TAMIL ENDOWMENT FUND

Quarterly Update – December 2023

3. Quarterly Update – December 2023

During the quarter we increased our European exposure (Page 4), whilst tapering back our US exposure, through adding a European fund. We added a new growth orientated equities fund and added further capital to our existing infrastructure fund to take advantage of lower prices. We continue to increase our technology exposure to improve the portfolio's returns during risk-on periods. An example of a risk-on period was December, as markets became bullish on the potential for the US Central Bank to start reducing interest rates in 2024.

Focus looking forward include deploying new capital into to a global income strategy, evaluating the attractiveness of real estate to the portfolio and continue to review our investment philosophy and strategic asset allocation as we approach 1 year since inception.

Asset Class	Strategic Asset Allocation	Asset Allocation	Performance
			April 23 – December 23
Listed Equity	60%	68.1%	7.9%
Fixed Income	7.5%		
Infrastructure	15%	21.1%	-0.7%
Real Estate	5%	10.7%	2.7%
Natural Resources	5%		
Diversifying Strategies	7.5%		
Total	**100%**	**100%**	**5.7%**

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 – December 2023

Listed Equities

Global equity markets finished the year with another strong quarter. Inflation continued to moderate, wage inflation and job markets softened, consumers remained in good health and macro-economic sentiment improved. There is an increasing view that a recession may now be avoided. This drove a rotation towards more cyclical and growth orientated sectors. Successful sectors during the quarter included information technology, communication services and consumer discretionary, whilst more defensive sectors such as consumer staples and healthcare lagged behind. Pleasingly, our new fund additions have increasingly closed the growth exposure deficit from prior quarters.

Infrastructure

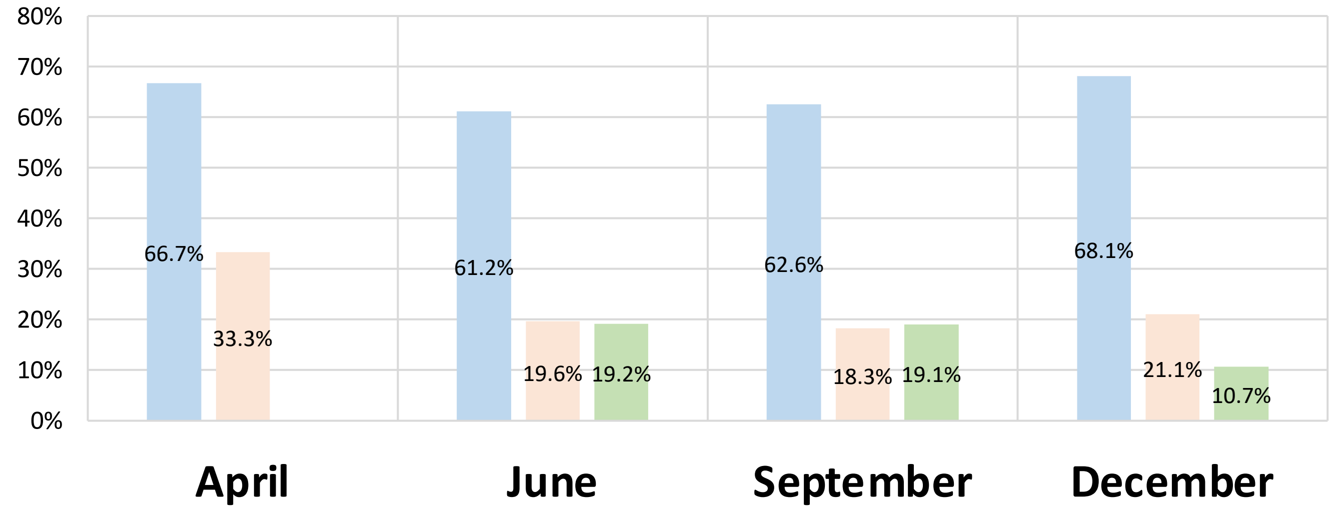
During the quarter, infrastructure and equity markets rallied as sustained disinflationary trends created an expectation that not only is the US Federal Reserve (“Fed”) finished raising interest rates, but rate cuts could also begin sooner and be more numerous than previously expected. As a result, the 10-year US Treasury yield, which peaked at 5% in October, ended the year below 4%, while the futures contracts on the federal funds rate priced in six interest-rate cuts in 2024. Positive contributors to the portfolio included US electric companies and communications assets. The investment manager continues to position the fund conservatively as they expect the tightened financial conditions to eventually impact corporate earnings which would create conditions in which defensive assets such as infrastructure would perform well. 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 manager’s positioning.

Real Estate

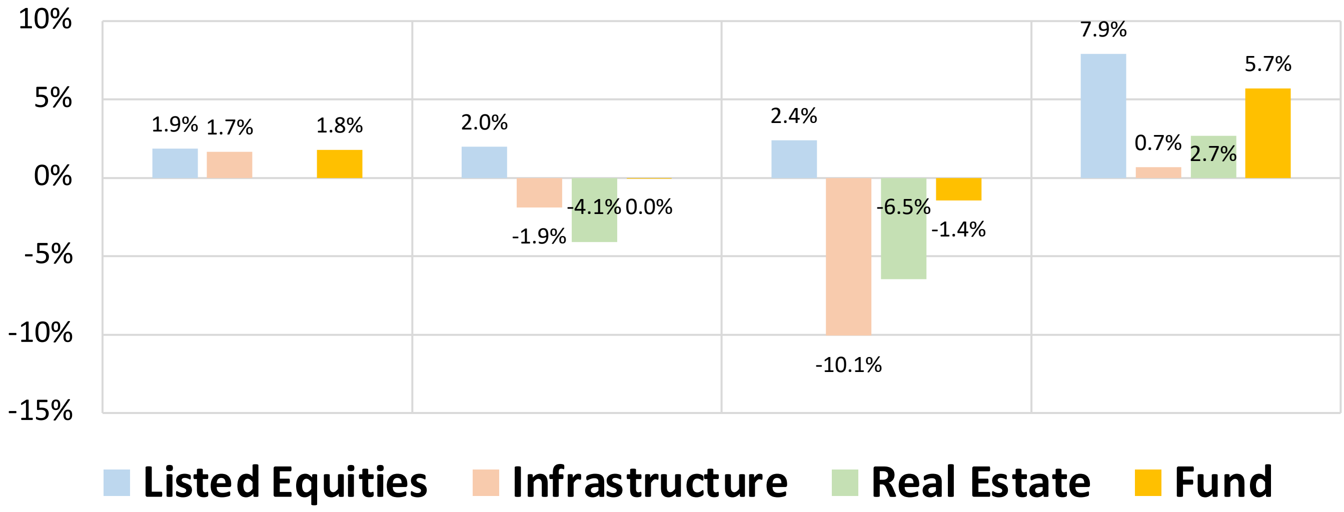
The real estate market performed well during the quarter as global equity markets rallied on the potential for interest rate decreases in 2024. The real estate market continue to face headwinds from a slowing economy and more restrictive financial conditions. Digital real estate assets such as data centres performed well from increased demand from artificial intelligence activities. Detractors to the portfolio were office and storage owners. New positions in the portfolio include US offices where the manager believes valuations now attractively discounted to the headwinds the sector faces.

Detailed Exposure Update – December 2023

Asset Allocation



Fund and Asset Class Performance



Sector	Apr	June	Sept	Dec
Consumer Discretionary	2.2%	2.7%	3.1%	5.5%
Consumer Staples	17.7%	10.9%	6.8%	4.6%
Energy	3.3%	1.9%	1.5%	1.8%
Materials	0.0%	1.6%	3.6%	3.4%
Industrials	12.3%	10.9%	10.7%	12.5%
Health Care	12.0%	11.5%	11.9%	10.7%
Financials	9.6%	7.4%	5.5%	7.3%
Technology	15.8%	16.3%	18.3%	20.2%
Real Estate	2.0%	19.7%	19.1%	11.8%
Communication Services	0.0%	2.2%	5.5%	5.9%
Utilities	22.4%	13.0%	12.9%	14.2%
Cash and Equiv.	2.6%	1.9%	1.0%	2.0%

Regional Exposure	Apr	June	Sept	Dec
North America	61.4%	52.9%	79.2%	68.9%
Europe – Inc. UK	30.7%	38.8%	13.3%	22.6%
Asia and Pacific	3.4%	4.8%	5.5%	3.9%
South & Central America	1.9%	1.1%	0.9%	1.2%
Cash and Equiv.	2.6%	1.3%	1%	2%
Other	0%	1.1%	0%	1.4%

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Perpetual growth and allocation of funds to Tamil causes and organisations

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