Global High Conviction Unit Class
TAMIM Fund

At 31 March 2024

The TAMIM Global High Conviction unit class was up 4.17% for the month of March 2024, this was in comparison to the index return of 3.02%. The strategy has generated a return of 25.65% over the past 12 months. Since the inception of the strategy it has returned 14.01% p.a. net of fees to investors.

"I've got the power"

March was a strong end to a strong quarter for risk assets. Despite a stated end to Yield Curve Control in Japan, further property price problems in China, and a core inflation rate that won't behave in the USA and Europe, soothing words from Jay Powell regarding interest rates were enough to convince investors to remain 'risk on'.

Significant price moves in global equities were seen in Dick's Sporting Goods, Valero, eBay (a recent purchase), Kroger and Atkore which rose between 16% and 26%.

In the quarter, Ebara rose c. 65%, EMCOR 61% Dick's 52% and Advantest 42%. The last we have highlighted for quite a while as a pure tech play in a market which was overlooked. Japan is now no longer an 'orphan child'. As Japan has earned more attention through its renaissance, debates rage as to whether the cause is truly one of better governance, and rewards to shareholders with a better focus on profits and sensible capital investment, or whether it's a weak Yen effect which will dissipate as the Yen reverts to somewhere near fair value (stronger). The year end in Japan is March and most companies report in May, but news flow will start to permeate from now. It will be interesting to see what Japanese companies do with buybacks and dividends. We remain overweight anticipating better treatment of shareholders by management.

A brief comment on the infrastructure opportunity now clearly emerging for companies which build, maintain, and repair the electricity grid. First data centres, then crypto mining, then EVs and now AI have all arrived to place a burden on generation by and transmission within, a grid that is antiquated both in physical equipment and in its regulation. All of these trends, if continued at current rates of adoption are going to place enormous strain on Generation and Transmission (G&T). Renewable additions alone are definitely going to be insufficient and it's quite feasible that the whole system will come under pressure without significant overhaul and investment.

Demand from Crypto mining and Data Centres equates to roughly the 340GW of renewable capacity installed, according to the IEA, the International Energy Agency. This leaves nothing for other increased electricity usage. Chat GPT 10 is reckoned to need 10x as much power as a Google search. AI chips will do more computations and will need more power and of course more power to cool them. What we have now is not fit for purpose let alone what is expected to be demanded of it. (We refrain from mentioning the Heat Island effect on local temperature measurement errors.)

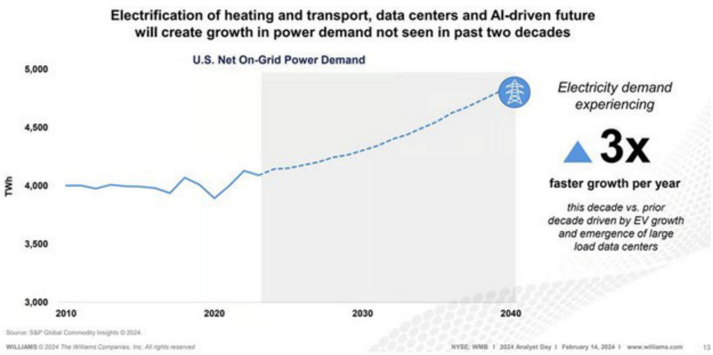

IMAGE SOURCE: WILLIAMS.

For a more detailed discussion of the issues please read below from The North American Electric Reliability Corporation. Page 10 will be enough to convince you of the challenge? Did anyone say Nuclear?

https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2023.pdf

In short invest in companies that will be pitching for essential work on the grid.

Portfolio Highlights:

Heidelberg Materials AG (ETR.HEI)

Heidelberg Materials is a global supplier of cement, aggregates, asphalt and concrete. The current investor zeitgeist detests building material companies such as Heidelberg because they are carbon intensive. Indeed, the construction sector is the third biggest polluter (behind energy and transport), with cement alone accounting for 8% of the Earth's emissions. However should the world wish to decarbonise, while also maintaining safe buildings and reliable roads, these businesses will play an integral role. To that end, Heidelberg has released commercial EVOBUILD cement and concrete materials which utilise 30% less carbon and 30% recycled materials. Moreover, the business is currently building the world's first cement industrial carbon capture facility in Norway, which will provide feedstock to chemical plants and enable a net zero carbon footprint. This is a far more sustainable strategy than simply divesting divisions to less reputable acquirers or relying on "carbon credits". Management's proactiveness regarding the environment is applied across the organization. Non-core geographies and sites are divested with the capital invested into better-returning opportunities. Since 2018, earnings per share have doubled and returns on invested capital have increased 43%. After paying down a significant debt load, attention has now shifted to rewarding shareholders. The dividend was increased 15% to €3.00 per share and the board recently approved an additional €1.2 billion buyback program. Despite tepid demand for construction globally, Heidelberg Materials delivered earnings growth last year as it pushed through price increases to customers. Management has also guided for earnings growth again in 2024. The current valuation of less than 10 times earnings remains undemanding given the opportunity ahead.

Dick's Sporting Goods (NYSE.DKS)

Dick's Sporting Goods is the largest sports retailer in the United States with 855 stores in 47 states. Founded by Dick Stack in 1948, the business is now stewarded by his son Edward, who retains a 10% shareholding. Despite the ubiquity of online shopping, the retailer has managed to take market share in recent years through its differentiated customer experience. Stores are in large-format retail locations enable a wider merchandise selection and second as a distribution network for fast online fulfilment. Purchaser confidence is cultivated through in-store technology such as golf simulators and batting cages coupled with knowledgeable team members. Dick's continues to evolve the store experience, with the latest iteration including soccer and rock-climbing facilities. Since 2019, sales have increased 50% and market share has improved by 150 basis points. The retailer has made a conscious decision to compete on price and instead opt to provide customers with exclusive and differentiated products with higher margins. As a result, gross margins have expanded from 30% to 35%, leading to a corresponding increase in profit margins from 5% to nearly 11%. Dick's share price rallied +16% in March owing to better-than-expected fourth-quarter results. Revenue increased by over 7% while operating earnings jumped 37%. The business guided for a 10% rise in the quarterly dividend in 2024, marking the tenth year of consecutive increases. On the investor call, management noted that the consumer across income demographics remains resilient and is "increasingly choosing Dick's to meet their needs".

EBARA Corp (TYO.6361)

EBARA Corp is a global manufacturer of industrial equipment. Founded in 1912, the company initially focused on selling commercial pumps for water infrastructure. EBARA has since expanded into equipment used for oil and gas extraction, cement production and semiconductor fabrication. More simply, EBARA is a company that serves needs not wants. Its products are used to facilitate much of the social infrastructure we rely upon every day such as fresh drinking water, safe roads and reliable electricity. Long-term demand for EBARA's products is expected to be underpinned by three primary tailwinds: the energy transition, deglobalisation and population growth. The race to net zero has and will continue to require vast investment in new sources of reliable energy to provide sufficient baseload power. Moreover, with the world's population to increase by two billion by 2050, this will require millions of miles of additional power, water and transport infrastructure. Asia, where EBARA derives most of its earnings, will need to spend US$1.7 trillion per year to support projected growth and climate commitments. Beyond the tailwinds, the investment thesis for EBARA is supported by a renewed focus on shareholder returns among Japanese companies. The business has more than tripled its dividend since 2019 and recent financial results indicate EBARA has already exceeded margin and return on capital targets set for 2025.

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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:	80-100
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

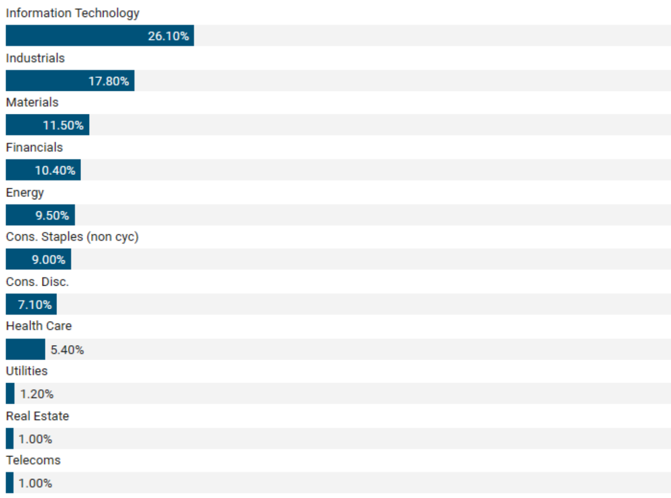
	Buy Price	Mid Price	Redemption Price
AU$	$1.4895	$1.4858	$1.4820

Selection of 5 Holdings

Stock	Country
Johnson & Johnson	USA
Emcor	USA
KLA Corporation	USA
Fujifilm Holdings Corporation	Japan
Sony Corporation	Japan

Portfolio Profile

Equities	98.90%
Cash	1.10%



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	4.17%	25.65%	12.29%	12.15%	14.01%	429.55%
MSCI World	3.02%	28.44%	14.36%	14.00%	14.34%	449.50%
Cash	0.36%	4.14%	2.10%	1.48%	2.05%	29.36%

Strategy inception: 15/07/2011 | TAMIM Fund: Global High Conviction unit class inception: 31 December 2019