TAMIM Takeover Report

What to look for when identifying potential takeovers

Report

November 2021

TAMIM Asset Management
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Contents

1. Introduction 3
2. TAMIM's Recent Takeovers 4
3. Identifying a Potential Target 6
4. Case Studies 10
5. About 16

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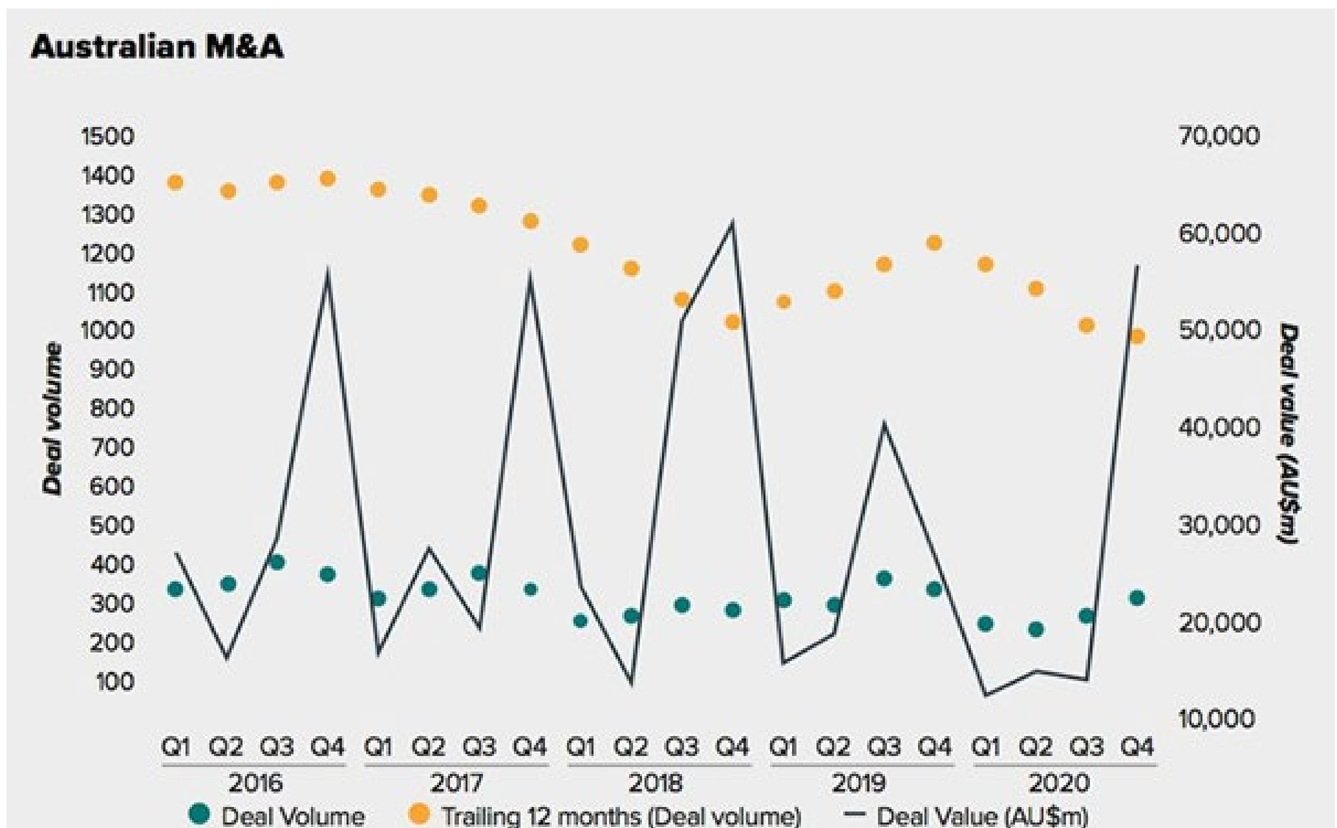
Introduction

A key driver of performance across our Australian equity portfolios in recent years has been investing in companies that not only present value but have an upcoming catalyst to re-rate the price of their stock. One key catalyst that we have become adept at identifying is companies that are potential takeover targets. The ability to find companies with strategic value that can be worth more in another business' control is a huge weapon to have in your investing arsenal and has proved to be a profitable strategy as the companies being taken over are usually done so at a substantial premium. We have seen a flurry of M&A transactions on the ASX over the past year, with quite a few being holdings in TAMIM's Australian equity portfolios.

At this point, we thought we would talk more about our process and what we look for in identifying a potential takeover target. In doing this we will also look into three Australian stocks that we think are ripe for a takeover.



Source: Dealogic

TAMIM's Recent Takeovers

Below are a number of examples of the M&A activity that has occurred in the TAMIM Fund: Australia All Cap and Small Cap Income portfolios over the last three years.

Trade Me

NZ's biggest & most popular auction & classifieds site, they are essentially the eBay of New Zealand with more offerings, such as residential property and cars. The business was taken over by UK PE firm Apax Partners in 2019 at a 25% premium, shaking off a rival bid from fellow private equity firm Hellman & Friedman. The PE firm believed they could add value to the business like they have done with many others and, looking to comparable businesses like realestate.com and Domain, the opportunity is certainly there.

Netcomm Wireless

NTC was a small cap telco providing fixed wireless broadband and fibre connectivity. In 2019 US based Cesa systems (CASA.NASDAQ) took over the company for a cash consideration of $160m, a 52% premium to its last traded share price. We have seen a lot of consolidation in the telco sector on the ASX and it is a sector that, for this reason, we follow very closely.

Dreamscape Networks

DN8, as it once traded, is a leading provider of domain name, hosting and online services and solutions that enable businesses and consumers to find, establish and grow their online presence. In 2019 US-based domain name and hosting provider Web.com agreed to acquire Dreamscape Networks for $105m to help grow their presence in the APAC region; this offer represented a 32% premium to the last traded share price.

Mortgage Choice

Mortgage Choice, once trading as MOC.ASX, is an Australian mortgage broking firm. In July 2021 REA Group (REA.ASX) completed an acquisition of MOC for a cash consideration of $244m to leverage their digital expertise and grow their broker footprint. The offer represented a 60+% premium to MOC's last traded share price.

Cardno

Cardno is an infrastructure and environmental services company. While not a direct takeover, in October 2021 Cardno sold its core Asia-Pacific and Americas businesses to Stantec Inc. (STN. NYSE & TSE), seeing their share price jump around 30%.

Intega

Intega is an engineering services company that was spun out of Cardno (CDD.ASX) in late 2019. In October, Dutch group Kiwa made a $421m takeover offer for Intega, a premium of 50% to the last traded price at the time.

Amaysim

Amaysim is Australia's largest mobile virtual network operator (MVNO), also the fourth largest mobile subscriber base in the country with 1.2m customers. Amaysim was using or "piggybacking" on Optus' network through a network service agreement (NSA). With this NSA expiring soon, Optus couldn't afford to lose these subscribers and, in March 2021, the mobile business was bought by Optus through a takeover offer from Wilson Asset Management (effectively leaving Wilson with the register) for a premium of around 20% to the last trading price.

Empired

Empired is an IT services provider with a range of capabilities and a reputation for delivering enterprise class IT and cloud services. In July

2021, French company Capgemini (CAP.EPA) announced it agreed to pay $233m for EPD which shareholders have since approved. This offer was a 65% premium to the last traded price.

Class Limited

Class develops and distributes cloud-based technology solutions to automate and simplify complex administration at scale in the financial services industry. In October 2021, financial services company HUB24 (HUB.ASX) made an offer to takeover Class for a scrip consideration. The implied total consideration represents a 52.8% premium based on the 1-month VWAP for both companies up to 15th October 2021.

Legend Corporation

Legend Corporation Limited is an engineering solutions provider. In 2019 Legend was taken over for an $80m all-cash consideration by PE firm Adamantem Capital. The offer represented a 20+% premium to the last traded share price.

Redcape Hotel Group

Redcape operate pubs and hotels primarily in Victoria. In September 2021 the Independent Board Committee (IBC) put forward a proposal to delist Redcape. The buy back was done at a 22.3% premium to the last close.

Identifying a Potential Target

What follows is a list of some of the tell tale characteristics we look for in identifying a potential takeover target. This list is by no means exhaustive and takeover targets will not necessarily display any or all of these characteristics but, if you are paying attention, they will often display some.

Who are the substantial holders?

When looking for a potential takeover target the first place to start would be looking at the top twenty shareholders. A substantial holder is one with more than 5% of the shares on float; this is disclosed to the market through an announcement and there will also be a disclosure for every 1% bought or sold thereafter.

If you see a shareholder in the same industry or one that would benefit from owning the business in question then it is worth keeping an eye on. If these holders have been accumulating stock, this is a sign that they may be preparing to try and take over the company. Seeing any holders that own a big chunk of the company (i.e. over 30%) is obviously also something of interest. A holder with that much stock will struggle to exit their position on market, their only way out would be through a takeover.

It is also worthwhile looking at the other shareholders, taking note of holders like fund managers or other groups that are accumulating, especially if they have a track record of investing in companies with M&A activity.

Strategic value

When looking at previous takeovers, a word you will often see being thrown around is "synergies". Synergies are benefits that a combined group will enjoy after the merger is completed. A couple of the most common synergies we see include cross selling opportunities and decreased costs as a result of overlapping operations that are no longer needed.

Companies that have strategic value are those that will enable another company to realise significant synergies. This could give them access to a new market or scale their existing customer base. A good example of this would be Amaysim. Last year we formed a special purpose vehicle (SPV) to invest solely into Amaysim. Amaysim was a great example of a stock with strategic value that would clearly be worth a lot more in another business' control.

Amaysim had over 1.2m mobile subscribers and was using or "piggybacking" on Optus' network through a network service agreement (NSA). This NSA contract was expiring in June 2022 which meant Amaysim would be free to shop around and move to another carrier; the

new NSA agreement was tendered to all three national mobile carriers (Telstra, Optus and TPG/Vodafone). Quite simply, as Amaysim's contracted subscriber base represented almost 10% of Optus' sub-base, Optus couldn't afford to lose those subscribers. It was also a rare opportunity for a provider like TPG/Vodafone to acquire a sizable share of the market.

While Amaysim remained a position in our broader portfolio, we were so confident in this takeover scenario that we launched an SPV in early October 2020 for any clients who wished to allocate further capital to the unique opportunity. Within months we saw Optus make a takeover offer for Amaysim's mobile business. While the structure of the deal was a little more complicated, this offer came at a premium of around 20%, this saw our SPV deliver an annualised return of over 30% to investors.

A mature industry

When an industry starts to mature it becomes a lot tougher for the incumbent businesses to grow their business organically. This steers them towards growth through consolidation. We have seen this across numerous industries in Australia. A great example would be the sports betting market that has seen plenty of consolidation as it has matured. We saw BetEasy merge with Sportsbet (owned by Dublin-based Flutter), Ladbrokes (owned by Entain (ENT.LSE), formerly GVC Holdings) takeover Neds, along with a list of other transactions.

New directors with M&A experience

M&A transactions can be tricky and there are usually a number of obstacles that need to be overcome. This is why you often need the right people with the right M&A experience to help push these deals over the line. Something we also look for is if the company has made any recent director or board appointments with M&A experience. Often these appointments are made specifically to help work on transactions and it is often a good sign that a company is either looking to acquire other businesses or is in play themselves.

We recently saw one of our holdings, Paragon Care (PGC.ASX), enter into a merger agreement with Quantum Health Group (QTM.ASX). In September 2021 QTM appointed a new non-executive director with a lot of experience in M&A transactions. Less than two months later, PGC and QTM entered into a merger agreement (at time of writing the merger has yet to finalise). As you can see, the information that may hint at a potential takeover is available to all investors, you just have to be observant and do the digging.

Companies making themselves more sellable

i.e. spinning off divisions, retiring debt etc.

Companies with shaky balance sheets are less likely to be taken over as opposed to those that are debt free and are in a net cash position. Companies that are retiring debt and selling off unwanted divisions will often find that it helps them attract a far more opportune price if a takeover comes knocking. Additionally, with sentiment shifting toward sustainable investing and ESG measures, companies will also look to spin off their more "unethical" divisions like Woolworths (WOW.ASX) have done with their alcohol and hospitality subsidiary Endeavour (EDV.ASX), separating in June 2021 via one of the largest demergers in Australian history with a market cap of $10.8bn on listing. We are not saying Woolworths is a takeover target (by any means) but it is a perfect example of the spinning off of a more contentious part of the business to improve ESG optics (WOW retains a 14.6% stake).

Strategic review announcements

If a company announces a strategic review it usually means they will be assessing their options to maximise shareholder value. Though not always the case, a strategic review can often come about after the company has received unsolicited approaches regarding a transaction or when they are looking to sell off some of their core assets. Companies will usually appoint an advisor who will help them make these strategic decisions. Simply put, if you see a company announce a strategic review it could be a sign of

an imminent takeover or other corporate action and might be worth a closer look.

One of our core holdings, Intega (ITG.ASX), is a perfect example of this. ITG is an engineering services company that was spun out of Cardno (CDD.ASX) in late 2019. In June 2021 Intega announced a strategic review to maximise shareholder value. In October, Dutch group Kiwa made a $421m takeover offer for Intega, a premium of 50% to the last traded price at the time ($0.57). Similar to ITG, Cardno also announced a strategic review and subsequently sold its core Asia-Pacific and Americas businesses, seeing its share price jump around 30%. They have recently (November 2021) announced yet another strategic review, this time into their International Business Development business. From a distance, it looks like CDD is effectively being taken over in pieces. Watch this space?

Look at what the big players in the industry are doing

To quote the immortal words of Jedi master Qui-Gon Jin in Star Wars: Episode I - The Phantom Menace, "there's always a bigger fish."

Consolidation most commonly occurs when larger players take out smaller ones so it is important to keep a close eye on these bigger players and see what their plans are moving forward on the M&A front. We recently saw Aussie Broadband (ABB.ASX), another core holding in our portfolios, raise $124m for the sole purpose of pursuing an aggressive M&A strategy. They also outlined that they will make their first acquisition in the second half of the year. ABB announced a takeover bid for Over The Wire (OTW.ASX) in October 2021. Keeping an eye on what the bigger players in the industry are up to can give you an insight as to if there is a spate of consolidation on the horizon.

Infrastructure plays

More recently, there has been a developing theme where infrastructure assets are being targeted by super funds. Super funds are managing so much money that they are running out of places to invest it all and, in order to achieve their 7%+ p.a. returns, infrastructure assets have become a hot commodity. For example, Telstra (TLS.ASX) has sold half of their mobile towers for 28x EBITDA while Sydney Airport (SYD.ASX) received a bid from QSuper in November 2021 on 25x pre-covid earnings.

It was evident again in Aware Super's takeover battle against Uniti Group (UWL.ASX) for OptiComm last year (UWL won that particular tussle). This is definitely a space to watch, companies that have core defensive infrastructure assets with stable earnings - fibre businesses, airports, utility infrastructure, companies with government contracts etc. - are on the radar for super funds.

Considerations to make after a takeover offer

A company can receive an offer made up of not just cash but other components. A company could simply offer a cash consideration or they could do a cash + scrip deal which involves paying cash and issuing shares to the existing shareholders of the company being taken over. In some rarer instances, you could see other securities being issued like warrants or convertible bonds. Sometimes a company's core assets are taken over and the rest of the company will be liquidated and returned to investors, franking credits are often left behind and can be very valuable for investors.

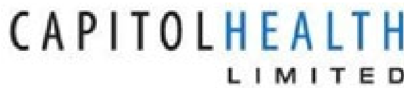
Once a takeover offer is made, the share price will invariably move closer to the offer price. At this point it is important to look at a couple of other things. It is important to look at the company making the offer and whether they have the financing in place to make the deal. We have recently seen a few deals fall through due to a lack of sufficient financing. If the market believes the deal will be accepted by the shareholders and the acquirer will go ahead with it, the spread between the trading price and offer price will be very small. The converse is true if the market thinks the deal won't go through.

If the offer is a low ball one, the share price may even trade at a premium due to the expectation of a better offer or even bidding war. It is important to understand what the value of these businesses may be to the businesses looking to take them over, being able to identify a potential bidding war can be lucrative. This is similar to what we have seen recently with Sydney Airport.

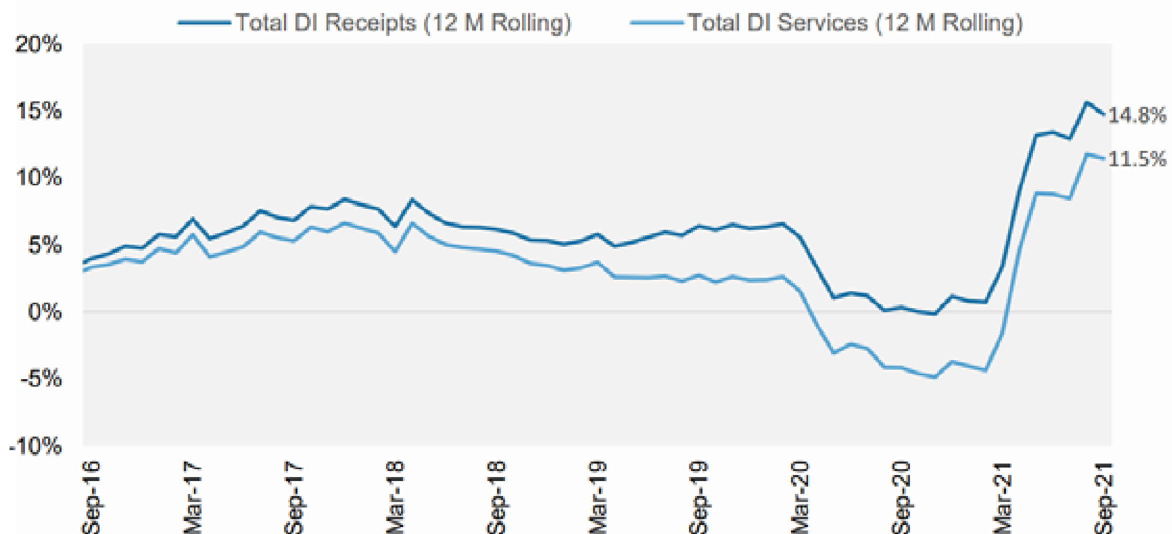
Case Studies

3 Potential Takeover Targets

Capitol Health (CAJ.ASX)



Capitol Health is one of the largest providers of diagnostic imaging and specialist radiology services in Victoria. They currently own and operate 63 radiology businesses around Australia. CAJ is a defensive business with their revenue coming from essential services such as x-rays, MRI's and ultrasounds. The fact that 77% of their revenue mix is bulk billed, meaning customers pay very little out of their own pocket for Capitol's services, is another great defensive attribute. The newly appointed management team has turned the business around in the last eighteen months with improved margins, organic growth and a strong balance sheet.



Source: CAJ, Managing Director/CEO's Address, AGM, 16 November 2021

Their operating EBITDA was up 38% for FY21, improving their operating EBITDA margin from 23.6% to 27%. CAJ have grown their business by upgrading/expanding their existing clinics to maximise revenue potential for each, accretive acquisitions (Direct Radiology most recently) and a focus on customer referrals.

CAJ has experienced some impact from Covid-19 (see above) but, given how essential their services are, they have remained mostly operational. Given that there would have been some people delaying non-essential visits to clinics during lockdowns, we do still expect there to be some pent up demand as we continue to emerge from lockdowns.

The sector has been consolidating with several deals coming through recently. This includes the likes of Sonic Healthcare (SHL.ASX) buying Canberra Imaging Group at approximately 9x EBITDA, Quadrant PE selling Qscan to Infratil (IFT.ASX & IFT.NZ) and a few others. We believe that the ongoing corporate action in the sector makes Capitol Health an attractive takeover target and one that looks cheap at that.

Listed peer Integral Diagnostics (IDX.ASX) is trading on 11.5x EBITDA while CAJ, currently sitting on a market cap of $390m, is trading on 8.3x EBITDA.

The metrics below show how compelling CAJ looks as a takeover target.

Looking at the amount of corporate activity in the sector and the comparison with IDX, we think any takeover could come at a premium of at least 12-13x EBITDA. There is also the possibility of CAJ making acquisitions of their own this coming year.

At 18 November 2021:

	EV	Operating EBITDA	Operating EBITDA margin	Total Clinics	EV/EBITDA	Div Yield
CAJ	$398m	$48m	27%	63	8.3x	3.2%
IDX	$1.08bn	$93.5m	26.8%	67	11.5x	2.7%

(Note: FY21 figures)

iSelect (ISU.ASX)

At 18 November 2021:

Share Price	Market Cap	Net Cash	EV	EBITDA	EV/EBITDA	Net Tangible Assets (per share)	Trailing Commission Asset (per share)
$0.33	$75m	$9.5m	$65.5m	$20.8m	3.6x	$0.44	$0.57

iSelect Limited is engaged in health, life and car insurance policy sales, mortgage brokerage, energy, broadband and financial referral services. The Group is organised based on its products and services and has three reportable segments: Health Insurance, Life and General Insurance and Energy/Telecommunications. They are essentially a comparison website that helps consumers compare and save on insurance, energy and telco bills.

Open Banking + Energy

Open banking, also known as "open bank data", is a banking practice that provides third-party financial service providers open access to consumer banking data. The rise of open banking will allow consumers to move between banks and energy providers more easily as well as give these providers more data on their consumers. This in turn allows for more customised and customer specific solutions. Given the lower barriers to entry and the increased competition open banking/energy encourages, ISU's services should benefit as more people look to change and compare providers as well as more providers joining the market which will broaden ISU's offering.

Takeover Activity

ISU announced in July 2020 that its largest shareholder and competitor, Compare the Market - depending on which corporate entity you wish to stop at, owned by Innovation Holdings Australia (IHA), British companies BGL Group or BHL Management Services - made a cash takeover offer at $0.40. Unfortunately, the companies could not agree on some clauses related to Covid-19 and so the bid was cancelled for the time being (even though the price was

i26 | About Open Energy

AUGUST 2019

Consumer Data Right (CDR) legislation was passed

WHAT IS CDR?[1]

- Gives consumers more control over their data
- Is designed to give consumers greater choice and control through the convenience of a simple, easy-to-use process
- Is an economy-wide reform that will be rolled out sector by sector. As it grows, it will become more powerful for Australian households and businesses
- The CDR has already been rolled out to banking, with the energy sector to follow next and telecommunications to follow as the third sector

OCTOBER 2022

Open Energy will be made available to consumers, providers and comparators

ABOUT OPEN ENERGY

- The 2nd customer facing stage of CDR
- It will improve consumers' ability to compare and switch between products and services, and will encourage competition between service providers, leading not only to better prices for customers but also more innovative products and services
- Open Energy will enable comparators to deliver a vastly better experience for customers

1. Source: https://www.cdr.gov.au/what-is-cdr

Source: iSelect FY21 Results Investor Briefing, 24 August 2021

not the issue). Compare the Market currently holds around 28% of ISU and in April 2021 they got cleared by the ACCC to buy another 6% of the company.

> *"The ACCC found that an IHA shareholding in iSelect of up to 35 per cent would be unlikely to substantially lessen competition in any potential market for comparison services, including in any specific product category, such as health insurance."*
>
> \- ACCC

We see this as Compare the Market testing the regulator and, given the outcome, it seems they would be given the green light to launch a takeover of the whole company. ***We think this bidder will eventually come back and may end up paying more.***

In the meantime, ISU has finished divesting its loss-making iMoney business (based in Asia) which will remove $4-5m of annual losses. This has boosted their FY21 results, seeing ISU report $20m of EBITDA. This also makes their business more attractive to prospective bidders.

To value ISU we will take a look at their assets. ISU's trailing commission asset is worth $125m p.a., or $0.57 a share. This trailing commission asset consists of all the cash flows ISU will receive in commissions from insurance policies they have sold. They also have no debt so this asset more than covers their market cap of $75m. ISU is also in a net cash position with $9m on hand and a further $15m in receivables. Their net tangible assets (NTA) per share is 44 cents, 30% above its current valuation.

ISU are trading well below their book value so right now would be an opportune time for Compare the Market to make an offer and, seeing as they have received the green light to buy an extra 6% of the company, chances are they will get the all clear to buy the whole business.

1. Number of individual customers who have completed a comparison with iSelect in the last 12mths
2. Number of individual customers who made a purchase in FY21
3. Cumulative number of ISU Users who have registered their details with iSelect
4. The average number of verticals within which a customer made a purchase. Where verticals = Health, Energy, Telco, Life, Home Loans, Car, Home & Contents, Travel Insurance, Pet Insurance, Business Insurance

Source: iSelect FY21 Results Investor Briefing, 24 August 2021

Pointsbet (PBH.ASX)

Pointsbet is an online bookmaker offering sports betting and igaming services in Australia while also launching operations in the emerging online sport betting market in America. Pointsbet are planning to be operational in eighteen US states and Canada by the end of next year. They are seeking to capitalise as an early mover in the emerging online gambling market in the US.

Pointsbet has seen its share price take a tumble since releasing its last quarterly result but recent developments have made the business look like a great takeover target. This is accounting for their strategic partnerships, market access throughout the US and PBH's in house technology.

At 18 November 2021:

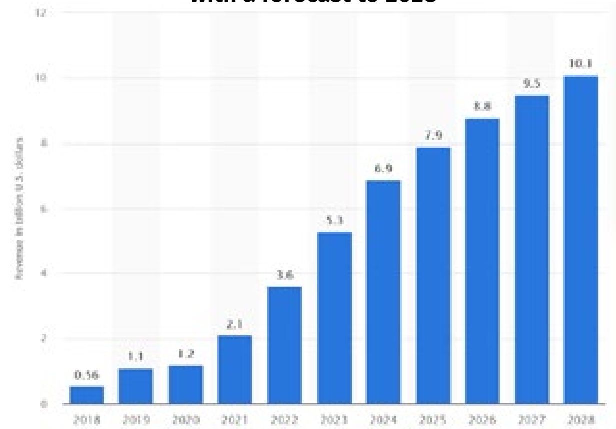
Market Cap	Net Cash	EV
$2.2bn	$626m	$1.57bn

Strategic Value

On 9 November 2021 Pointsbet was one of nine operators that was recommended for a license in New York. Given New York's huge population of around 20m, this adds significant strategic value to Pointsbet's business. Gaining access to operate as a bookmaker varies from state to state but typically there are only a limited number of licenses handed out, making them a hot commodity for companies looking to enter the online betting space in the lucrative US market.

Pointsbet currently has a five year deal in place with NBC, with an audience of over 180m people, giving them a huge runway to grow their business. So far, NBC has generated over 500,000 leads for Pointsbet. But, seeing as Pointsbet are currently only operating in seven states, these leads aren't as valuable as they will be when they are opening in eighteen. A lot of these leads will be coming from New York and other states that aren't live yet. The key players that missed out on a license include Bet365 and Penn National Gaming.

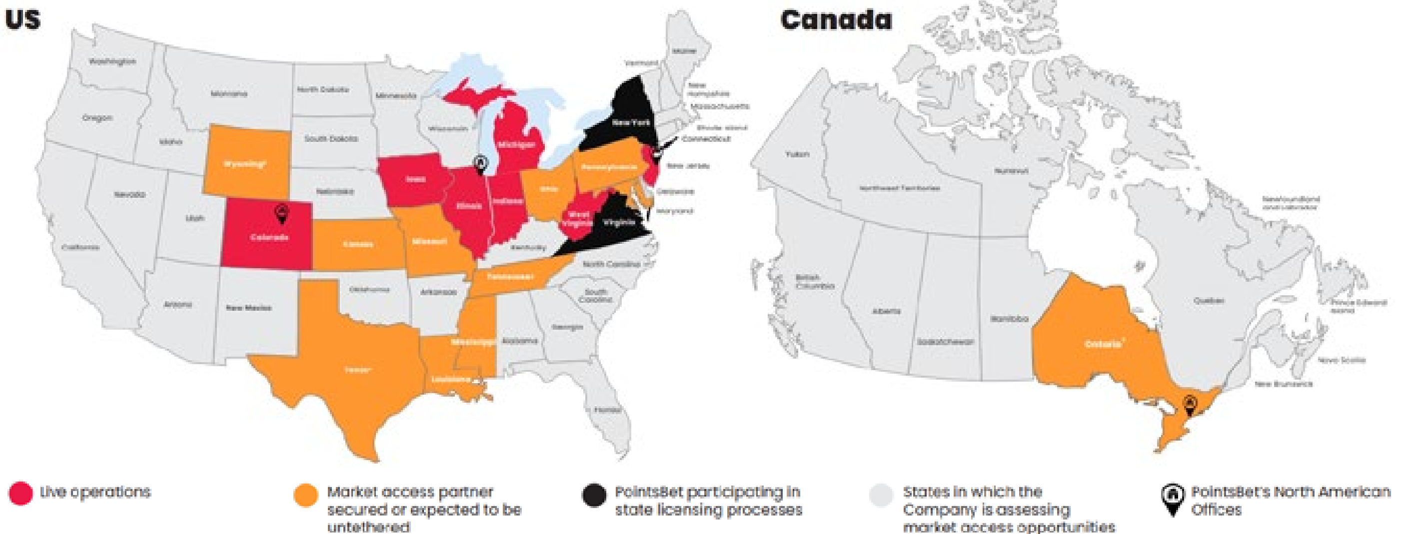
Sports betting revenue in the United States in 2018 and 2019, with a forecast to 2028



Source: Statista 2021

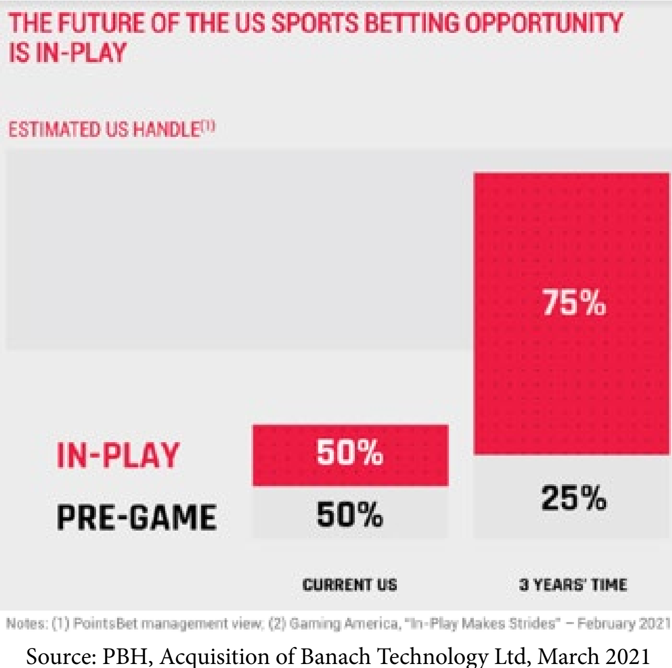
Pointsbet has also been focusing on building a strong suite of their own in-house technology. This was bolstered by their Banach acquisition, which gives them the ability to run in game sports betting.

NORTH AMERICAN
MARKET ACCESS[1]



1. Subject where relevant to legalisation that approves the product and depth of licensing in each jurisdiction. Online sports betting is not currently legal in a number of states PointsBet has market access; 2. Untethered markets; 3. Subject to enabling legislation and licensure. It is expected to be an untethered licensing structure; 4. PointsBet will pursue market access in Texas with our market access partner.

Source: PBH, Q1 FY22 Investor Presentation, October 2021



Source: PBH, Acquisition of Banach Technology Ltd, March 2021

We think that Pointsbet's access to the US market, and now Canada, is priceless. We recently saw the freshly listed Bluebet (BBT. ASX) get pushed back when trying to apply for a license in Virginia. As an early mover, Pointsbet has really capitalised on the ongoing changes in legislation.

Substantial Holders

There has been some interesting movement on PBH's top twenty shareholder list recently. After exercising their options, Penn National Gaming (PENN.NASDAQ) now hold 6.27% of the company. Penn own fellow competitor Barstool Sports and, seeing as they missed out on a New York license, Pointsbet is a logical takeover target. Penn have a market cap of around US $9.3bn so it's certainly not too big of a bite, especially given that they have US $2.7bn in cash on their balance sheet. With PBH's EV only being around $1.5bn AUD, it is easy to see this happening.

HG Vora Special Opportunities Fund is an activist hedge fund led by former Goldman Sachs VP Parag Vora. They also own shares in a number of other gambling focused companies like Las Vegas Sands and Boyd Gaming. Since becoming a substantial holder in PBH in October, they have quickly scaled up their position to over 8% of the company. Activist shareholders can be a sign that some sort of corporate action or big event is on the horizon, they look to help influence the company to maximise shareholder value. Having an activist like Parag Vora, who has his fingers in multiple pies in the industry, as a substantial holder on the register indicates that there is some unrealised strategic value here.

Rational behind a takeover

There has been more M&A activity in the US space recently with Draftkings making a $22bn offer for Entain (the owner of Ladbrokes), the deal ended up breaking down.

Pointsbet has seen its share price take a tumble since releasing quarterly results. This makes for a potentially opportune time to make an offer.

Recently the CEO of Disney, who also own ESPN, has recognised the opportunity in sports betting for the company given how valuable it can be alongside ESPN, remember the buzzword "synergies". Disney currently have no in house tech, platforms or access to any states to run a sports betting company. They clearly see the opportunity so it would make a lot sense for them to take over a Pointsbet or another smaller operator who has the tech and access.

The existing licenses PBH holds are of tremendous value. As seen with Bluebet, trying to enter the battle for market share and access each state as they legalise is a very difficult game right now, especially considering how dominant Draftkings and Fanduel are in the US. Las Vegas Sands, who operate casinos and resorts and recently announced they will be entering the digital gambling space, has established an investment arm to invest in the space. If they want to enter the online sports betting market, acquiring an existing player like Pointsbet just makes sense especially considering how small PBH is compared to these US based corporations. Las Vegas Sands has a market cap of US $30bn, $2bn in cash and is expecting another $6bn from the sale of some of their Las Vegas assets; now take another look at Pointsbet's market cap.

We see Pointsbet as a business that has enormous strategic value yet a small market cap compared to many of their potential acquirers. A perfect recipe for a takeover target.

TAMIM Fund: Australia All Cap

The TAMIM Australia All Cap strategy is an Australian fund investing in quality companies using both value and growth principles. Importantly, the portfolio is able to buy Australian stocks wherever they see value whether they are large, mid or small caps.

KEY FEATURES

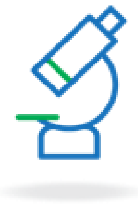
- Selected and managed by Ron Shamgar using his proven investment process.
- Flexible, unconstrained investment mandate across the ASX.
- Long term & risk averse approach.
- A portfolio of high quality companies aiming to generate superior returns over the long-term.
- Downside protection against a market sell off; utilising long put option positions.

OBJECTIVE & STRATEGY

- Generate absolute returns above long term equity market returns.
- Protect capital by holding elevated levels in cash if sufficiently attractive investments cannot be found.
- Seek out the segments and sectors where we believe the best risk adjusted returns are available.
- Investment process identifies strong companies and industries.
- Disciplined approach to portfolio and risk management.

Investment Structure:	Unlisted unit trust
Minimum investment:	A$250,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	Greater of: RBA Cash Rate + 2.5% or 4%
Lock up period:	Nil
Buy/Sell Spread:	+0.25%/-0.25%
Exit fee:	Nil
Administration & expense recovery fee:	Up to 0.35%
APIR code:	CTS9748AU

TAMIM Fund: Australia Small Cap Income



The Australia Small Cap Income portfolio is structured around the key themes of:

1. Strong businesses with value and growth characteristics; and
2. Cash generating businesses paying regular dividends.

KEY FEATURES

- Selected and managed by Ron Shamgar using the TVG Capital investment process.
- Flexible ASX ex200 investment mandate.
- Long term & risk averse approach.
- Concentrated portfolio of high quality companies to protect the portfolio over the long-term, whilst providing opportunity for superior upside.
- Semi-annual distributions from portfolio dividends.

OBJECTIVE & STRATEGY

- Outperform the benchmark over rolling 5 year periods
- Equity portfolio constructed of a concentrated mix of dividend paying companies exhibiting value and growth characteristics
- Seek out the segments and sectors where we believe the best risk adjusted returns are available.
- Investment process identifies strong companies and industries.
- Disciplined approach to portfolio and risk management.

Investment Structure:	Unlisted unit trust
Minimum investment:	A$250,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	Greater of: RBA Cash Rate + 2.5% or 4%
Lock up period:	Nil
Buy/Sell Spread:	+0.25%/-0.25%
Exit fee:	Nil
Administration & expense recovery fee:	Up to 0.35%
APIR code:	CTS8008AU

The TAMIM Fund is open to Wholesale/Sophisticated investors.

About TAMIM

TAMIM Asset Management is a boutique Investment House offering a range of investment solutions designed to meet the needs of our clients while endeavouring to protect their wealth.

We are devoted to generating strong risk adjusted returns over the medium to long term, through partnering with best of breed investment managers. TAMIM ensures that our best of breed managers display both an even temperament and a highly refined, consistent and repeatable investment framework over diverse market cycles.

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About Ron Shamgar

Ron Shamgar is the Head of Australian Equity Strategies at TAMIM Asset Management and is responsible for the TAMIM Australia All Cap and Australia Small Cap Income strategies.

Ron was the co-founder of TBF Investment Management (The Boat Fund) and was Portfolio Manager of the TBF Small Cap Value Growth Fund from 2013 to 2018. At TBF, Ron was responsible for research, company analysis, portfolio construction and marketing the Fund. Ron has a passion for value investing and believes in a systematic approach to researching and evaluating businesses with a strong bias on assessing management teams. He has been investing actively on the ASX for over 15 years. Ron holds a Bachelor of Manufacturing and Management Engineering from the University of New South Wales.

Disclaimer

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