

Asia Small Companies Unit Class

TAMIM Fund



At 31 May 2021

The past month has seen an 13% increase in the official number of Covid-19 cases globally, a significant deceleration from the 17% growth rate recorded in the month of April and back to the growth rate recorded in March. While this is an encouraging trend globally, within the region there have been new hotspots in Japan and Taiwan in areas that previously appeared to be under good control. Asian equity markets for small to mid-sized stocks in May ended the month up 0.5% in USD terms and 0.3% in AUD terms, a relatively quiet month in both equity and currency markets across the region. In general, positive economic news in Asia has been offset by the imposition of new Covid-19 restrictions especially in Japan and Taiwan and concerns regarding the slow pace of vaccinations across the region.

There was a range of performance across our six investment markets from +3.0% in Hong Kong and -3.6% in Taiwan. The decline in Taiwan was no surprise following the double digit percentage increase in April. The market in Taiwan has increased by 67% in the past year, well ahead of the regional index at 38% growth. Local sentiment was impacted by a tightening of Covid-19 restrictions in response to increasing levels of infections. We retain our positive view towards companies in Taiwan especially in the technology sector.

Hong Kong

Despite being the leading regional market during May, Hong Kong has been a significant laggard in the past twelve months, rising by just 4%, the only one of our investment markets in the region that has failed to make a return of at least 20%. The Hong Kong market has a valuation discount and dividend yield premium versus the rest of the region, however, the main downward pressure on the equity market is likely to remain political. Towards the end of May the High Court in Hong Kong ruled that the first defendant to face trial under the controversial national security law will be heard by a panel of three judges not the normal jury format. The judgement cited “safety of jurors” as the reason for directing a trial without jury. The implementation of national security laws in Hong Kong is sure to continue to receive close scrutiny from the international community.

China

The market in China increased by 2% during May as the economy continued to demonstrate positive numbers. The purchasing managers index for manufacturing remains in a growth phase at 51 during May, while the services sector measure showed good acceleration from 54.9 to 55.2 helped by improving domestic consumption numbers. The electronics sector in China continues to be held back by the global shortage of semiconductors.

The Philippines and China held talks regarding access to the

South China Sea that were described as “friendly and candid”. These talks continue under a bilateral consultation that started five years ago, there are no easy solutions and ongoing tension is almost certain across disputed waterways in the region. Britain will be sending flagship aircraft carrier HMS Queen Elizabeth through the South China Sea and ultimately to Japan, this will generate strong words from China in the coming weeks, just as the “routine Taiwan Strait transit” undertaken by the US Navy each month tends to provoke comments from China regarding regional peace and stability.

South Korea

South Korea’s President Moon Jae-in made a visit to the United States including meeting President Biden at the White House. Both sides issued post-meeting comments reflecting positive sentiment regarding future cooperation regarding combating Covid-19, rebuilding the global economy and addressing climate change. Despite positive words following the meeting there was no movement on South Korea’s request for additional vaccine supplies which are running behind schedule from manufacturers in the United States. Both countries have vowed to continue to work towards denuclearisation of the Korean peninsula. The South Korea market fell by 3.5% during May after a strong run in the previous three months.

Japan

Business confidence in the manufacturing sector in Japan reached a two-year high in May according to the Reuters Takan sentiment index for manufacturing, with particular strength in export demand from Europe and the United States. The equity market in Japan was broadly flat during May, held back by ongoing concerns about rising Covid-19 numbers and the pace of the domestic vaccination programme. The jump in exports reported for April was the biggest for more than a decade with a 38% rise year on year, well ahead of the market consensus of 31% growth. Exports to the United States increased by 45% while the numbers for China as a destination increased by 34%.

We maintained an unchanged portfolio during May and continue to be fully invested. 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%)
APIR Code:	CTS7571AU

Returns

	1m	3m	6m	1y	2y (p.a.)	Since inception p.a.
TAMIM Asia Small Comp.	-0.50%	5.85%	9.27%	16.30%	12.02%	4.53%
MSCI AC Asia SMID	0.31%	4.44%	7.61%	17.99%	10.38%	5.56%

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\$	\$9.0284	\$9.0014	\$8.9744

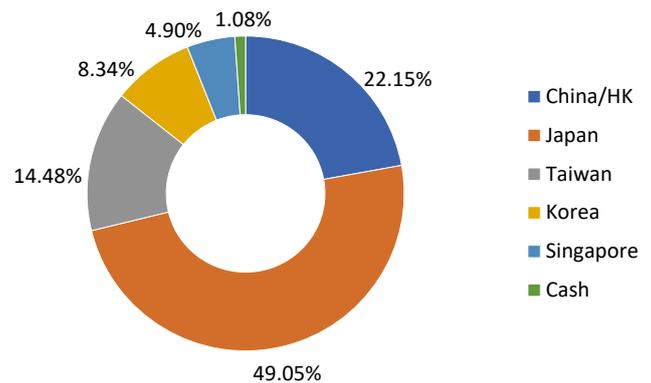
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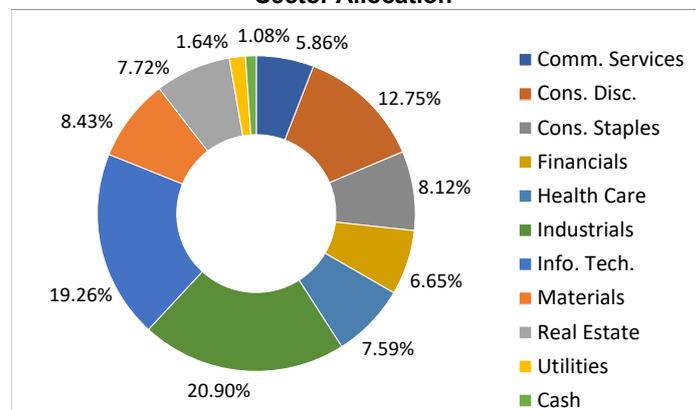
Portfolio Profile

Equity	98.92%
Cash	1.08%

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