TAMIL ENDOWMENT FUND

Quarterly Update – September 2023

2. Quarterly Update – September 2023

During August, we increased our growth exposure through reallocating fund investments in the listed equity portfolio. Major developed market central banks like the US Federal Reserve are adopting a higher-for-longer narrative for policy interest rates, with the real yield (i.e. yield after inflation adjustment) on the 10-year US Treasury note now reaching the highest level since late 2009. This has meant assets that derive its value from desirable yield features, such as real estate and infrastructure have lost value in the recent market repricing. Focus looking forward for the fund include deploying new capital into to an all-weather equity orientated position, evaluate the future attractiveness of real assets given the lower prices and review our Strategic Asset Allocation.

Asset Class	Strategic Asset Allocation	Asset Allocation	Performance April 23 – September 23
Listed Equity	60%	62.6%	2.4%
Fixed Income	7.5%		
Infrastructure	15%	18.3%	-10.1%
Real Estate	5%	19.1%	-6.5%
Natural Resources	5%		
Diversifying Strategies	7.5%		
Total	**100%**	**100%**	**-1.4%**

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 – September 2023

Listed Equities

Global stock markets declined during the quarter, after a particularly challenging September. There were shifts in sector sentiment, with technology stocks being among the most negatively affected. The energy sector, in contrast, benefitted from surging oil prices as supply tightened. Our equity funds were underweight energy which detracted from potential performance. During the quarter, we had reallocated our fund investments in favour of more growth exposure, which has increased our exposure to technology stocks whilst reducing consumer staples exposure. Being underweight technology, leaves the portfolio at a disadvantage to the longer-term trend of digitisation.

Infrastructure

During the quarter, generally slowing inflation and reasonably strong economic data led investors to reassess their expectations of a global recession in 2023. The investment manager continues to position the fund for a less rosy outlook than the market is expecting, as they believe recent economic resilience (concentrated in the United States) and enthusiasm for risk (concentrated in a few artificial-intelligence-related stocks) have merely delayed rather than avoided a recession. Any series of negative earnings revisions, the manager believes, would create conditions in which infrastructure's strengths would shine through. Whilst since inception, TEF infrastructure has been negative, the role of this asset class in the broader TEF portfolio is to provide positive returns in the scenario of a recession or economic downturn, where the listed equity and real estate portfolios would likely underperform. In this light, we remain comfortable with the fund's positioning.

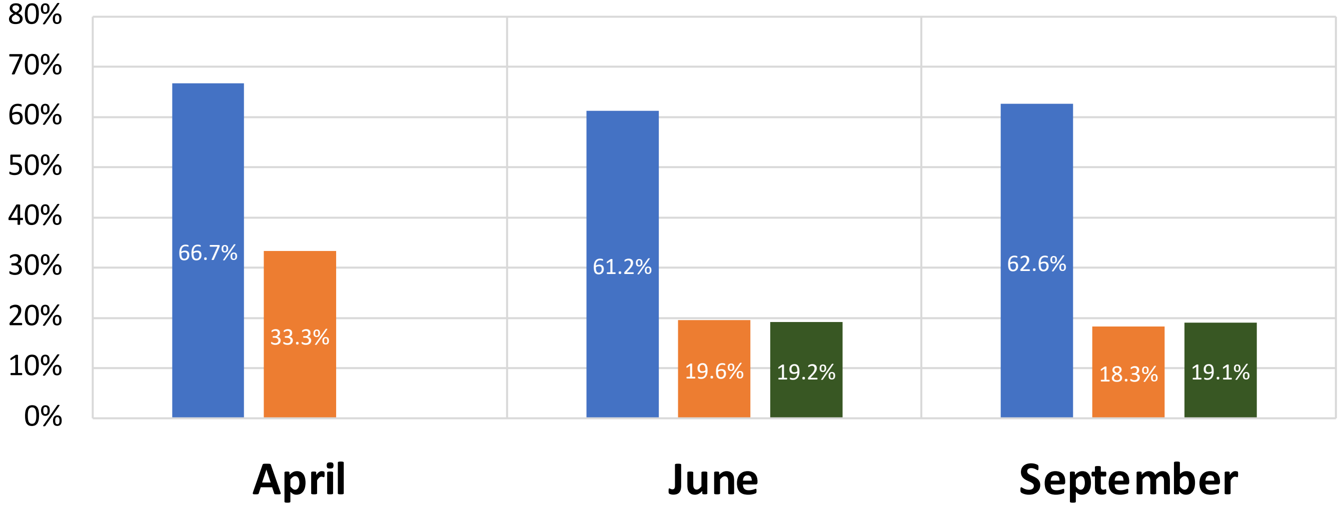
Real Estate

Listed property stocks sold off during the quarter, underperforming broader equities due to the prospect of 'higher for longer' interest rates. In the US, short-term lease sectors such as storage, apartments and industrials underperformed. Office REITs also fell given the higher leverage levels and greater debt refinancing risks in the sub-sector. In contrast, the relative stability of cash flows in healthcare, shopping centre and data centre stocks were rewarded by the market.

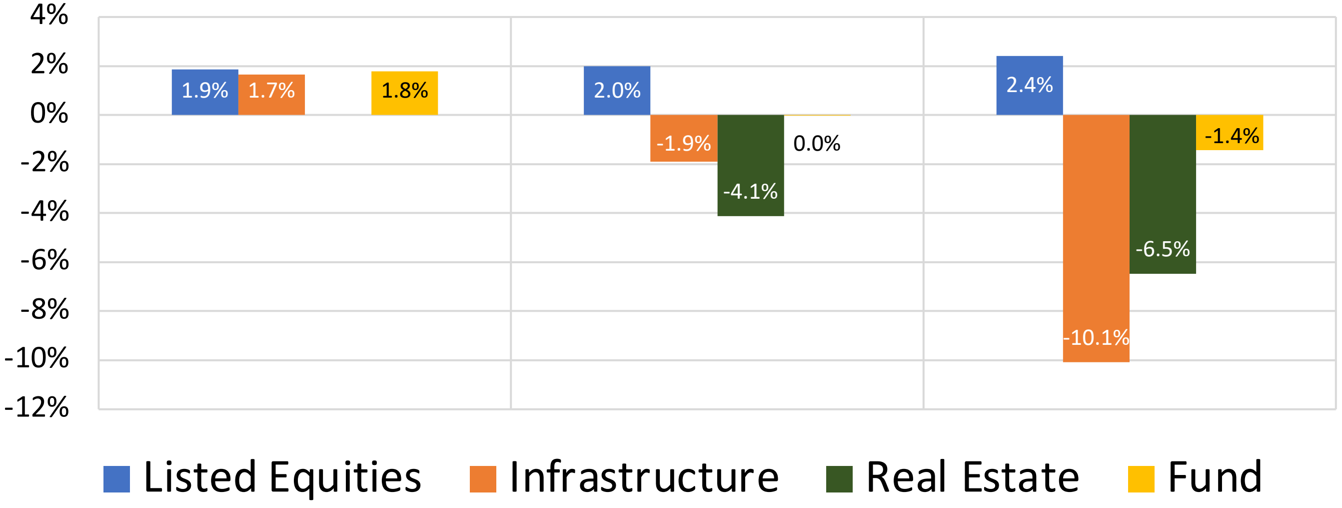
The fund had mixed performance with some successes in shopping centres and healthcare, whilst underexposure to data centres cost performance relative to market indexes. The fund has increased its position to US industrials and European healthcare real estate.

Detailed Exposure Update – September 2023

Asset Allocation



Fund and Asset Class Performance



Sector	April	June	September
Consumer Discretionary	2.2%	2.7%	3.1%
Consumer Staples	17.7%	10.9%	6.8%
Energy	3.3%	1.9%	1.5%
Materials	0.0%	1.6%	3.6%
Industrials	12.3%	10.9%	10.7%
Health Care	12.0%	11.5%	11.9%
Financials	9.6%	7.4%	5.5%
Technology	15.8%	16.3%	18.3%
Real Estate	2.0%	19.7%	19.1%
Communication Services	0.0%	2.2%	5.5%
Utilities	22.4%	13.0%	12.9%
Cash and Equiv.	2.6%	1.9%	1.0%

Regional Exposure	
North America	79.2%
Europe - Excl UK	8.8%
UK	4.5%
Asia and Pacific	5.5%
South & Central America	0.9%
Cash and Equiv.	1.0%
Non-Classified	0%

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Perpetual growth and allocation of funds to Tamil causes and organisations

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