

Australia All Cap Unit Class Fund

At 31 July 2023



Dear Investor,

We provide this monthly report to you following conclusion of the month of July 2023.

The TAMIM All Cap Fund was up +3.22%. CYTD the fund is up +18.75% net of fees.

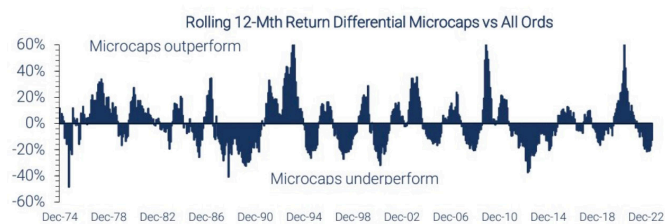
During the month the ASX 300 increased +2.89%, with the ASX Small Ordinaries up +3.54%.

July experienced another month of positive equity returns as investors took comfort from lower than expected inflation figures in the US and locally. In addition all economic indicators in the US are pointing to a soft landing rather than the expected recession some were fearing last year.

Headline inflation numbers in the US have hit 3% which is inline with what we predicted over 10 months ago when inflation was 8% and doom and gloom was prevalent. We expect inflation to oscillate in the 3-4% range for the remainder of the year and fall again next year.

We continue to remain extremely bullish for the prospects and upside in our portfolios as we enter the busy August reporting season. Small and mid caps continue to significantly underperform the All Ords index over the last 15 months.

Since 1973 the median underperformance period has averaged 17 months. When sentiment will finally shift, and we feel like we are seeing early signs of it, the performance will be significant and fast - hence trying to time the market is difficult and remaining invested is key during these times.



Source: Acorn

Portfolio Performance

Note: Individually Managed Account (IMA) returns will, by their nature, vary from the underlying portfolio. Should you wish to see your individual return, please log in to your account online.

Inception: 31/12/2016	1 month	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)	Since inception (total)
Australia All Cap	3.22%	13.14%	8.85%	11.43%	11.01%	98.78%
ASX 300	2.89%	11.09%	11.92%	7.46%	8.35%	69.44%
Small Ords	3.54%	0.76%	5.89%	3.17%	5.86%	45.39%
Cash	0.34%	3.20%	1.20%	1.12%	1.21%	8.24%

Portfolio Performance for Australia All Cap refers to the aggregated cumulative performance of all TAMIM Australian All Cap individually managed account portfolios since inception (31 Dec 2016) in AUD net of fees up to 31 October 2019. From 1 November 2019 the performance reflects the return on the TAMIM Fund: Australia All Cap unit class. Both are managed according to the same portfolio. ASX300 refers to the S&P/ASX 300 Accumulation Index. Note: Portfolio returns are quoted net of fees. Returns shown for longer than 1 year (other than "Since inception (total)") are annualised. The information provided in this factsheet is intended for general use only. 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. Please consider our Information Memorandum and Services Guide before investing in any of our products. Past performance is no guarantee of future returns. Returns displayed in this document are unaudited. For wholesale and sophisticated investors only. ASX Small Ords refers to the S&P/ASX Small Ordinaries Index.

Key Facts

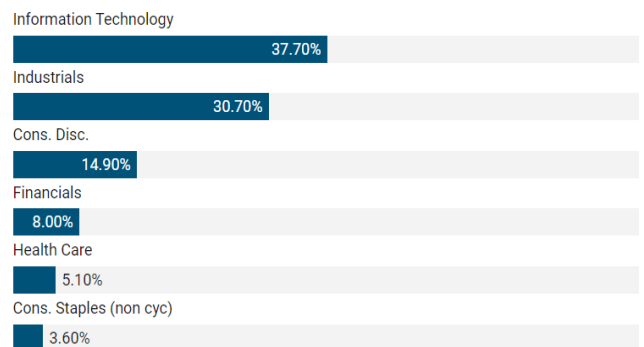
Investment Structure:	Unlisted unit trust
Minimum investment:	A\$100,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	Greater 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

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$1.1788	\$1.1759	\$1.173

Portfolio Allocation

Equity	91.50%
Cash	8.50%

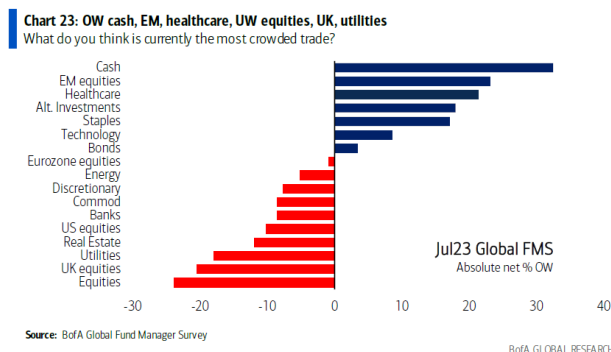


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The recent BoFA global fund manager survey continues to show the level of bearishness towards equity markets. We view this as a bullish signal for markets in the short to medium term.



Finally, and as we have been calling out all year, M&A will continue as valuations remain cheap. A good example is our largest holding, Symbio (SYM), received a takeover offer following month end, from Superloop (SLC) at a \$3.00 total value compared to recent trading of \$1.80-\$2.20 range. We expect a possible bidding war to emerge here (see commentary below).

Below we provide company specific commentary in the portfolio section of the report. We will provide further updates on company results in our next monthly report during September.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Highlights:

SYM Takeover Summary

We highlighted Symbio as a possible acquisition candidate because of its growing and profitable business (a rarity among small ASX companies), rock-solid balance sheet (with \$30 million in cash compared to a market capitalisation of \$150 million), predictable and recurring revenue, and high insider ownership among the Board of Directors.

Superloop's offer of \$1.425 in cash and 2.14 Superloop shares values Symbio at \$243 million or \$2.85 per share (at the time of the release). What's more, the proposal also includes a fully franked dividend to Symbio shareholders of up to \$0.35 per share—with franking credits of up to \$0.15 per share—bringing the total value to Symbio shareholders to \$3.00 per share, a 26% premium to the closing price prior to the announcement.

Superloop is a Brisbane-based telecommunications and internet service provider that readers may be familiar with due to its association with well-known tech entrepreneur Bevan Slattery.

In more positive news (for both companies), Symbio disclosed that it would achieve the upper end of its guidance of \$27 to \$28 million in EBITDA in FY23, while Superloop upgraded its FY 23 guidance to underlying EBITDA of \$37 million—a notable increase from the previous guidance range of \$33 to \$36 million. Superloop has had stronger-than-expected trading in the second half of the year in each of its three segments, which is great for both Superloop shareholders and Symbio shareholders (given 50% of the purchase price is in shares).

After the initial excitement of a takeover offer, it can be quite a process until the merger is actually complete. In this instance, the Symbio Board has offered a four-week non-disclosure and exclusivity period.

However, further counter bids from local players such as Aussie Broadband, or an international telco looking to enter the Asia-Pacific region, can't be ruled out. In fact, despite the healthy premium to Symbio's share price, the proposal from Superloop values Symbio at just 7.4x EV/EBITDA (enterprise value to EBITDA), a significant discount to Aussie Broadband's (ASX: ABB) acquisition of Over The Wire at 11.8x EV/EBITDA (based on a \$390 million enterprise value and \$33 million in forward EBITDA guidance for FY22) just over 16 months ago in March 2022.



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Dropsuite (DSE) provided its CY23 Q2 update with Annual Recurring Revenue (ARR) of \$30.4 million, up 8% on prior quarter and 51% on the Previous Corresponding Period (PCP), operating cashflow of \$0.34 million. Monthly ARPU of \$2.35 up 2% QoQ and 13% on PCP. Well-funded with \$23 million of net cash.

The results were overshadowed by the official release of Microsoft's Syntex AI backup cloud products, with the stock sold off -30% on the day which coincided with the Microsoft event. We were fortunate enough to take profits in DSE prior to the quarterly in the mid 30s cents, as the valuation was fair value in the short term.



Regardless we remain positive on the company for the following reasons:

- DSE is exposed to the shift to the cloud by SMEs (O365/Google Workspace users expected to increase from 350m to 570m by 2026), with 85% of SMEs currently do not back up their mission critical data.
- DSE market penetration with just 3k MSPs using its product out of a potential of 130k globally. Such tailwinds provide a long runway of growth.
- DSE management stating it expects no impact on its business and growth trajectory post the launch of Syntex. MSFT Syntex could be upwards of US\$8/user (DSE US\$3/user) with an SME using this product giving up data independence as the data is stored in a Microsoft server.
- DSE expects to grow at 2x the industry growth rates (50% pa) driven by the release of new SaaS backup releases (QuickBooks, govCloud).

We expect the company to continue grow its ARR in a profitable manner and expect the market concerns to fade away over the next 6-9 months as growth continues.

Fleetpartners Group (FPR) is a fleet management and novated lease administrator in Australia. During the month FPR provided a pleasing update on its 3Q 2023 business performance with New Business Writings (NBW) orders taken YTD up 1.5x compared to FY19 despite ongoing new vehicle supply constraints, \$195 million of NBW was written in 3Q23, which is 26% higher than 3Q22.

45% of Novated NBW in the month of June 2023 related to battery electric or plug- in hybrid vehicles and 36% for 3Q23. Demand for EVs benefit FPR as vehicle prices are higher than petrol based cars. Assets under Management or Financed ("AUMOF") of \$2.0 billion up 3% and End of lease income (EOL) per vehicle at \$7,753 in 3Q23, remaining elevated and slightly higher per unit relative to 2H22 and 1H23.



FPR is continuing its capital return policy of buying back shares in the company at a rate of 70% of NPAT each year. \$14 million of shares were bought back up to 30 June 2023, of the \$43 million on-market share buy-back declared with the 1H23 results. The company has no corporate debt allowing management to continue exploring M&A opportunities.

We estimate FY23 (Sep end FY) EPS of circa 30+ cents and with no end in sight of the buyback until FY26, we continue to foresee EPS growth even as used car values decline over time. FPR peers such as MMS and SIQ trade on 15-20x PE multiples compared to FPR at a modest 8.5x.