

Global High Conviction Unit Class

TAMIM Fund

At 31 May 2023



The Tamim Global High Conviction unit class was up 0.21% for the month of May 2023, this was in comparison to the index return of 1.10%. Pleasingly the strategy has generated a return of 6.45% over the past year. Since the inception of the strategy it has returned 12.88% p.a. net of fees to investors.

Equity markets were positive in May helped by investors' conviction that the US debt negotiations would reach a compromise and that interest rates are likely to have peaked and will be reduced sometime this year. The former appears resolved but the latter appears wishful thinking.

Base effects will convey the impression of falling rates of annual inflation but the models we use provided by our macro economists, suggest that 4% will be a base – put another way, pretending that the true rate of inflation is 2% will now become an exercise in pretending that the true rate of inflation is “only” 4% and a price worth paying/is good for you to quote Janet Yellen. So 4% is the new 2%. Still the best way to preserve purchasing power is to invest in dividend paying equities with sound balance sheets and management that invests sensibly.

Consumer stress is increasingly evident in the US and shares in especially the discount retailers such as Dollar General (not owned) got hit hard late in the month. These companies service lower income groups and it's a clear message about how income stress is first being felt in lower income cohorts. US house prices appear to be falling along with commercial property prices and investors have sought refuge in companies such as NVDA. However this is trading at >35x revenues! It's 'deja vu all over again' to quote a Mr Berra. We prefer Japanese technology companies about which we have written lots! <https://www.tamim.com.au/tamim-stock-stories/the-semiconductor-stock-behind-your-semiconductor-stock>

China's economy is struggling to overcome its own property bubble and trusting official figures on industrial output is probably unwise. The return to normality or the Chinese version of normality is likely however to be supportive of certain equity prices. In a tacit acknowledgement that supply side policy has wiped out the natural benefits to the consumer of a competitive economy, retail food price controls were imposed in France and are being mooted by the UK. We wrote about this too although we thought the US would be first off the blocks.

Our view would be that MORE competition enabled by lower taxation, less regulation and fewer subsidies to NOT produce, would be the answer. Oh well.

Price changes in May were actually extreme in so far as the spread was extraordinarily wide – at least in our global stock universe. NVDA and other US tech stocks got the headlines, but Japanese companies in tech, about which we have been very positive for a while rose strongly too. AMAT + 19%, Advantest +60%, Ibiden +25%, Tokyo Electron Hoya >20% and we sold Hoya reinvesting in NGK Insulators

IP, ONEOK, AES fell – we sold AES which somewhat reduces our positive ESG bias relative to the benchmark, but ESG alone is insufficient to provide returns to meet clients' future funding needs.

Growth style has outperformed Value style by about 7% ytd and probably represents a 'snap back' from last year's strong outperformance by Value. We have a modest bias to Value and are still pondering the banking sector where we remain underweight.

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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
Hurdle:	MSCI World Net Total Return Index
Exit fee:	Nil
Single security limit:	+/- 5% relative to Benchmark
Country/Sector limit:	+/- 10% relative to Benchmark
Target number of holdings:	50-80
Portfolio turnover:	Typically < 25% p.a.
Investable universe:	MSCI World Net Total Return Index
Cash level (typical):	0-100% (0-10%)
APIR code:	CTS5590AU

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$1.1953	\$1.1923	\$1.1893

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	0.21%	6.45%	10.06%	7.70%	12.88%	321.66%
MSCI World	1.10%	13.14%	11.91%	11.21%	13.42%	346.04%
Cash	0.32%	2.69%	0.99%	1.03%	1.89%	24.97%

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. The MSCI World refers to the MSCI World Index in AUD. Returns shown for longer than 1 year (other than Inception) are annualised. All returns shown are AUD denominated.

Selection of 5 Holdings

Stock	Country
Johnson & Johnson	USA
Home Depot Inc	USA
KLA Corporation	USA
Fujifilm Holdings Corporation	Japan
Sony Corporation	Japan

Portfolio Profile

Equities	96.00%
Cash	4.00%

