One China” policy which has been in place since the Nixon Administration when diplomatic relations resumed with China. Subsequent to the virtual meeting, the United States angered China by inviting Taiwan to its “Summit for Democracy” with 110 potential participants for the event on 9th and 10th December. China has never renounced the threat to use force against Taiwan and has increased the scale of military activity around the various islands of Taiwan. The defence ministry of Taiwan recently described this military activity as “gray zone” warfare citing 554 intrusions between September 2020 and August 2021. The relationship between China and Taiwan will remain one of the dominant risk factors in the region for the future.

## South Korea

The market in South Korea fell 8.5% in November with a combination of negative factors at work, in particular another increase in interest rates, election uncertainty and the threat of new border restrictions. The seven-member monetary policy board voted 6:1 in favour of increasing interest rates by 0.25% to 1%, having increased by 0.25% three months ago. With inflation at a decade high rate of 3.2% and ongoing pressure on imported commodities, the Bank of Korea Governor flagged that further increases in interest rates can be expected. Additional uncertainty for the equity market is being caused by election opinion polls that suggest the ruling Democratic Party could lose power in the presidential election in March 2022.

## Japan

In Japan, the cabinet approved the supplementary budget

that was promised during the recent election campaign, a total figure of ¥36tn (equivalent to US \$314bn) will be put to an extraordinary session of the Diet next month. In an unusual move, Prime Minister Kishida urged companies that have earnings above pre-pandemic levels to increase wage by 3% or more when labour talks take place in 2022. Prime Minister Kishida is keen to reverse the trend of smaller wage hikes in the past few years, most recently 1.86% in 2021. Key government controlled wages including nurses and social workers will receive increases of 3% in 2022.

The economic numbers released for the third quarter in Japan showed an economy that fell by 3% annualised, a much bigger decline than the -0.8% consensus forecast. Declines in exports, capital expenditure and consumption contributed to the weak number. Japan is suffering from supply chain constraints in semiconductors which continues to hamper the car sector. These economic numbers have strengthened the case for the supplementary budget. We continue to take a positive view regarding Japan as the supply constraints in the manufacturing sector will be gradually resolved during 2022. The Bank of Japan Governor Kuroda stated that the economy should achieve pre-pandemic levels in the first half of 2022, somewhat slower than previously expected, and inflation of 1% will remain within the 2% target threshold.

## Hong Kong

There will be Legislative Council (LEGCO) elections in Hong Kong during December with 154 candidates contesting the ninety seats. The substantial change for this election will be the reduction in directly elected seats from thirty-five to twenty, as Beijing continues to increase control over Hong Kong. In 2016 the pro-democracy candidates won thirty of the then seventy seats on offer. In response to widespread public disorder and anti-government protests in 2019, Beijing stepped in to expand the number of LEGCO seats while reducing the directly elected component. The directly appointed members of LEGCO tend to be almost all pro-Beijing members.

The portfolio remains close to fully invested with seventy-five positions across our six Asian investment markets.

Note: Returns are quoted net of fees. 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.

# Asia Small Companies Unit Class TAMIM Fund



At 30 November 2021

## 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

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

## NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$8.9802	\$8.9533	\$8.9265

## Returns

	1 month	3 months	6 months	1 year	2 years (p.a.)	3 years (p.a.)	Since inception (p.a.)
TAMIM Asia Small Comp.	0.77%	-5.95%	0.45%	9.76%	4.48%	7.87%	3.94%
MSCI AC Asia SMID	2.12%	-2.74%	4.28%	12.22%	7.23%	9.21%	6.05%

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.

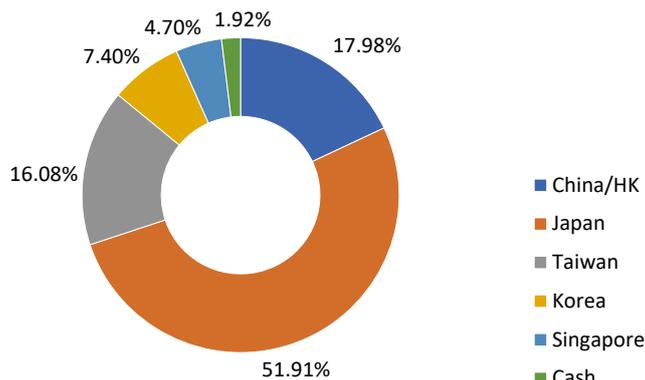
Note: Returns are quoted net of fees. Past performance is no guarantee of future performance.

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.

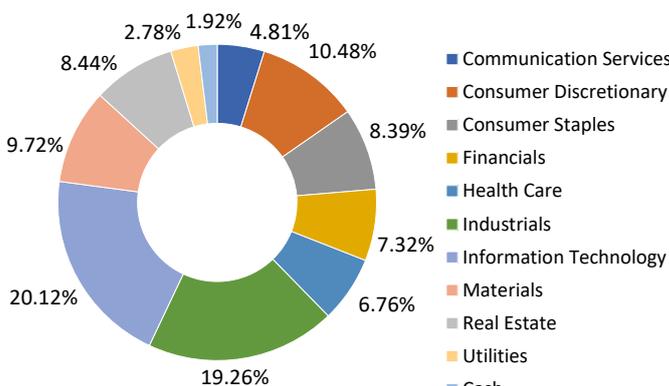
## Portfolio Profile

<b>Equity</b>	98.08%
<b>Cash</b>	1.92%

### 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