



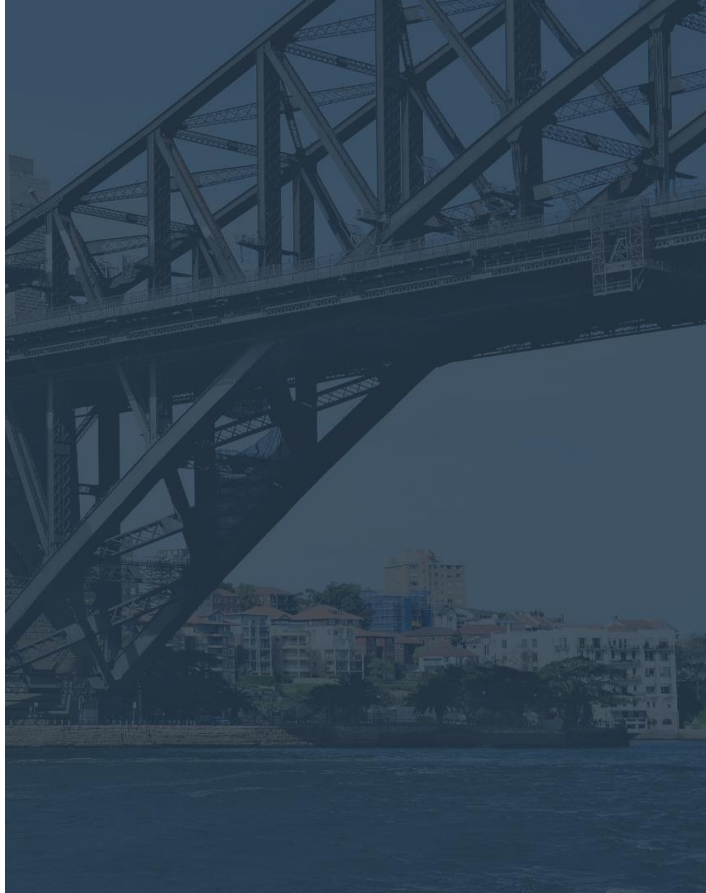
AUSTRALIAN EQUITIES

December 2023

Presented by

RON SHAMGAR

Head of Australian Equity Strategy, TAMIM Asset Management



Disclaimer

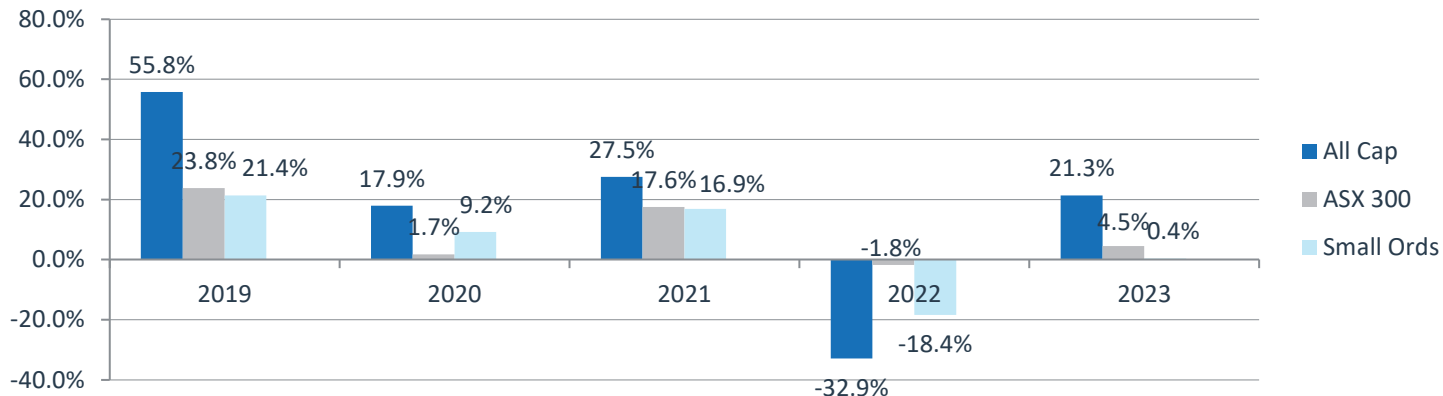
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TAMIM INVESTMENT PLATFORM



OUR TRACK RECORD

Annualised Returns for TAMIM's Australian Equity Strategies vs ASX300 - 30 November 2023 -



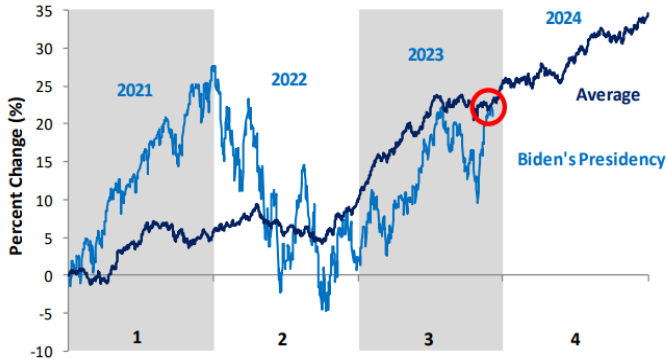
Note: November 2023 month end returns are estimates only

Disclaimer: Returns are quoted net of fees and assume dividends/distributions are reinvested. Past performance is no guarantee of future performance. The information provided should not be considered financial or investment advice and is general information intended only for wholesale clients (as defined in the Corporations Act). The information presented does not take into account the investment objectives, financial situation and advisory needs of any particular person nor does the information provided constitute investment advice. Under no circumstances should investments be based solely on the information herein. You should seek personal financial advice before making any financial or investment decisions. The value of an investment may rise or fall with the changes in the market. Past performance is no guarantee of future returns. Investment returns are not guaranteed as all investments carry risk. This statement relates to any claims made regarding past performance of any Tamim (or associated companies) products. Tamim does not guarantee the accuracy of any information in this document, including information provided by third parties. Information can change without notice and Tamim will endeavour to update this document as soon as practicable after changes. Tamim Funds Management Pty Limited and CTSP Funds Management Pty Ltd trading as Tamim Asset Management and its related entities do not accept responsibility for any inaccuracy or any actions taken in reliance upon this advice. All information provided in this document is correct at the time of writing and is subject to change due to changes in legislation. Please contact Tamim if you wish to confirm the currency of any information in the document. ASX 300 refers to the S&P/ASX 300 Accumulation index. Small Ords refers to the S&P/ASX Small Ordinaries Accumulation index. Returns shown for longer than 1 year (other than Inception) are annualised. All returns shown are AUD denominated.

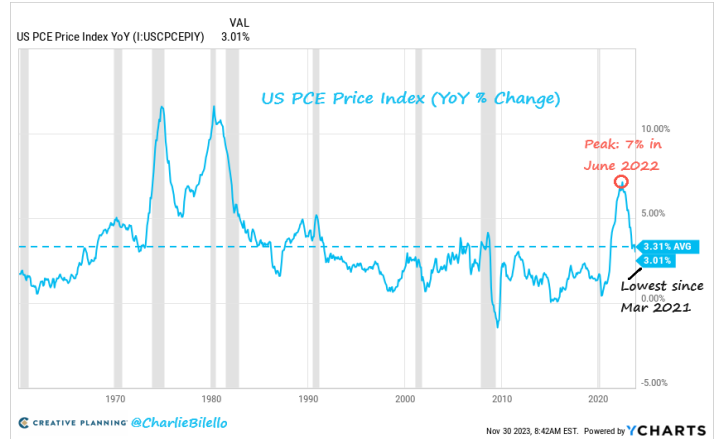
WHY WE ARE OPTIMISTIC FOR 2024 AND BEYOND

Risks that drove markets down – inflation/rates – are now subsiding. Market currently pricing first rate cut potentially in March 2024. Equity market valuations are not as expensive as they seem – this year the 5 largest stocks in Nasdaq accounted for 70% of gains. S&P500 would be up 5% excluding the magnificent 7. In Australia, most indices have delivered flat results in 2023. Historically going into a US presidential election year bodes well for stocks. History doesn't repeat itself, but it often rhymes.

S&P 500 Four-Year Presidential Cycle: 1928 - 2023

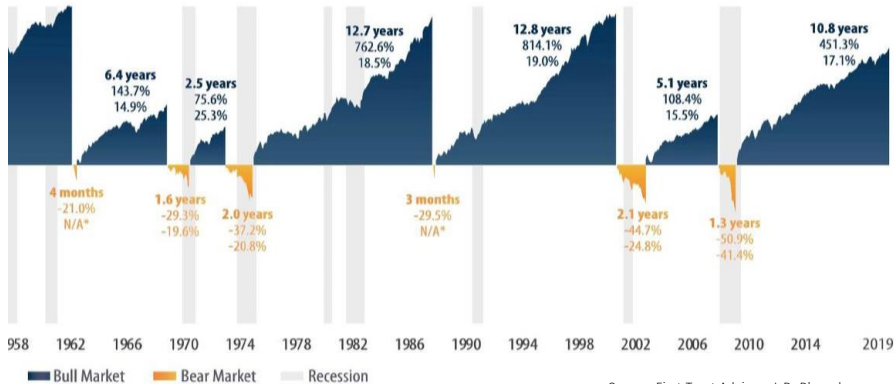


Source: Bespoke Invest

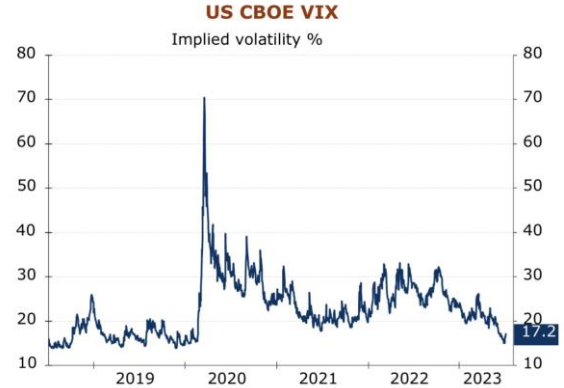


PUTTING “DOOM & GLOOM” IN PERSPECTIVE

The chart below illustrates the average bear market (defined by 20% or more drawdown) has lasted on average 15 months in time over the last 70 years. In contrast, Bull markets tend to last for many years. The 2022 bear market has most likely ended about 6 months ago. History suggests we are closer or into the beginning of a new bull market. It is important to remain invested because missing the first 10 days after the lows of a bear market reduces your returns by -17% one year later. The volatility index, VIX, is indicating market conditions are normalising. (current 12)



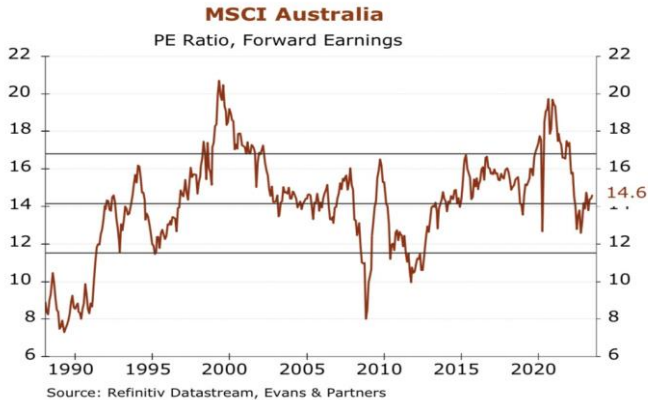
Source: First Trust Advisors L.P., Bloomberg



Source: Refinitiv Datastream, Evans & Partners

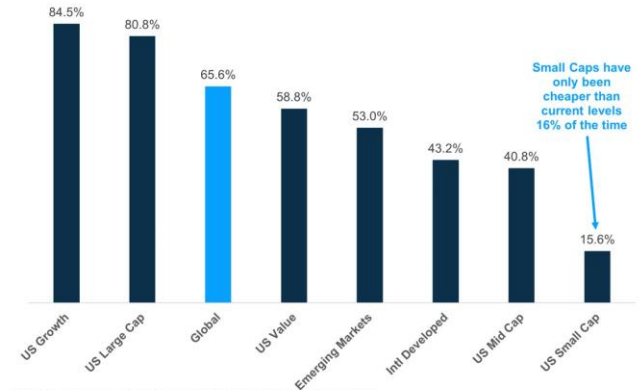
SMALL CAPS HAVE NEVER BEEN CHEAPER

The ASX200 index is now trading on a 12-month forward PE multiple of 14x, versus its 5 year average of 16.4x - a discount of 15%. Small companies are even cheaper, with the Small Ordinaries index trading on a 12-month forward PE multiple of 13x. Even more interesting is that the small company sector is trading well below its long-term PE average vs large cap peers. If you believe that small caps have a greater potential for growth than their more established large cap peers, then opportunity exists for small companies to outperform as risk capital returns to the sector over the next months and years.



Global Equity Valuations

Valuation Composite Percentile



Sources: Carson Investment Research, Morningstar Direct 10/31/23
Valuation Composite is an average of P/E, P/B, P/C, and P/S relative to historical range back to 1999

SMALL CAPS HAVE NEVER BEEN CHEAPER

⚠ WALL ST. - BELOW ALL-TIME HIGHS:

*DOW: -1.9% 📉

*S&P 500: -4.7% 📉

*NASDAQ: -11.8% 📉

*RUSSELL 2000: -24.2% 📉

WHAT WE LOOK FOR IN A COMPANY

We are looking for the following characteristics in our target companies:



INDUSTRY LEADER

Industry leading position or a disruptor



FOUNDER LED

Founder led businesses or management/board with large shareholding, aligns company interests with minority shareholders



PROFITABLE

Revenue growth and profitability are important attributes



STRONG BALANCE SHEET

Strong balance sheet or low debt levels



LOW MARKET EXPECTATIONS

Preferably low market expectations



OTHER

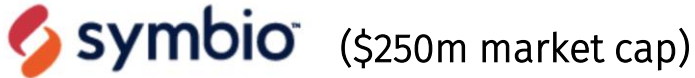
Other attributes – industry consolidation, strategic review, near term catalysts



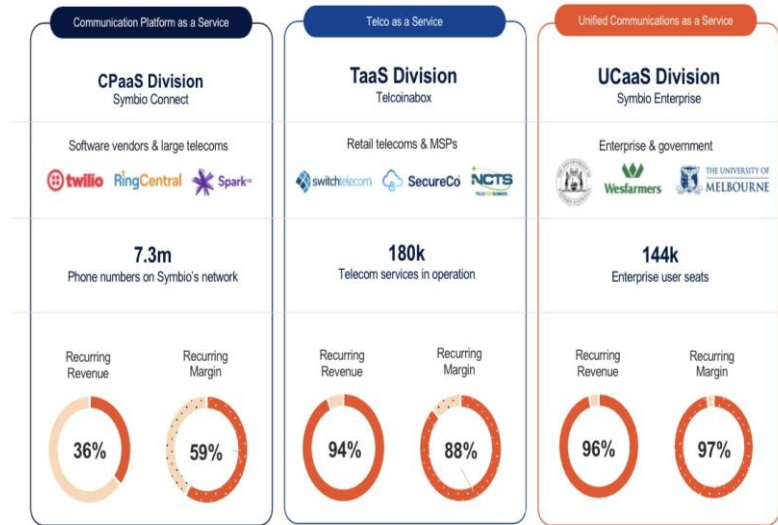
These attributes in many cases lead to takeover offers:

25 portfolio companies receiving takeover offers in the last 5 years

PORTFOLIO STOCKS | SYMBIO GROUP (SYM.ASX)



- SYM is a leading Tier 1 telco software provider to enterprise, government, small business and phone number wholesale (Zoom, Uber etc)
- **Founder led biz – MD/Board owns 20%**
- 75% of gross margins is recurring
- **Strong balance sheet** (\$35M net cash), dividends, cash flow generation allows for self funding of growth
- Late 2022 downgrade created a strong buying opportunity
- **Currently under takeover offer** from Aussie Broadband \$3.15
- Potential of a competing bid from Superloop or another party (Scheme due late Feb 2024)
- **Attractive valuation – FY24 EV/Ebitda 7x**
- **Our valuation is \$3.00+**
- Catalysts: **continued corporate activity**



Source: SYM company filings

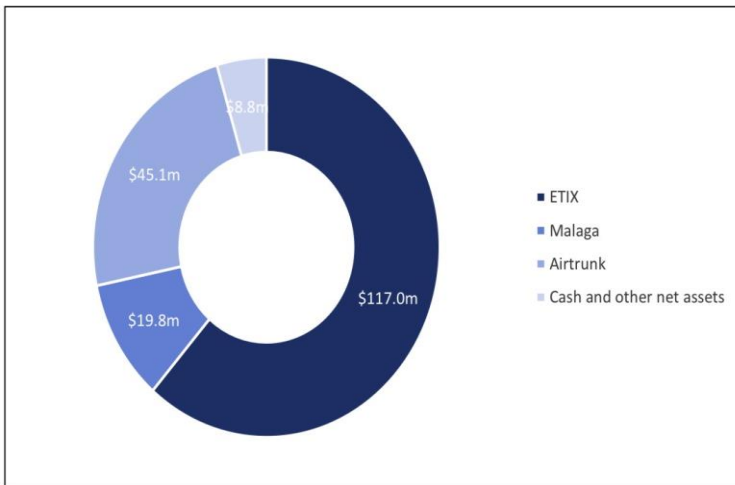
PORTFOLIO STOCKS | GLOBAL DATA CENTRE GROUP (GDC.ASX)



(\$155m market cap)

- GDC is a data centre investment company with exposure to 3 key assets in a sector with strong growth tailwinds:
 - Majority ownership stake in Etix Everywhere which owns 14 regional data centres in France.
 - 1% holding in Hyperscale data centre Airtrunk, which operates in the Asia pacific region.
 - A Perth based data centre leased to Fujitsu (Malaga).
- **Management incentive scheme (10.5M units) to realize value between \$2.00-\$3.00 per unit**
- Recent media commentary of Airtrunk IPO valued at \$10B (implies \$100M GDC stake vs \$45M on balance sheet)
- We believe the Perth asset to be sold first
- **Attractive valuation – trading below NAV of \$2.57**
- **Our valuation is up to \$3.00 per unit**
- Catalysts: sale of Perth data centre, Airtrunk IPO

Unaudited Fair Value NAV (30th June 2023)



Source: GDC company filings

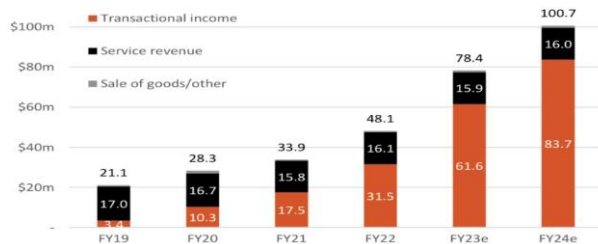
PORTFOLIO STOCKS | SMARTPAY (SMP.ASX)



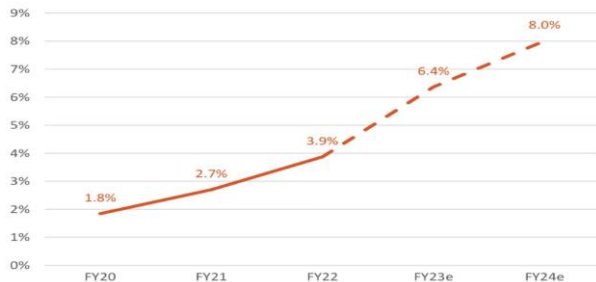
(\$300m market cap)

- 2nd Largest non-bank merchant terminal provider in Australia & NZ. 17k Oz fleet, 31k NZ fleet, \$5b recurring TTV and on track to double next 3 years.
- Tourism beneficiary/Consumer spending exposure
- **Low ticket value merchants - \$36 avg spend**
- Founder led MD with skin in the game.
- **NZ division transition to acquiring model – game changer!**
- **Inflation beneficiary:** margin on transactions
- **We estimate \$250m revenues & \$70m Ebitda in 2026**
- FY23 inflection point: reached scale with free cash generation emerging post growth capex. (net cash)
- FY24 1H: \$47m revenue & \$11m Ebitda. Trading on 13x Ev/Ebitda
- **Our valuation is \$2.50+**
- Catalysts: NZ acquiring launch, quarterly updates, corporate activity

Historical and forecast revenue by segment



Market share of terminals in Aus (TAM 250k terminals for SMEs)



Source: SMP company filings, Broker estimates

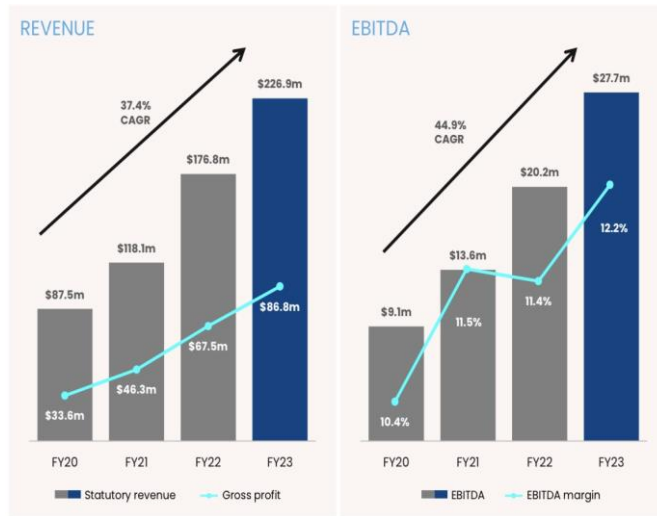


PORTFOLIO STOCKS | IPD GROUP (IPG.ASX)



(\$470m market cap)

- IPD Group is an electrical wholesaler with an **end to end EV charging solutions** provider offering consultancy, hardware, software, installation & commissioning and maintenance & repairs. (\$5B TAM)
- EV sales 7.4% as of Q12023 of all new cars purchased. 4,943 public EV chargers with only 464 fast chargers. **Require ~20x more public chargers in 2030 compared to today.**
- The Australian EV Council estimates that 1M EVs are needed on the road by 2027 to reach Net Zero by 2050. That equates to a 12x increase from the 2022 level or **2.8M chargers required.**
- **IPG profitable, dividend paying direct EV thematic/Data centre exposure on ASX.**
- Recent Acquisition of CMI at 6x Ebit highly accretive (equity/debt funded) – provides diversification clients/sectors/suppliers
- FY24 pro forma - \$26M NPAT. **\$20M net cash.** PE of 17.5x ex cash.
- **Founder led. Management/board owns 39%** of company.
- Catalysts are FY24 guidance, strategic acquisitions



Source: IPG company filings

PORTFOLIO STOCKS | CLEARVIEW WEALTH (CVW.ASX)



- Leading mid-tier life insurance provider (approx. 3.5% market share of in force premiums but taking 10% NWB share).
- Recently simplified business model with pure play life insurance exposure – **attractive takeover target**
- Improving industry fundamentals – **market share/margin growth – taking on more underwriting risk**
- **Profitable momentum** – FY23 NPAT upgraded to \$36M (41% growth)
- **Strong Balance sheet: 71 cents asset backed and embedded value (EV) of 91.2 cents**
- Sale of non core holdings of \$19m cash should lead to higher dividend estimate of 4 cents ff (**6% ff yield**)
- Every 1% rate rise = \$2.3m profit!
- **Attractive valuation – PE 11x growing at 20%+**
- FY26 Aspirational target implies – 7 cents EPS, 4 cents ff dividends

Life Underlying NPAT¹ (\$m) and Margin² (%)



FY26 Target³:
11% -13%
Underlying NPAT margin³



PORTFOLIO STOCKS | CLOSE THE LOOP GROUP (CLG.ASX)



Close the Loop GROUP
Create - Recover - Reuse

(\$180m market cap)

- Global provider of waste recycling and packaging. 260k global collection points. Strong moat established. Revenue stream from collection.
- **Significant R&D & IP in new solutions for recycled waste.**
- Tonerplas road asphalt momentum – longevity
- Strong demand from print, makeup, supermarket, pet food and battery industry, electronics industry
- **ESG economy beneficiary**
- **Transformational acquisition – ISP Tek 100% EPS accretive**
- US focus on revenue growth – USD strength tailwind
- FY24 guidance revenue >\$200M, >\$43M Ebitda, >\$24M NPAT, high cash flow conversion (0.85x net debt/Ebitda)
- Attractive valuation - FY24: PE 7.5x, EV/Ebitda 5x, **Our valuation is 60 cents**
- Catalysts: FY24 results, progress on ISP Tek and organic expansion.



Source: CLG company filings

OUR AUSTRALIAN EQUITY FUNDS ARE NOT FOR EVERYONE

- Our portfolio is highly focused compared to most funds, comprising only 20-40 meticulously chosen stocks.
- Our portfolio can have higher volatility – resulting in occasional periods of subpar performance.
- If you want to invest only in well-known, blue-chip securities, then our funds are not for you.
- The funds invest on a **multi year time horizon** and is unsuitable for investors seeking a short-term home for their money.
- In times of panic you should expect our funds to be an aggressive buyer of securities if we believe their prices fall to levels we consider to be extremely cheap. Some investors do not feel comfortable during volatile periods, even though this approach has generated good returns for our Funds following the panics of late 2018, March 2020 COVID selloff and the 2022 bear market.



PORTFOLIO MANAGER | RON SHAMGAR



Ron Shamgar has managed the Australian All Cap portfolio for close to 5 years. Under his stewardship, the portfolio has achieved an impressive average annualised return of +15.42% since January 2019.*

Prior to TAMIM, 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 20 years.

***Disclaimer:** Past performance is not a guarantee of future returns. This is general information, please ensure you do your own research before making any investment decisions. Information is current at 30 September 2023.

TAMIM AUSTRALIA ALL CAP PORTFOLIO – KEY FACTS

Investment Structure:	Unlisted unit trust
Minimum investment:	A\$100,000
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

See the Fund's Information Memorandum for more information.

TAMIM AUSTRALIA SMALL CAP INCOME PORTFOLIO – KEY FACTS

Investment Structure:	Unlisted unit trust
Minimum investment:	A\$100,000
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

See the Fund's Information Memorandum for more information.

TAMIM AUSTRALIAN EQUITY STRATEGIES – ANNUALISED RETURNS

(As at 30 November 2023)

CY Year End	All Cap	Small Cap Income	Small Ords
2019	55.78%	38.93%	21.35%
2020	17.92%	-0.15%	9.21%
2021	27.52%	36.95%	16.90%
2022	-32.93%	-19.32%	-18.40%
2023 YTD*	21.3%	4.5%	0.4%

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