Australia All Cap Unit Class
TAMIM Fund

At 31 March 2022

Dear Investor,

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

During the month the ASX300 was up +6.90% while the Small Ords Accumulation Index was up +6.27%.

The TAMIM Fund: Australia All Cap portfolio finished the month up +1.84% net of fees.

March saw markets bounce back from the selloff we saw in the first two months of the year. The popular tech names saw the biggest bounce back with smaller IT services companies still struggling to regain investor confidence.

In Australia, the budget incentives for businesses to increase spending on digital services should see IT and Telco providers benefit materially in the next six to twelve months.

We continue to see M&A activity accelerate and we were pleased to receive a takeover bid for our holding in Uniti Group (UWL.ASX). We expect more companies to attract bids as valuations remain depressed.

Broadly speaking, we expect inflation figures to remain a hot topic and markets to remain volatile as investors continue to be concerned about the quantum of interest rate rises over the next one or two years. The persistent Covid-zero policy of the Chinese government is placing further pressures on an already clogged up global supply chain.

As always, at some point sentiment changes and what seemed a worst case scenario at one point is no longer perceived to be. When that happens in the next few months, markets will turn and investor's attention will refocus and shift to companies that continue to grow revenues and profits. We believe our portfolio is well positioned to benefit.

In the meantime, we encourage investors to take this opportunity to capitalise on short term market volatility and consider adding to their positions with us. We believe we own a group of businesses that have pricing power and should benefit from rising rates and inflationary conditions.

Key Facts

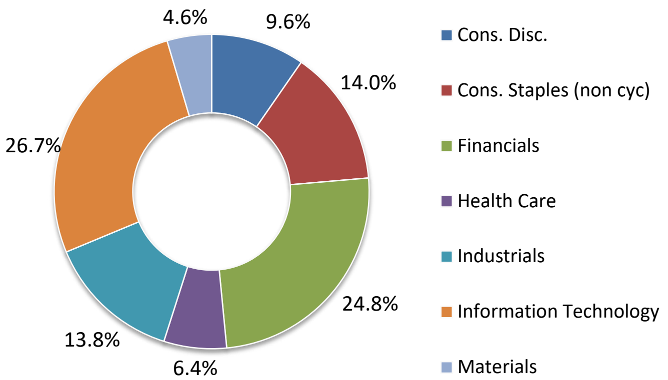
Investment Structure:	Unlisted unit trust
Minimum investment:	A$250,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	Greater 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$	$1.2992	$1.2959	$1.2927

Portfolio Allocation

Equity	93.03%
Cash	6.97%



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)
Australia All Cap	1.84%	0.87%	45.74%	25.36%	16.78%	16.13%	119.07%
ASX 300	6.90%	15.23%	26.26%	10.86%	9.39%	9.89%	64.01%
Cash	0.01%	0.10%	0.14%	0.39%	0.84%	0.87%	4.66%

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.

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We remind investors that savvy clients who topped up with us during the December Q4 2018 selloff and March 2020 crash have seen an incredible return on their investment since.

We provide some highlights in the portfolio update section and highlight a founder-led business we own in DGL Group. We will provide further commentary in our next monthly report.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Update

EML Payments (EML.ASX) announced two contract wins during the month. The first, with Up Spain, is a multi-year agreement entering the employee benefits market in Europe. The total market opportunity in Europe is estimated at $30bn and EML has experience in the space, having dominated the Australian market.

The second win was in the open banking space via EML's subsidiary, Nuapay, partnering with Praxis Tech in Europe. Praxis is a payment gateway provider and will offer Nuapay a payment option to its end users. We see these deals as making a material impact in two to three years' time as they ramp up in volume. EML remains a key pick for a rising interest rate environment. We don't believe the market has figured this out as yet.

OFX (OFX.ASX), provider of forex services to consumers and corporates globally, provided a trading update and profit upgrade. Management has upgraded FY22 guidance from 17-22% revenue growth to 23-25% growth, or $146m. EBITDA is now expected to grow +48% to $45m. The recent acquisition of Firma in Canada should see EBITDA grow to at least $55m in FY23. This places OFX on a 10x EV/EBITDA valuation. In our view, this is cheap compared to global peers and we believe OFX is worth $3.00+.

Uniti Group (UWL.ASX) finally received a takeover bid, as we have predicted for some time now, from Morrison & Co. at $4.50. Shortly after, another bid of $5.00 emerged from competitor Vocus, owned by a consortium of Macquarie Infrastructure and Real Assets and Aware Super. Morrison has since matched the bid and we expect a binding deal to be announced any day now.

The current valuation is 22x and we believe a possible takeout multiple could be in the 25-30x forward EBITDA range, implying a $6.00+ takeover price. We still expect another bid to emerge, possibly from a super fund consortium looking to acquire a defensive, long-term annuity asset like UWL. We originally bought UWL at $1.20. Watch this space.

Sequoia Financial (SEQ.ASX) announced the acquisition of three businesses: Informed Investor, Sharecafe and Corporate Connect Research. These acquisitions increase the scale of the Direct Division while also providing significant support to the existing network of Sequoia advisers. It also assists in developing a digital and educational content platform for all fund managers, ASX listed companies and the broader financial services industry comprising of approximately 2,000 AFSL holders and 17,000 authorised representatives.

The acquisitions will be EPS accretive for FY23 with the transaction valuation based on a 5x FY23 forecast EBITDA. The total consideration will be approximately $5.1m. Although the deal is accretive and makes some sense to us, we would have preferred to see deals done in the professional insurance segment. We also believe that the price paid was on the excessive side. That said, we are backing SEQ's management in their strategy of growing the company.

Sigma Healthcare (SIG.ASX) is one of Australia's leading pharmacy and pharmaceutical distribution businesses. During March, SIG reported its results (January FY22) with revenues up +1.3% to $3.45bn and underlying EBITDA of $92m. The company has had a volatile year impacted by lockdown disruptions and the omicron surge. In addition, a company-wide ERP system was implemented, causing significant disruptions to order fulfilment. These issues have now been resolved.

We bought SIG at 44 cents as we see a business with significant strategic value being undervalued by the market. SIG invested $390m over the last five years in the latest national distribution centre network which they are now ready to reap the benefits from. The business has a competitive edge in pharmacy distribution, being able to service efficiently and at a lower cost than some other competitors. For example, DHL Supply Chain, of the broader German-listed DHL, won the Chemist Warehouse contract off SIG but eventually had to relinquish that contract back to SIG due to an inability to service.

More recently, another competitor, Australian Pharmaceuticals Industries (API) who own Priceline, was acquired by Wesfarmers (WES.ASX), after a takeover battle with Woolworths (WOW.ASX). We believe SIG may end up next in line to be acquired by either WES, WOW, DHL or even Metcash (MTS.ASX). In our view, any bid should be at around 75 cents.

Stock Spotlight: DGL Group (DGL.ASX)

This article was originally published online on 6 April 2022 under the title "A Founder-Led Company: Always Something to Look For"

This week we will be talking about founder led businesses and why they tend to outperform. A number of the companies in our portfolios are founder-led; it is a factor we consider when assessing a company. So, we decided to dive deeper into what is driving their outperformance and, in doing so, we will highlight a founder-led chemical manufacture and waste management company that is beating prospectus forecasts, has a strong moat and is growing through an aggressive M&A strategy.

DGL Group (DGL.ASX)

DGL is a well-established, founder-led, end to end chemicals business that manufactures, transports, stores and manages the processing of chemicals and hazardous waste. The company operates a network of sites, both owned and leased, across Australia and New Zealand.

- The key operations of the group include:
- Formulation and manufacturing of specialty chemicals
- Collection, transportation, storage, and logistics
- Treatment, recycling and disposal

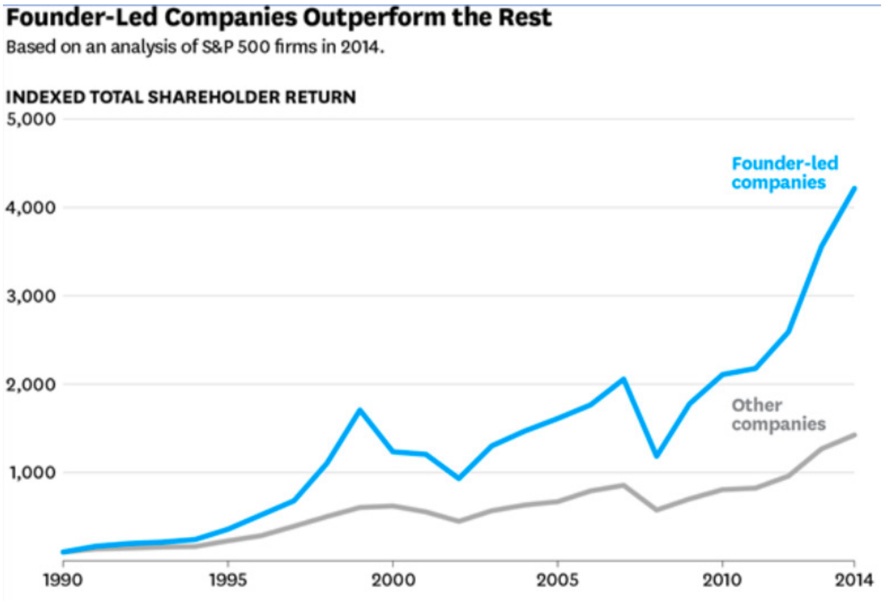
The company was listed in May of last year, raising $100m.

The Case for Founder-led Businesses

When assessing the merits of a company's management team it can often be positive if you discover they are a founder-led business. There have been numerous studies about founder led companies and why they tend to outperform. Founders are typically more aligned with shareholders, usually having a significant amount of their own wealth tied up in equity. This alignment makes them more of an owner of the business which deters them from diluting shareholders.

Founders have been found to have a front line obsession. This typically shows up in a love of details and a culture that values those at the front line of the business. Employees at founder led companies typically feel more engaged. Bain & Company's research found that engaged employees are 3.5x as likely to solve problems themselves and invest personal time in innovation as unengaged workers.

Founders also have more attachment to the company than your typical CEO. After all, the success of the business is essentially their legacy; it's "their baby". Founders are typically more prudent with accounting methods and capital allocation; a good example is DGL's prospectus forecasts (see below). They were extremely conservative and ended up being exceeded by quite a margin. Many of the biggest tech businesses of the last couple of decades have been founder-led; think Apple, Microsoft, Amazon, Facebook, Tesla etc. While they aren't a tech company, Andrew "Twiggy" Forrest deserves a special mention here in Australia. Given all of the above, we are starting to see a number of venture capital (VC) funds, Andreessen Horowitz for example, voice their preference for investing in companies where the founder is the CEO. DGL's founder and CEO, Simon Henry, currently holds 53% of the company and recently bought another 500,000 shares for a consideration of $1.43m!

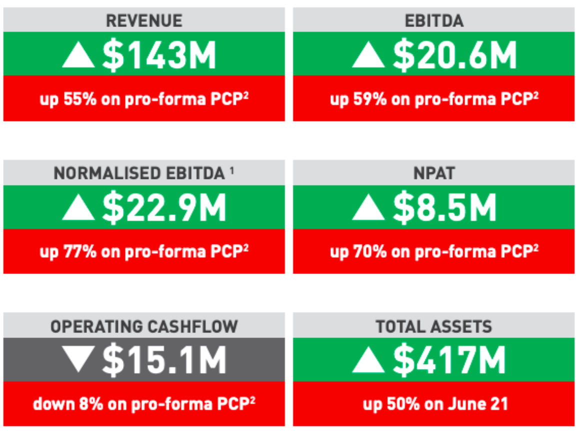


Source: Bain & Company

M&A Strategy

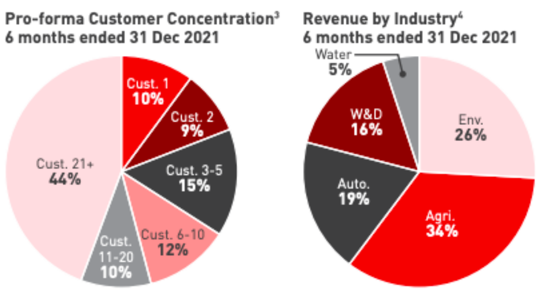
As part of DGL's ambitious growth plans, they are embarking on an aggressive M&A strategy. During the half, DGL made seven acquisitions and all have been integrated well so far. DGL is looking to acquire companies that will unlock cost synergies for the group as well as broaden their services to create cross-selling opportunities. The more businesses they acquire, the more clients they acquire to cross sell to. A good example is recent acquisition Australian Logistics Management (ALM), which offers safe and reliable transport for dangerous and hazardous materials, focusing on sampling, specialised packing, compliance, and freight service of product samples. This acquisition expands DGL's service offering while also giving them the opportunity to cross sell this service to existing clients. DGL is also looking to acquire properties to establish their processing facilities, as seen recently with their acquisition in Rocklea, QLD. It isn't easy to build the infrastructure required for chemical and waste management on leased sites so DGL will continue to acquire properties to facilitate its growth strategy. DGL have typically used a mixture of cash, debt, and scrip to make their acquisitions; they like including scrip to ensure the acquiree remains aligned with DGL.

H1 Results



Source: DGL company filings

DGL reported a strong 1H result with their revenue up +55% to $143m and EBITDA up +59% to $20.6m. They have also been able to navigate supply chain issues well and saw their active customers double in 1H. More than doubling their active customers in the past six months hasn't just expanded DGL's business significantly but it has also de-risked their customer concentration. The increase in the number of clients only broadens the massive opportunity to cross sell services as they expand their offering through M&A. Their largest customer now makes up 10% of their revenue, compared to 19% previously.



Source: DGL company filings

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Outlook

The advantage of being an incumbent in the chemical waste industry is that there are very high barriers to entry. The CAPEX required to start operations is high, it is expensive and quite difficult to obtain the licences required to operate in the sector. DGL has a broad portfolio of licences, accreditations, and regulatory approvals which are hard to replicate.

DGL has far exceeded its FY22 prospectus forecasts; they released FY22 guidance of $343m revenue and $54m EBITDA compared to the prospectus forecast of $210m revenue and $29m EBITDA. DGL has a huge pipeline of M&A opportunities and will continue to acquire more companies in the half; they still have 25% of their borrowing facility unused and are happy to go to a leverage ratio of 3x (currently at 2x). Most of DGL's targets to date have been fairly small so a larger acquisition could get a lot more attention from the market.

DGL currently has nine projects under development, some of which have been completed in February with others expected to be completed some time this year. These developments will significantly improve their chemical storage and manufacturing capacity.

PROPERTY AND PROJECT DEVELOPMENTS

- **Lead Smelter, VIC:** Successful June 21 commissioning of the smelter has enabled us to convert intermediate lead materials into high value end products. Operated throughout 1H
- **Ester Plant, VIC:** Installation and commissioning of plant completed in first half of FY22. High utilisation following commissioning. Forward commitments strong through reminder of the year
- **Suspended Concentrates Plant, VIC:** 2nd suspension concentrate formulation plant planned for 2H FY22. Up to 1000mt p.a. capability
- **Liquid Waste Treatment Plant, NSW:** Expecting Development consent within 3 months. Plant commissioning planned for Q2 FY23
- **Townsville, QLD:** Preparation of development applications to expand the 3,000 sqm warehousing facility to multi-purpose chemical facility
- **Seven Hills, NSW:** Designs being finalised on the redevelopment of 1960's warehouse and chemical storage facility
- **Auckland, NZ:** Construction of 2000sqm chemical storage facility completed February 22
- **Christchurch and Hawkes Bay, NZ:** Working through the design, development and consenting stage for purpose built chemical storage facilities

Source: DGL company filings

Their environmental solutions segment is seeing significant tailwinds too as the recycling sector receives huge benefits from the government and the shift to a carbon-free economy puts more pressure on businesses to engage in recycling measures. DGL is currently trading at 17x EV/EBITDA. Some might think that's expensive but we are happy to pay a premium for a quality business with a huge moat that is founder led and growing rapidly, also bolstered by a strategic M&A strategy.