

Australia All Cap Unit Class

TAMIM Fund

At 31 January 2022



During the month the ASX 300 was down -6.45% while the Small Ords index was down -9.00%.

2022 hasn't started like most people were hoping with January being the worst start to a year on record, the S&P500 being down -11%, at one point. The ten largest stocks on the index were down -20% at one point and the average Nasdaq stock was down -50%. In Australia, the tech index hit an intra month low of -25% while the Small Ords was down -13% at one stage. Since the end of January we have seen a bounce back in equity markets but one could argue that we are in bear market territory based on some of those figures, yet there's no global recession in sight.

In the context of the above, the TAMIM Fund: Australia All Cap portfolio finished the month down -7.22% net of fees. Not the start to a year anyone would hope for.

In our view, this selloff is primarily caused by inflation concerns which will lead to higher interest rates this year and next. We are of the view that rates should increase gradually and that central banks will be attempting to engineer a soft landing.

We are of the view that inflation will ease and normalise over the next twelve months as Covid-related supply bottlenecks and labour shortages ease up, assuming this is allowed to happen uninterrupted.

Although we never enjoy seeing a market selloff such as this, we are buoyed by the fact that we recently adjusted our portfolios away from less profitable growth stocks and into more profitable companies that have provided some robust trading updates in January. We also expect a number of our holdings to be beneficiaries of higher rates and inflationary pressures. We will touch on this in more detail in the Portfolio Update section.

As we look ahead to the February reporting season, we believe we are well positioned to benefit from our holdings reporting strong results and outlook statements. In saying this, we are cognisant that investors won't necessarily rerate stocks until the current market nervousness abates.

In the meantime, we encourage investors to consider this selloff as an opportunity and capitalise on short term market volatility, potentially adding to their positions with us. We remind

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	-7.22%	2.37%	11.74%	14.83%	29.76%	18.20%	17.96%	131.57%
ASX 300	-6.45%	-3.74%	9.61%	3.28%	10.06%	8.66%	8.34%	50.28%
Cash	0.01%	0.05%	0.10%	0.18%	0.47%	0.89%	0.90%	4.64%

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.

Key Facts

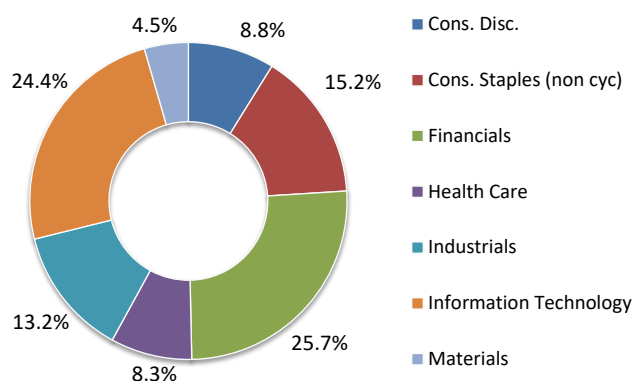
Investment Structure:	Unlisted unit trust
Minimum investment:	A\$250,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	Greater 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\$	\$1.3733	\$1.3699	\$1.3664

Portfolio Allocation

Equity	97.26%
Cash	2.74%



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investors that savvy clients who topped up during/in the wake of the March 2020 crash have earned an incredible return on their investment since; +124.52% for the period 1 April 2020 – 31 January 2022 (the ASX300 was +46.07% for the same period).

Always remember, as Warren Buffett says, be greedy when others are fearful.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Update

EML Payments (EML.ASX) is, in our opinion, the No.1 beneficiary from rising rates on the ASX. As a global E-money issuer, they currently hold a growing balance of customer card funds worth \$2bn. EML gets to invest those funds but, with rates at zero, they aren't making any return at the moment. Going forward, investors should think that for every 1% rise in rates across the US/UK/Euro, EML should earn \$20m of incremental profit. If rates rise 2-3% over the next couple of years, EML will earn an incremental \$40-60m of profit (2-3x their current profitability). We don't believe investors have fully grasped this and it is why EML is our top pick for 2022.



PeopleIn (PPE.ASX), formerly People Infrastructure, is a provider of workforce solutions mainly in health and IT. PPE provided a robust update recently, confirming FY22 earnings to be within analyst expectations (PE multiple of 12x). Their business is a massive beneficiary of wage inflation driving higher margins as they earn a commission. In addition, low levels of unemployment in Australia and a high turnover of employees, are all factors seeing higher demand for PPE services. With the borders reopening PPE should benefit from the resumption of international labour. Next catalyst for the stock is acquisitions which they have been very disciplined on. Our valuation is \$5.00.



OFX Group (OFX.ASX) is a provider of Forex services to consumers and corporates globally. As revenue is transaction based, OFX is a beneficiary of elevated inflation. OFX provided a strong Q3 update with revenues up 21% to \$39m. Management has upgraded FY22 guidance from 10% growth to 17-22% revenue growth. We think that's conservative based purely on the Q3 run rate. The recent acquisition of Canadian company Firma should see EBITDA grow to \$55m in FY23, placing OFX on a 10x EV/EBITDA valuation. This, in our view, is cheap compared to global peers and we think OFX is worth \$3.00.



Earlypay (EPY.ASX) announced an unaudited H1 FY22 update showing NPATA at \$7.5m, an increase of over 110% on the previous comparable period (pcp) and well ahead of budget. The strong profit result should materially increase the 1H dividend with EPY's dividend payout ratio remaining at 60% of NPATA. The strong result came from organic growth in their core Invoice Finance product. Total Transaction Volume (TTV) for H1 FY22 increased to \$1.2bn, up 35%.



The Equipment Finance business also returned to growth. January, typically impacted by holiday seasonality, performed ahead of expectations due to robust trading volumes from SME clients and continued high utilisation rate of Invoice Finance facilities. This resulted in an upgrade to FY22 NPATA Guidance, from \$13m+ to \$14m+. The business is now at scale and has strong momentum; we expect this should lead to another upgrade late this year. Trading on 9x PE and with a 6% yield, we feel investors are overlooking EPY. Our valuation is 70 cents.

Uniti Group (UWL.ASX) announced that it has received multiple approaches for a potential takeover of the company. These approaches are very much in their early stages but it does validate our investment thesis in the company. We have highlighted UWL several times as a defensive yet high growth strategic asset that will be coveted by infrastructure or pension/super funds. We believe that a possible takeover multiple could be in the 25-30x of forward EBITDA range; implying a \$6.00+ takeover price.

