

# Australia All Cap Unit Class

## TAMIM Fund

At 31 July 2022

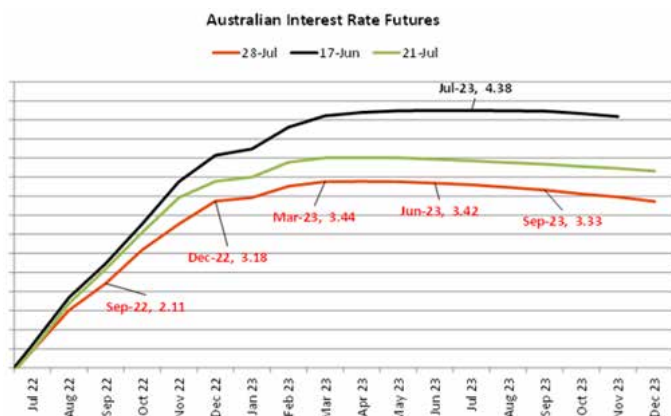


Dear Investor,

We provide this monthly report to you following the conclusion of the month of July 2022.

During the month the ASX300 was up +5.95%, while the Small Ords was up +11.43%. The TAMIM Fund: Australia All Cap portfolio finished the month up +5.36% net of fees. July saw markets rebound strongly off the back of one of the worst June months in history. As we highlighted in previous reports, recent sentiment has been overly bearish and we believe equities were oversold. These indicators usually signal strong buying opportunities - which we have encouraged investors to take advantage of.

The current key drivers of sentiment and markets are inflation figures and the corresponding interest rate expectations. The below chart is key to understanding what's happening and why markets were oversold leading up to June and have since rallied back.



As seen in the above chart interest rate markets initially expected aggressive rate rises in Australia (and the US) to continue into 2023. However that expectation has now lowered with a rate cut now priced in for May 2023. This change of expectation around interest rate movements and signs of inflationary pressures finally rolling off, has been the main reason markets have turned positive again.

### 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	2 years (p.a.)	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)	Since inception (total)
<b>Australia All Cap</b>	5.36%	-22.33%	6.76%	10.38%	10.83%	10.63%	75.70%
<b>ASX 300</b>	5.95%	-2.31%	12.33%	4.43%	8.15%	7.86%	52.52%
<b>Cash</b>	0.11%	0.29%	0.21%	0.34%	0.78%	0.86%	4.89%

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

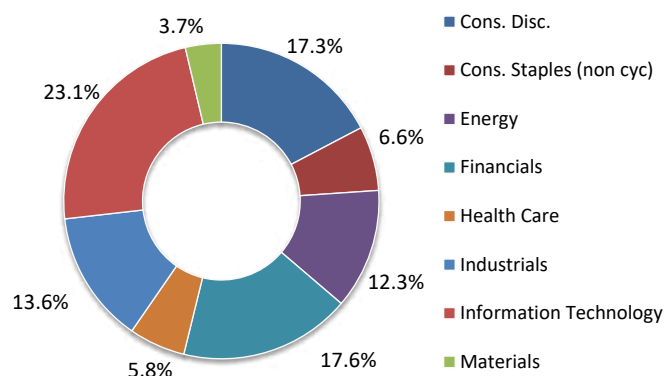
<b>Investment Structure:</b>	Unlisted unit trust
<b>Minimum investment:</b>	A\$250,000
<b>Applications:</b>	Monthly
<b>Redemptions:</b>	Monthly, with 30 days notice
<b>Unit pricing frequency:</b>	Monthly
<b>Distribution frequency:</b>	Semi-annual
<b>Management fee:</b>	1.25% p.a.
<b>Performance fee:</b>	20% of performance in excess of hurdle
<b>Hurdle:</b>	Greater of: RBA Cash Rate + 2.5% or 4%
<b>Lock up period:</b>	Nil
<b>Buy/Sell Spread:</b>	+0.25%/-0.25%
<b>Exit fee:</b>	Nil
<b>Administration &amp; expense recovery fee:</b>	Up to 0.35%
<b>APIR code:</b>	CTS9748AU

### NAV

	Buy Price	Mid Price	Redemption Price
<b>AU\$</b>	\$1.0419	\$1.0393	\$1.0367

### Portfolio Allocation

<b>Equity</b>	79.6%
<b>Cash</b>	20.4%



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July also saw US quarterly earnings which weren't as bad as expected. Overall, and as we keep highlighting, the US and Australian economies are still showing resilience along with a tight labour market and an engaged consumer.

There's no doubt that as rates keep rising eventually we will see a slowdown which will require a fine balancing act by central bankers. So far their track record isn't impressive so we expect them to overshoot on the way up as they did on the way down. This may cause continued volatility in equities but also great buying opportunities.

In the meantime we have adjusted the portfolios and are confident we are positioned well as we head into reporting season. We are recently seeing heightened M&A activity which we expect will continue. So far several of our stocks have seen M&A including Tassal (TGR), Link Group (LNK) and Centerpoint Alliance (CAF). We expect more to come.

We provide company specific commentary in the portfolio section of the report and we will provide further updates from reporting season in our next monthly report during September.

Sincerely yours,

\_\_\_\_\_  
Ron Shamgar and the TAMIM Team.

### Portfolio Update

**Whitehaven Coal Ltd (WHC.ASX)** released their quarterly results which saw them achieve a record average coal price of A\$514/t for the quarter and A\$325/t for FY22 Subject to the final audit. Whitehaven expects to report an FY22 EBITDA of approximately \$3.0 billion (compared with \$0.2 billion in FY21). Whitehaven's net cash position grew to \$1.0 billion with \$1.4 billion of cash generated in the quarter, this excess cash will be used to fund future growth and also return capital to shareholders through franked dividends and share buy-backs.



After buying back 76.37 million shares (approximately 7% of issued shared capital) for \$362.6 million, Whitehaven aims to complete its 10% share buy-back within a revised total cost of \$550 million. With demand for high-quality coal outstripping global supply Whitehaven continues to be a large beneficiary of higher prices, which we expect will continue for longer than consensus expectations. Unfortunately the global transition to renewable energy and the sanctions on Russia have created a perfect storm of significant underinvestment in future supply and rising prices. We expect Whitehaven to benefit from this and at current prices it is on track to generate its entire market cap in free cash flow over the next 12 months.

**Rpm Automotive Group (RPM.ASX)** delivered a strong quarterly update recording a 23% growth in revenue quarter on quarter and 74% versus the previous comparable period (pcp). RPM continues to execute on their M&A strategy completing the acquisition of AFT Automotive Group which will strengthen RPM's position in the fast-growing 4WD accessories market. This will also significantly expand RPM's vertically integrated offering across design, manufacture, and wholesale distribution.



Following the acquisition of AFT Automotive Group, RPM's annualised revenue run rate has increased to over \$120 million. RPM also delivered strong organic revenue growth of 18% which was driven by strong network effects in the vertically integrated offering across both the wholesale and retail divisions through an expanded national footprint and increased product range. RPM's FY22 EBITDA of \$7.5 million came out ahead of guidance (\$7.2 million). This puts them on a LTM EV/EBITDA of 7x and a forward EBITDA of 4x.

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**Smartpay Holdings Limited (SMP.ASX)** latest trading update saw Australian Total Transaction Value (TTV) increase 71% year on year; this was a result of a combination of fleet growth and an underlying improvement in transaction value per terminal. In New Zealand SMP has seen its customer acquisition results return to pre-covid levels. Acquiring transactional revenue is up 79% (derived from the fast growing Australian segment of the business) and consolidated revenue is up 48% for the quarter. Transacting terminals are up 12.9% to 10,934.



SMP is on track to scale its business through the acceleration of Australian customer acquisition which offers immense operating leverage and profitability. SMP has in-built inflation protection given their Australian revenue model is based on sharing a percentage of transactions which are rising due to higher prices. We believe SMP can capture a 10% share of the SME market over the next 3+ years. This should yield \$100m revenue and \$40m EBITDA for the business.

**Close the Loop (CLG.ASX)** creates innovative products and packaging that includes recyclable and made-from recycled content, as well as collect, sort, reclaim and reuse resources that would otherwise go to landfill from locations across Australia, Europe, South Africa and the US. CLG has been growing their business organically and through an aggressive M&A strategy. They recently completed the Acquisition of thermal paper supplier and sustainable paper products group, Alliance Paper for a total purchase price of \$1 (yes \$1) and an investment in working capital of ~\$4.5 million. This acquisition strengthens CLG's capability in the paper products and packaging sector and provides a highly complementary market and product fit with their existing packaging offerings.



Alliance is expected to grow revenues to \$19.7 million in FY23 from \$11.7 million in FY22 and EBITDA to \$2.4 million in FY23 from a loss in FY22. If these targets are met CLG would be acquiring Alliance on 1.9x EBITDA which would be highly accretive to earnings. The revenue growth is being driven by new supply contracts and investment in inventory to meet the increased demand for Alliance products. We expect CLG to be a big beneficiary from the ESG thematic globally, and on current run rate we see FY23 EBITDA exceeding \$20M.