Australia All Cap Unit Class
TAMIM Fund

At 31 December 2021

During the month the ASX300 was up +2.65% while the Small Ords was up +1.41%. The TAMIM Fund: Australia All Cap portfolio finished the month up +1.85% net of fees, continuing the strong outperformance this year.

For the 2021 calendar year, the Fund finished up a very strong +27.52% net of fees. For comparison the ASX300 was up +17.55% while the Small Ords was up +16.90%.

CY21 was a very strong year for equity markets. Generally, it was a very good year for other asset classes like property, commodities and the more speculative crypto. Since the beginning of the year we have urged our investors to consider avoiding large cash positions while interest rates are near zero, absorbing some volatility in order to achieve strong returns. Our conviction in equity markets has yielded exceptional results for our investors.

The Fund has now hit exactly three years since the restructuring of portfolio management, delivering a +32.81% p.a. return net of fees in this time. We aim to continue targeting double digit returns going forward.

During December, and as we head into 2022, we see the biggest uncertainty in markets no longer being Covid, but instead the fear of inflation and rising interest rates. As we go to print the annualised December inflation rate in the US has hit a 40-year high of 7.00%. There is no doubt that loose monetary policies will be wound back and rates globally will have to rise several times over the next couple of years.

In terms of inflation, we believe that it is partly transitory, more of a result of government led restrictions, lockdowns and border closures in response to Covid rather than the increase in money supply due to printing. The latter, in our view, has gone into equity markets and property, with an incremental $3tn into an emerging and hyper-speculative asset class in crypto.

We believe speculative investments that provide no real purpose, like many crypto projects, will struggle to perform in a rising interest rate environment. By the same token, loss making growth stocks, especially tech stocks, will also struggle to maintain the lofty multiples of early 2021. We have adjusted our portfolios accordingly.

Key Facts

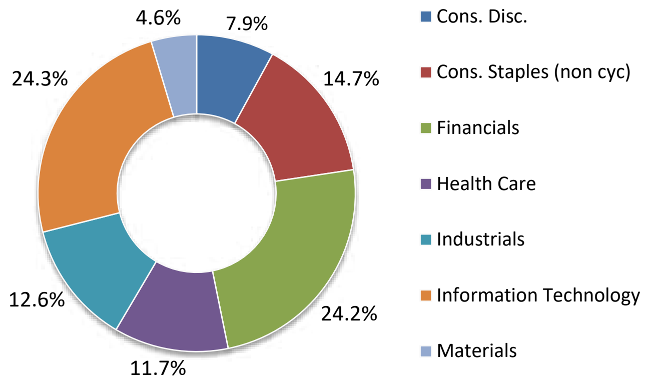
Investment Structure:	Unlisted unit trust
Minimum investment:	A$250,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	Greater 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

NAV

	Buy Price	Mid Price	Redemption Price
AU$	$1.4801	$1.4764	$1.4727

Portfolio Allocation

Equity	96.40%
Cash	3.60%



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	6 months	1 year	2 years (p.a.)	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)	Since inception (total)
Australia All Cap	1.85%	14.43%	27.52%	22.63%	32.81%	20.07%	20.07%	149.76%
ASX 300	2.65%	4.04%	17.55%	9.36%	13.97%	9.94%	9.94%	60.64%
Cash	0.01%	0.05%	0.10%	0.20%	0.51%	0.91%	0.91%	4.63%

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.

Australia All Cap Unit Class
TAMIM Fund

At 31 December 2021

We anticipate that inflation rates will start to normalise and come back down toward the end of 2022, assuming government's restrictions on supply chains and international labour movements resume uninterrupted. In the short term, the fast spreading Omicron variant will cause further bottlenecks and labour shortages.

In terms of the domestic economy, we see a weak economic environment in the first quarter of 2022 due to the spread of Omicron followed by a strong pickup in activity as this wave subsides. The focus will then turn to the federal elections, most likely in May, and we expect government responses to Covid and other related issues to be mostly driven by politics - in other words by voter backlash (avoidance) - rather than perhaps more logical thinking.

In the end, our returns for investors this coming year will come down to our portfolio holdings. We are heavily weighted to companies that are extremely profitable, growing fast, and, in most cases, paying dividends. We also see our successful run at picking takeover targets continuing this year with the most likely near term prospects being CVW.ASX and HUM.ASX, both of which are already in play.

Finally, while we are quite pleased with the performance of the portfolio in 2021, we have quite a few holdings that have been significant underperformers over the last six months. These companies are highly profitable, growing and extremely cheap. All are on single digit profit multiples. We see these stocks re-rating materially at some point in the next few months as they report earnings in February. We believe that these underperformers will drive our next leg of performance this year.

December was a quiet month for most of our portfolio holdings. As our position has now been set for some time, we will disclose the thesis behind our recent special purpose vehicle (SPV) investment, SPV2. Be sure to read on to find out why we believe ClearView (CVW.ASX), also a position in this portfolio, is an imminent takeover target.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

ClearView (CVW.ASX)

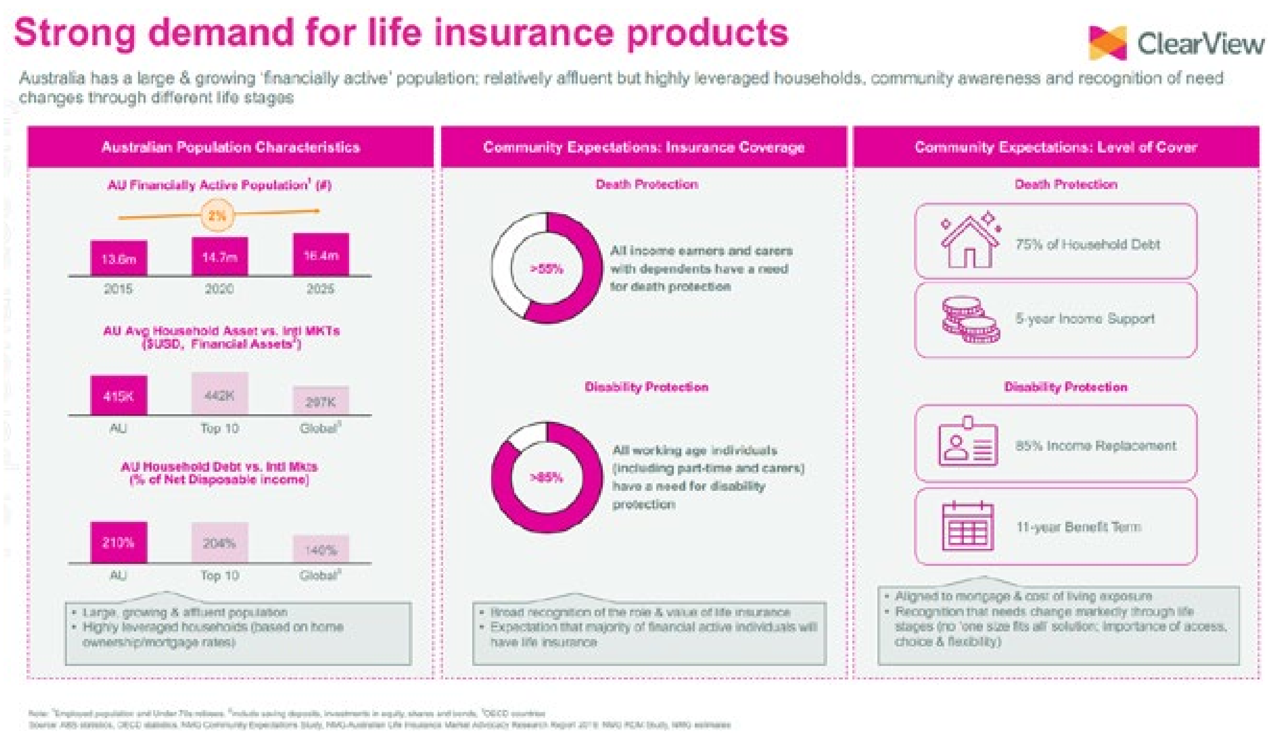
Note: This investment thesis detailing the reasoning behind establishing TAMIM's second special purpose vehicle was originally distrbuted to investors in TAMIM Fund: SPV2 on 9 December 2021.

CVW remains a position in the Australia All Cap portfolio.

ClearView is a financial services company which partners with financial advisers to provide life insurance and wealth management services. The company has undergone substantial changes in recent years and is focused on developing their new platform for life insurance to drive scale and efficiency. Clearview currently works with 772 dealer groups, representing over 4000 advisers. Clearview has been performing well in challenging market conditions; they saw increased claims last year and with interest rates at an all-time low, interest income has been significantly impacted. That being said, ClearView continues to execute its strategy which has led to a steady share price recovery. We believe the company remains materially undervalued given its strong growth profile and embedded value (EV).

Life Insurance Industry

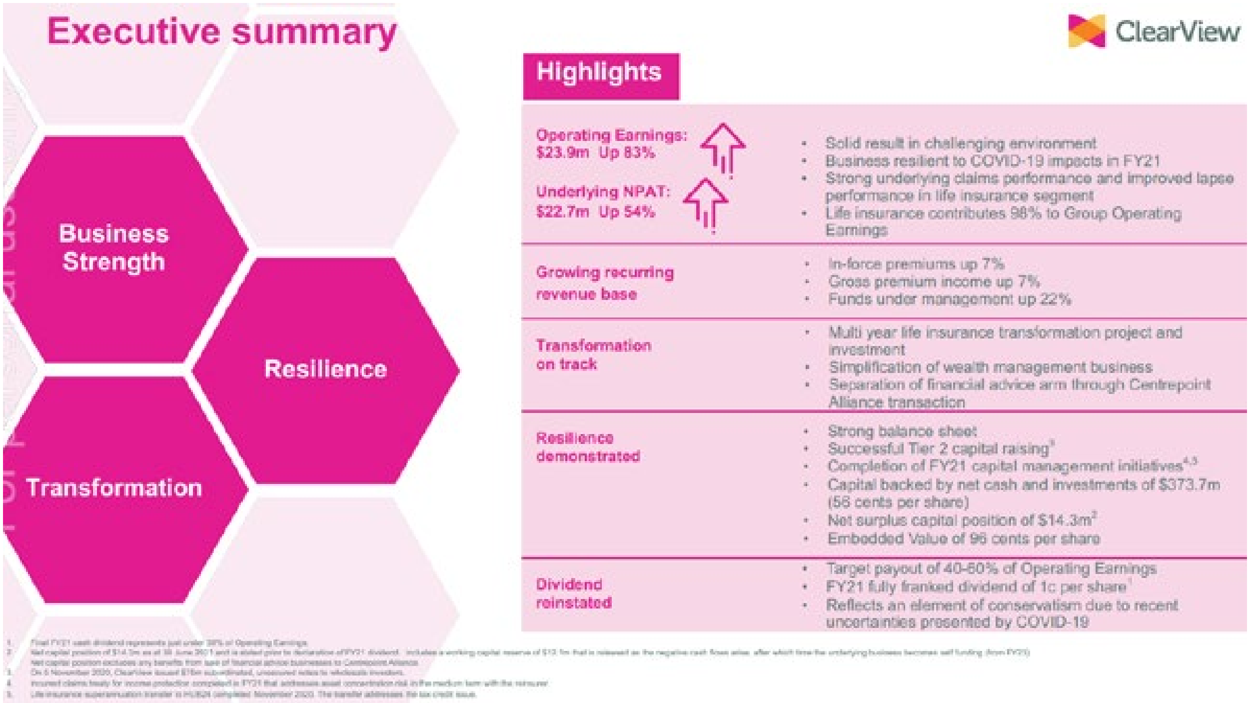
The life insurance industry was rocked by the 2019 Royal Commission which saw many of Australia's major financial institutions in the news for all the wrong reasons. This was further exacerbated by other negative events such as the Freedom Insurance debacle. The impacts of this were mainly centred on how life insurers sell their products, and this has put a huge stain on the industry in recent times, but this is now in the past and ClearView is on a growth trajectory. The industry participants have also been engaged in the very



Source: CVW company filings

unprofitable activity of scrambling for market share by lowering costs. This has seen a collective $5bn being blown up by insurers over the past five years in a race for market share. New regulations from APRA have seen the sector change their policy prices, bringing the sector back to profitability.

The recent issues faced by the sector has seen several insurers trading at depressed prices and, with investors overlooking the sector in general, we see a huge opportunity in ClearView. The sector has returned to profitability and the company looks to implement transformative initiatives in order to grow their business. Looking forward, life insurance is a necessary product and all working age individuals have a need for income protection insurance. Australia also has sky high household debt, typically a tailwind for Total and Permanent Disability (TPD) insurance cover which covers the costs of debt repayments. High household debt coupled with population growth and the repricing of policies gives us a positive outlook for the growth of the industry in general.



Source: CVW company filings

FY21 Results

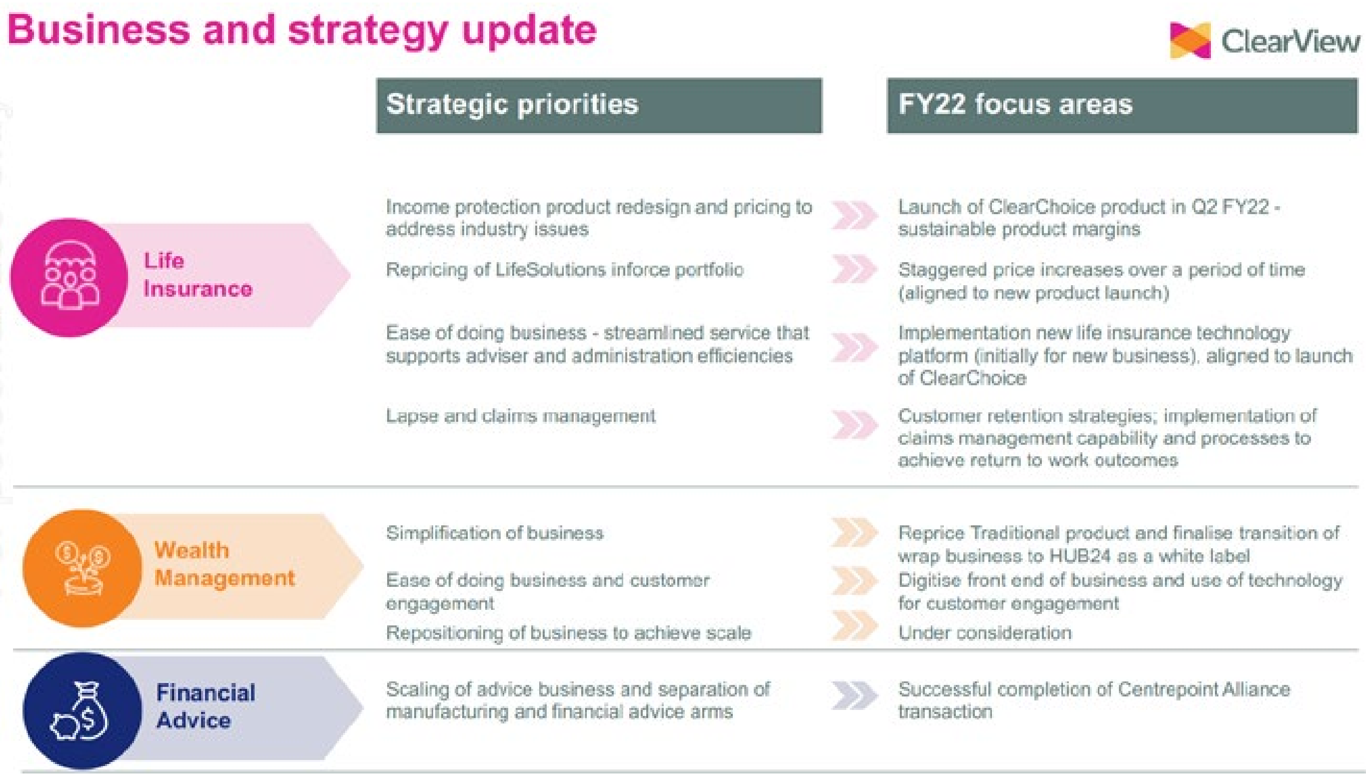
FY21 saw ClearView report a strong result to the market with operating earnings up +83% to $23.9m and underlying NPAT up +54% to $22.7m. Considering the challenges presented by low interest rates and Covid-19, this was an exceptional result for ClearView. They saw their gross premium income rise +7%; this growth will follow through to FY22 as they raise their pricing policies. Even though funds management represents a very small piece of the business, the core focus is firmly on insurance, ClearView also increased their funds under management by +22%.

Capital Management

It is important to assess a company's ability to allocate capital, what capital management strategies they are using to return value for shareholders and whether they are making the most of opportunities. ClearView has been buying back shares aggressively and, while we typically prefer dividends (it makes more sense with franking credits as opposed to US companies that prefer buybacks), they have executed these buy backs at an opportune time (around 50 cents per a share). They have also extended the program, indicating that management still think the share price is too cheap. ClearView has also reinstated their fully franked dividends and intends to payout 40-60% of operating earnings.

ClearChoice Transformation

As part of ClearView's multiyear transformation they have been developing and investing in their new insurance platform ClearChoice, which will be replacing their existing life insurance platform. The new platform will deliver an enhanced user experience, drive efficiencies, and become a single source of truth for all customer data. Improved access to accurate customer information and the ability to generate data-driven insights to capture timely opportunities and aid strategic and tactical decision-making is one of many benefits to come from ClearView's new ClearChoice platform. The platform is launching in Q2 FY22 and will also implement new policy pricing increases which will increase operating earnings.



Source: CVW company filings

Sale of Financial Advice Business

In August ClearView announced the sale of their financial advice business to Centrepoint Alliance (CAF.ASX), another holding in our Australia Small Cap Income portfolio. The total consideration for the sale was $15.2m to be paid in cash and shares, Clearview receiving 48m CAF shares and $3.2m in cash. The deal with Centrepoint Alliance provides the combined entity with immediate scale, a strong and effective management team, best of breed technology/processes and the capability to take a market leading position in the financial advice industry to build a strategically successful and profitable financial advice business. The deal allows ClearView, through their interest in Centrepoint Alliance, to continue participating in the growth of the financial advice sector while effectively removing any perceived conflict of interest.

HUB24 Partnership

Last year ClearView announced a partnership with HUB24 which will see over $1bn in funds under administration migrated from the current ClearView WealthSolutions wrap platform to HUB24. The partnership is set to deliver on ClearView's previously advised project seeking a modern replacement solution for its wrap technology. It is expected to substantially address the tax credit issue for the ClearView Retirement Plan and foster business simplification as they continue growing their life insurance and wealth management businesses.

Manulife Partnership

ClearView has entered a strategic partnership with Canadian wealth firm Manulife Investment Management, the global wealth and asset management segment of Manulife Financial Corporation (MFC.TSE), to launch a range of products with an immediate focus on retirement income solutions. It is important to note that it is a non-binding memorandum of understanding (MOU) (we typically don't like to pay too much attention to non-binding agreements). The partnership will leverage ClearView's local product development and distribution capabilities with Manulife's global expertise across public and private asset classes as well as ESG integration. Given Australia's rapidly ageing population, this is a thematic worth targeting.

Outlook

As mentioned, the life insurance industry has been through a particularly turbulent period due to pandemics, Royal Commissions, and broad poor pricing policies. With all this now in the rearview mirror, the industry has returned to profitability and is growing. Yet Clearview is still trading at a substantial discount to its asset base. This is despite the fact that it is a profitable business with sustainable recurring revenue that has made a number of strategic adjustments to turn the company around. APRA's new regulations on pricing policy will boost profitability and, given how high household debt is in Australia, insurance policies are always going to be in high demand. Additionally, Clearview's new ClearChoice platform will help them create more efficiencies in the business and begin to leverage the data they collect to produce insights that will further help them grow the business.

But none of this is why we bought this stock as a takeover target.

Strategic Review

In early September of this year CVW announced that:

> *"following an evaluation of the Company's future capital structure and discussions with CVW's largest shareholder, Crescent Capital Partners, the Board has commenced a strategic review process. Its objective is to maximise shareholder value, determine the optimal future direction of the Company to protect and enhance customer and policyholder outcomes, and achieve a long term shareholding base.*
>
> *This review will assess strategic options to unlock and enhance value for shareholders, including potential change of control transactions. ... Crescent Capital Partners has advised the CVW Board that it supports the strategic review."*

Source: CVW company filings

Why do we believe a takeover is imminent?

Very similar wording to the above was used by Crescent holdings Cardno (CDD.ASX) and Intega (ITG.ASX) when strategic reviews were announced for them in June, both stocks were held in TAMIM funds. Approximately four months later both companies had received significant takeover proposals from strategic acquirers.

CVW represents the last remaining meaningful life insurance asset up for grabs in Australia with approximately 7% market share. We believe this share is significant enough for someone looking to enter the domestic market and grow but also not large enough to cause competition concerns for an existing player to acquire.

In addition, we believe Crescent's investment in CVW must wind up and realise its investment into cash by June 2022. This means that they are a motivated seller which in turn makes a favourable outcome (for other shareholders) highly likely by February 2022, as signalled by the board.

The value of an insurance business lies in the embedded value (EV) of its policies and their future cash flows discounted to today. This embedded value can change over time based on new business growth rates, the amount of claims on current policies and the lapse rate. The current EV of CVW is 96 cents (includes franking credits). Historically, life insurance companies have been acquired in the range of anywhere between 0.8x to 1.6x EV. In the case of CVW, this suggests a figure in the range of 77 cents to $1.54. Usually, when an insurance business is growing like CVW, it is trading or acquired at a premium to EV.

CVW has previously seen two takeover attempts; the first in 2012 by Crescent and the second in 2016 by Sony Life. Due to several reasons at the time, neither eventuated but the offer then was $1.50. While it is unlikely that shareholders will see $1.50 again, we cannot rule it out. Most likely, and based on the current environment, we believe that our base case scenario would be a takeover at a premium to EV of +10%. With some luck, we may end up seeing a bidding war which may then see a much higher offer, i.e. toward $1.50 mark.

We believe that the most likely acquirers would be either a Japanese life insurer, private equity or a new domestic entrant looking to diversify into the life insurance industry. As discussed above, the conditions for the industry are finally positive again.