PORTFOLIO UPDATE

October 2017

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From the Directors

Global markets continued their strong run through October on the back of another very strong reporting season in the US and an even better one in Europe. Profit growth in Europe outpaced that in the US for the first time since 2003. This is important as European companies tend to be more globally exposed than American ones, and therefore provides a further explanation for why the IMF has recently upgraded global growth forecasts for the next couple of years. This resulted in a strong month for our Global Equity IMA and we continue to believe that, despite the negativity in the mainstream media, we will continue to see good returns from global equities.

During the course of the month we ran numerous meetings with investors for the new TAMIM Alpha Fund which invests into listed Israeli companies which have develop strong intellectual property, both low and high tech, with strong global distribution channels. The Fund is currently accepting and processing applications and will strike its first unit price at the start of December. In other news, TAMIM Property settled the Elermore Shopping Centre purchase and the TAMIM Income Fund is now over 85% invested. We expect both the property fund and the income fund to commence income payments shortly.

Finally, with a strong Australian equity market, one might be excused for thinking that our Australian equity managers have performed well as a result of the market going up. They have performed very well since March this year but this is largely driven by strong stock picking in the portfolios. In particular the All Cap Value IMA has performed strongly in 2017 and we continue to see strong prospects for the portfolio over the next 12 months.

Yours Sincerely,

Darren Katz
Darren Katz,
Joint Managing Director

Jeffrey Taitz
Jeff Taitz,
Joint Managing Director

TAMIM

TAMIM Australian Equity All Cap Value IMA

The Australian Equity market broke out of its sideways march and ended October significantly higher. The strong showing was broad-based with every sector finishing in positive territory. In fact, all sectors with the exception of Real Estate were up over 2% led by Information Technology and Energy. On an individual stock basis, falls were rare as well. Amongst well-known names, Lendlease and Fletcher Building issued downgrades whilst Fortescue fell on a falling iron ore price and an increasing low grade discount. On the other side, Milk and Agricultural stocks saw significant gains as did Lithium companies. The portfolio returned a healthy 3.7% for the month, slightly below the broader market.

Portfolio News

Following reporting season back in August, we added five new positions to the portfolio. Of those five positions, four have provided gains with two up over 20% from our purchase. This is highly unusual and we'd caution against expecting those types of quick returns going forward. In fact across the portfolio last month, 18 of our 20 positions finished in positive territory and 8 stocks had double digit returns.

Some of the more significant moves in the portfolio were:

1) **Beach Petroleum** (+18.2%). In late September, the company announced the acquisition of Lattice Energy and a corresponding rights issue in order to fund it. The acquisition cements the company as the leading mid-tier Oil and Gas and the largest listed player in Australia with a pure domestic focus and without the complication of a large LNG project at a time when local gas is needed.
2) **Global Construction Services** (+19.3%) continued to rally as the recent tragedy of the Grenfell Tower in London has thrown to light significant oversight in the building industry within Australia. The potential replacement of cladding could lead to a multi-year boom for GCS. The company's recent move into Victoria via acquisition
3) **Resmed** (+11.2%) rallied on the back of its quarterly result. Revenue increased 13% over the prior corresponding period and margins increased. The acquisition of Brightree continues to track well and the company is using excess cashflow to pay down debt.
4) **IMF Bentham** (+14.2%) has gained some attention over the last few months on the back of their move to fund a class action against Commonwealth Bank of Australia. The case has brought IMF to the attention of the market. The attention on the company has led to a rerating as the market has come to appreciate the potential value in the company's case book.

The Portfolio

The fund is currently invested in 20 companies. The cash level is currently 38.9%. We added to three existing positions whilst continuing to trim our position in Altium following its strong run. Cash levels were down slightly over the course of the month. We would expect the cash level to drop further as we deploy further capital into existing positions over the coming months. Part of the cash balance at the end of the month will be deployed into a capital raising.

Gentrack Group	**7.5%**
Data#3	**5.9%**
Melbourne IT	**4.6%**
Dicker Data	**4.1%**
CSL	**3.6%**
Other Positions	**35.7%**
Cash	**38.6%**

Sector Positioning

The portfolio maintains a strong overweight to the IT sector with other exposures in Healthcare, REITs, Financials, Consumer Discretionary, Telcos and Industrials.

Guy Carson,
Portfolio Manager

TAMIM Australian Equity Small Cap IMA

Portfolio Review

October was a busy month for our portfolio companies with around half our holdings conducting their Annual General Meetings - reports on some of the updates provided at these AGMs can be found below.

A number of new investment opportunities were reviewed during the month, with **two new positions** being initiated. As confidence returns to the small cap universe and the broader market, corporate activity, capital raisings and IPO opportunities have increased which we continue to cautiously assess.

We believe the TAMIM Australian Equity Small Cap portfolio continues to represent compelling value with a blended portfolio FY18 price earnings multiple of less than 11x (excluding cash), versus the market average of approximately 17x, underpinned by key holdings such as **Pioneer Credit**, **Zenitas** and **Konekt** which continue to trade on relatively low multiples, despite their strong earnings growth outlooks.

AGM Updates

Zenitas Healthcare Limited (ZNT.ASX)
Market cap: $61m
AGM date: 27 October 2017

Allied healthcare company Zenitas reported a strong trading and operational update, and advised it is on track to pay its maiden dividend. FY18 EBITDA guidance of between $13m to $13.5m (up from $7m) was re-affirmed. During the month, ZNT also released its cash flow statement for the first quarter of FY18 ($2.75m), highlighting the powerful cash generation of the business, notwithstanding only partial contributions from its recent acquisitions.

ZNT reiterated its organic growth expectations of 7.5% to 10% and noted that it was pleased with the progress to date on the integration of recent key acquisitions and other strategic initiatives. The Dimple integration plan is ahead of schedule and the Nextt Care integration plan is on schedule, with no material issues to date. ZNT has delivered on a number of organic growth opportunities that it had previously flagged as opportunities, including provision of additional services at the existing locations, consolidation into co-located sites and tendering for corporate health service contracts.

We believe ZNT continues to trade on a low multiple for a defensive, diversified (by geography and funding source) business with a large runway of organic and acquisitive growth opportunities. Management are executing with diligence and confidence. The expanding depth of the management team and its operational systems is particularly encouraging,

Towards the end of the month, ZNT announced a capital raising to fund the roll out of its national clinic expansion. Upon completion of the raising, ZNT's market cap will be ~$90m, generating EBITDA approaching $18m (annualised run-rate post expected acquisitions, pre minorities). We first invested in ZNT when it had a market cap of $4m, and this raising represents our third round of funding for ZNT. It is pleasing to have been part of the ZNT journey as it progresses into a significant and profitable, national healthcare player.

With a market cap post raising approaching $100m and a compelling investment case, still very much under the radar, we remain very positive on the prospects for ZNT.

Pioneer Credit Limited (PNC.ASX)
Market cap: $179m
AGM date: 27 October 2017

Financial services company Pioneer Credit provided a trading update at its AGM where it noted that cash liquidations (revenue), EBIT, EBITDA and NPAT were all tracking to expectations.

FY18 NPAT is expected to be at least $16m as previously guided.

PNC has spent many years developing new financial products and services that it intends to offer in part to its significant (rehabilitated) customer book as well as other consumers. The AGM focused on the progress of this emerging business segment.

PNC have an inherent advantage in this area as, through its debt collection business, it has accumulated significant data and learnings on consumer borrowing and repayment behaviour, which it can use when undertaking risk assessments for its new financial products.

This segment will also strengthen PNC's relationships with its PDP vendor partners (banks and financiers), as PNC is now both an acquirer of assets from, and a distributor of products for vendor partners.

Pioneer is targeting $30m in lending by end of 2018, at which point this segment is expected to reach break-even.

Financial services products will represent an increasing focus for PNC over the next several years, and, if executed well, will provide significant revenue diversification and upside to the company's valuation. The market is not currently assigning any value to this segment of the PNC business.

Gale Pacific Limited (GAP.ASX)
Market cap: $114m
AGM date: 27 October 2017

Shade cloth manufacturer and retailer Gale Pacific reported that trading during the first quarter of FY18 had been adversely affected by a poor grain season in Australia as a result of a very dry winter, leading to reduced demand for grain cover fabrics, and hurricanes affecting key retail markets in the south of the USA (Florida and Texas).

This was a negative update and will mean that earnings in the first half will be well below the prior corresponding period. GAP, however, are confident of a strong second half performance, driven by strong momentum in the Americas where GAP have already secured significant product ranging commitments in its core window shade and shade sail categories.

As a result, GAP's guidance for the full year is for earnings to be in line, or slightly above FY17's underlying pre-tax profit of $13.5 million. This would see GAP generate a remarkable 3.4c of earnings in the second half of FY18 (current share price is 37c).

Whilst there is certainly risk around GAP meeting this forecast, it does highlight the earnings power of the business in the absence of some of the external factors that the business has experienced in FY17 and the early part of FY18.

Apollo Tourism and Leisure Ltd (ATL.ASX)
Market cap: $307m
AGM date: 25 October 2017

Apollo Tourism and Leisure, a leading integrated, global player in the RV (recreational vehicle) market – manufacturing, importing, retailing and renting RVs in Australia, NZ, United States and Canada, reported a positive update, with growth in international visitor numbers forecast for all geographic regions that it operates in. Management has advised that forward rental bookings are tracking well across all geographies as guided, with NZ and Canada emerging as key growth regions.

Sales of RV vehicles remain strong, with ATL well placed to drive market share growth from its recent purchase of RV dealerships.

Growth into FY18 for ATL will be supported by earnings contributions from its recently acquired Australian caravan and motorhome retail operations and its new wholly-owned Canadian RV subsidiary, CanaDream Corporation - one of the largest RV rental and sales companies in Canada. FY18 results will benefit from 12 months of SydneyRV & Kratzmann, 11 months of CanaDream & 10 months of George Day, and Apollo noted it has confidence in the quality of its recent acquisitions, all of which have been accretive and at least tracking in line with expectations.

During FY18, to support growth in its Australian retail RV footprint, management expects to relocate its Brisbane manufacturing facility to larger premises, resulting in an incremental ~$1m operating cost in FY18, but this will provide long term operational benefits.

ATL is a growing international business, supported by encouraging thematics, and well led by experienced industry operators who continue to own the majority of the company.

Fiducian Group Limited (FID.ASX)
Market cap: $174m
AGM date: 19 October 2017

Integrated financial services company Fiducian Group Limited at its AGM reported that profit for the first quarter of FY18 was ahead of budget, driven by an increase in funds under administration from inflows and strong fund performance.

We expect Management to deliver another year of double digit earnings per share growth in line with their guidance.

The company also announced at the AGM that founder and current Managing Director, Indy Singh, was being positioned to become chairman, initially taking on the role of executive deputy chairman. As a result, he will be relinquishing some operational responsibilities. A large part of the FID success has been driven by Indy's passion and drive, and while we support a succession planning strategy, we believe there is increased operational risk as Indy steps back from his day to day involvement in the business.

Our average entry price into FID was under $2.00 and with the share price now over $5.00 (and the FY18 PE multiple approaching 18x versus the 10x when we purchased FID) we have been reducing our holdings in FID.

A selection of top portfolio positions as at 31 October 2017 (in no particular order):

ASX**: JYC**
m/c: $44m
Outlook: "group is poised for further growth"

ASX**: KKT**
m/c: $52m
Outlook: "double revenue and EBITDA" (on pro-forma basis)

ASX**: PGC**
m/c: $135m
Outlook: "continue to grow earnings and dividends"

ASX**: PNC**
m/c: $179m
Outlook: "48% increase in earnings expected"

ASX: **ZNT**
m/c: $61m
Outlook: "EBITDA of between $13m to $13.5m" (FY17:$7.0m)

TAMIM Global Equity High Conviction IMA

Market and Portfolio Review

Swings between the styles or factors in equity investing are now common but hard to time, so we prefer to always focus on stock selection, keeping a value tilt.

It was the turn of growth stocks to outperform in October.

The strategy rose over 3.5% in $A terms and just over 1% in $US. Most of our stocks did well although Macys was hit by a negative statement from a competitor and Gilead retreated on profit taking.

Technology stocks performed very well. Intel rose about 20% and has become our largest holding. Japanese technology companies are underappreciated and our holding of Hitachi High Tech also rose.

We took profits in JP Morgan and Bank of Montreal, and purchased Orix, a financial services company based in Japan, and Caterpillar, the USA based, heavy equipment maker.

Market Outlook

We expect, and hope for, coordinated tightening of monetary policy. We suspect that "one and done" will be the next mantra which will be constructive for equities.

Global growth looks to be in a synchronous upswing for the first time in a long time, with all regions showing improving prospects. This will balance any headwind from interest rate increases.

Valuations look ok in the USA and attractive in Japan and Europe

We are keen on Japanese stocks. They have strong balance sheets, are increasing dividends, and will be likely beneficiaries of Chinese infrastructure spending. The Rugby World Cup in 2019 will showcase Japan as a wealthy and innovative country.

We remain fully invested in the model portfolio and unhedged for AUD based investors.

Ten Largest Holdings (Model)

31 October 2017

Intel Corp Inc.	US	Info. Tech	**5.3%**
Cisco Systems Inc.	US	Info. Tech	**5.1%**
Valero Energy Corp.	US	Energy	**4.7%**
BNP Paribas SA	Fra.	Financials	**4.6%**
Gilead Sciences Inc.	US.	Healthcare	**4.6%**
Manulife Financial Corp.	Canada	Financials	**4.5%**
AXA SA	Fra.	Financials	**4.4%**
Julius Baer Group	Switzerland	Financials	**4.3%**
Legal & General Group	GB	Financials	**4.2%**
Randstad Holding NV	Netherlands	Industrials	**4.2%**
TOTAL			**45.9%**

Robert Swift,
Portfolio Manager

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