

TAMIL ENDOWMENT FUND

Quarterly Update – June 2023

TEF INVESTMENT TIMELINE



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Welcome to our first quarterly update. During June, we invested in two funds in real estate and listed equity to further diversify the portfolio. Future investment focus will be on growth orientated equity, with a tilt to technology and communication services where we are underweight relative to the MSCI ACWI. This must be done opportunistically, however, as the growth end of the market are currently priced at relative highs. The portfolio now has an over exposure to real estate, due to the new fund position, which will be gradually reduced by adding new investments in other asset classes.

Performance in June was mixed, with real estate losing some value, infrastructure flat and listed equity performing well.

Asset Class	Strategic Asset Allocation	Asset Allocation	Performance	Assets
			April 23 – June 23	June 2023
Listed Equity	60%	61.2%	1.99%	£305.97
Fixed Income	7.5%			
Infrastructure	15%	19.6%	-1.89%	£98.11
Real Estate	5%	19.2%	-4.11%	£95.89
Natural Resources	5%			
Diversifying Strategies	7.5%			
Total	100%	100%	-0.01%	£499.97

Strategic Asset Allocation (SAA) – The long term allocation target to an asset class as per our investment policy
Asset Allocation – The current allocation of the portfolio to an asset class

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Detailed Quarterly Update – June 2023

Listed Equities

Global equity markets rallied over the quarter however, there was a divergence across different regions - with US markets leading the rally, whilst the UK and Emerging Markets lagged behind. The Technology sector (especially stocks exposed to the artificial intelligence industry) was the stand-out performer, with our funds also benefiting from this. Elsewhere, consumer discretionary and communication services sectors also performed strongly. Underperforming sectors included energy and utilities.

Infrastructure

This quarter our fund underperformed its benchmark (OECD G7 CPI + 5.5%) which returned 2.89% whilst our fund returned -2.39%. This is not surprising given the current high inflation rates, whilst equity markets rewarded riskier sectors such as technology to the detriment of lower risk sectors such as utilities. On a regional basis, the standout performer during the quarter was Latin America, in particular Brazil, where moderating inflation suggests interest rates may be cut sooner than expected. Sectorally, the renewables industry, had a challenging quarter due to weakened global renewables sentiment.

The fund remains defensively positioned, prioritising assets with attractive free cash flows, cash flows which are either being deployed into capital expenditures or being paid out to investors. In particular, the fund is looking to selectively increase exposure to high-quality user-pays assets in industries such as airports, passenger and freight rail, and toll roads.

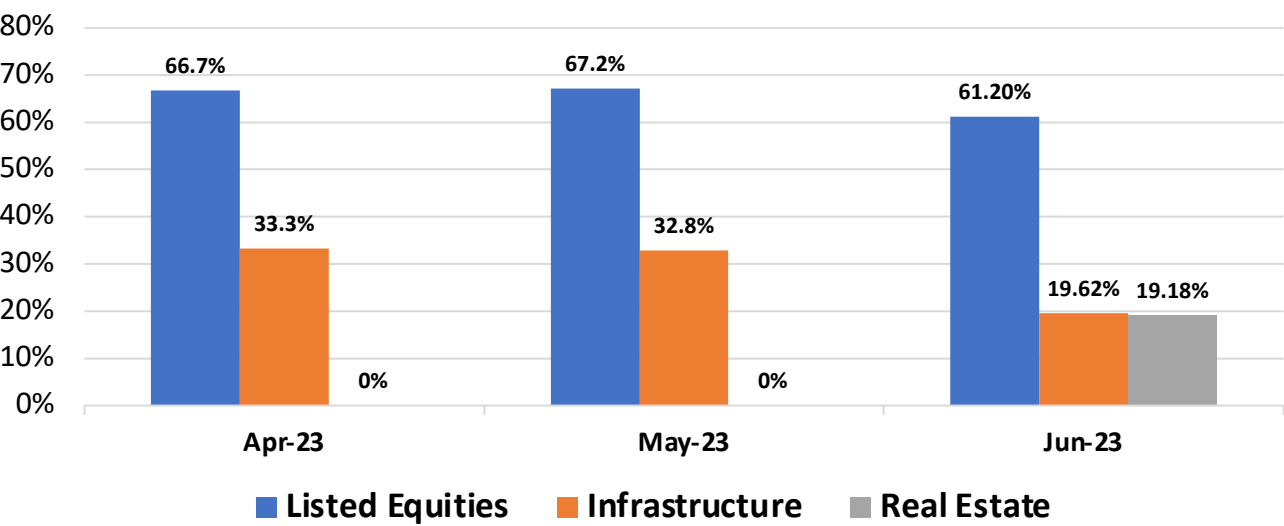
Real Estate

Listed property stocks delivered positive returns over the month, despite lagging the broader equity market over the quarter. Performance was strong in US and France whilst weaker in the UK, Japan and Hong Kong.

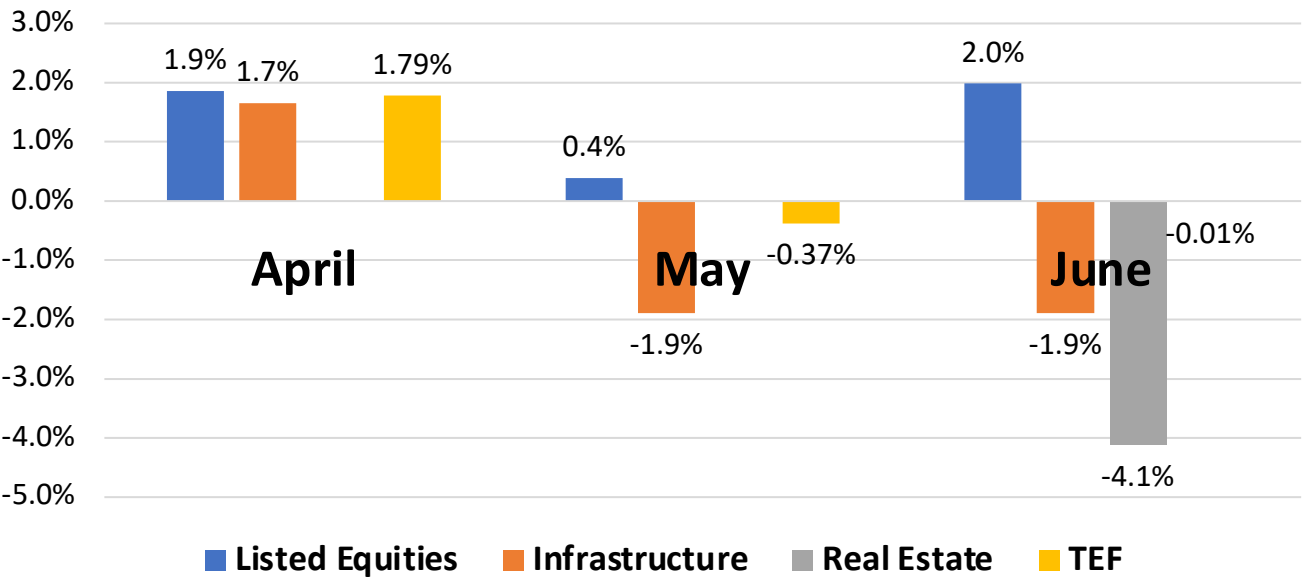
The fund manager remains cautious about the office sector whilst opportunistically adding positions in Japanese Hotels and European Healthcare where they expect to benefit from rising demand for nursing homes driven by an aging population.

Exposure Update - June 2023

Asset Allocation



Cumulative Performance Update



Sector	TEF	MSCI ACWI*	Difference
Real Estate	19.7%	2.3%	17.4%
Technology	16.3%	22.1%	-5.8%
Utilities	13.0%	2.8%	10.2%
Health Care	11.5%	11.8%	-0.4%
Industrials	10.9%	10.6%	0.3%
Consumer Staples	10.9%	7.3%	3.6%
Financials	7.4%	15.4%	-8.0%
Consumer Discretionary	2.7%	11.3%	-8.7%
Communication Services	2.2%	7.3%	-5.1%
Energy	1.9%	4.6%	-2.7%
Cash and Equiv.	1.9%	0.0%	1.9%
Materials	1.6%	4.6%	-3.0%
Non-Classified	0.0%	0.0%	0.0%

*MSCI ACWI is not our performance benchmark, but included as reference of the broader equity market sectoral exposures

Regional Exposure	
North America	72.3%
Europe - Excl UK	12.0%
UK	7.3%
Asia and Pacific	4.8%
South & Central America	1.1%
Cash and Equiv.	1.3%
Non-Classified	1.1%

Perpetual growth and allocation of funds to Tamil causes and organisations