



Australian All Cap Portfolio

Individually Managed Account

Monthly Update

February 2019

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Australian All Cap Portfolio Update

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We provide this monthly report to you following conclusion of the month of February 2019.

Markets continued their positive momentum from January with market indices delivering strong returns during the month. Technology stocks lead the charge, with high-multiple names including Altium and Afterpay continuing to soar higher alongside the likes of A2 Milk.

From an economic perspective, GDP growth forecasts were downgraded and the RBA interest rate bias turned from raising rates to possibly cutting rates later in the year. The AUD continued to weaken leading us to favour companies with USD exposure.

February was an extremely busy month for the portfolio. During the month we concluded the portfolio adjustment we began in December 2018 and, as of the end of February, we own thirty companies with only four stocks remaining from prior to the review. Pleasingly, the fund delivered a +4.45% return for the month.

The majority of our holdings reported their half year results in line with our expectations. The largest contributors to performance were NBL, CCX, IFM, EML, and MNY. Detractors were ISD and CLH.

We discuss some of the portfolio holdings results in more detail in the portfolio update section of the report. As of today our top 5 holdings are EML Payments (EML.ASX), Noni B (NBL.ASX), Global traffic Network (GTN.ASX), People Infrastructure (PPE.ASX) and City Chic Collective (CCX.ASX).

In further good news, our holding in Netcomm Wireless (NTC.ASX) received a \$1.10 all cash takeover bid, which was at a 55% premium to its last traded price. The bid was made by the multi-billion dollar listed US company, Casa Systems. We continue to hold NTC as we believe there is a very real possibility of a competing bid by Nokia or Ericsson.

Looking ahead, March is a busy roadshow month for smaller companies. We generally tend to see stocks perform well as investors take the time to review company results in more detail and

meet management teams to understand their business drivers better. We will share further insights in our next monthly update

Sincerely,

Ron Shamgar and the TAMIM Team.

Portfolio Updates

EML Payments (EML)



Reported a better than expected 1H results with cash generation the key highlight. GDV was up 16% to \$4.15B leading to a 39% increase in revenue to \$47.2M. EBTDA increased by 50% to \$13.74M highlighting the positive margin leverage in the business. Cash flow conversion was 80% and the company is **on track for \$60M in net cash** by end of June.

We expect a dividend to be announced at the full year result. Management upped its guidance range by 8% and we expect EBTDA to exceed guidance this year to circa \$30M. EML is our largest holding and we see continued growth for the foreseeable future driven by the global trend away from cash and cheques, to electronic and mobile payments. **Our valuation of EML has now increased to \$2.50+.**

Noni B (NBL)



Delivered a solid result following the acquisition and integration of the Specialty Fashion brands (SFG) it acquired in July last year. Sales were up 140% to \$465M, EBITDA was up 31% to \$29M, cash balance almost doubled to \$65M and the company declared a 9 cent dividend for the half. The key takeaway from the result was that the integration of the SFG brands is ahead of expectations and further material synergies have been identified. Management has retained its historical conservatism and has not quantified this upside.



We believe investors are underestimating synergistic potential and are taking a "wait and see" approach heading into FY20. Consensus is currently sitting at \$75M EBITDA for next year, but on our maths, **we expect \$100M+ as a base case**. Further upside will come from an identified new store roll out opportunity of 850 stores. Our base case for next year is 45 cents EPS, with 70 cents EPS as an upside scenario. With the stock trading at circa \$3, **we see NBL as the most undervalued retail stock on the ASX**. We value NBL at \$5+.

Infomedia (IFM)



Reported another strong result and outlook. IFM is a leading global software provider of parts catalogue and services to the automotive industry. 1H19 revenue was up 14% to \$40M, EBITDA increased by 36% and NPAT was up 28% to \$7.3M. The company is looking for acquisitions in adjacent verticals or additional products it can sell into its global customer base. The stock was up 15% heading into the results and since then is up a further 20%. **We value IFM at \$1.80+**

Catapult Group (CAT)



The leading global player in wearable technology and video tracking to the elite sports market, met investor expectations with 1H19 sales up 32% to \$43M, underlying EBITDA \$3.6M and free cash flows of \$4M. Pleasingly, annualised recurring revenue (ARR) grew 25% to \$57.5M. Management confirmed the business is on track to achieve guidance of \$88M elite sports revenue, underlying EBITDA of \$13M and ARR of \$65M. The company has cut back spending to drive the new segment of the Prosumer market, and may see cash flow break even on a group level in FY20.

We see a possible joint venture partner to drive the Prosumer segment as the biggest

catalyst for the stock in the near term. We took a position in CAT prior to the results at 67 cents as **we saw a unique opportunity to own the leading wearable tech company in the entire world** to over 2,500 sports teams. At the current EV of \$130M, CAT is trading on 2x ARR, which is extremely cheap for its leading global position in its industry. We see a possible takeover of CAT by a hungry data company such as Google or IBM as a possibility. **We value CAT at \$1.20+, although we see a possible takeover scenario in excess of \$2**

Money3 (MNY)



A fast growing lender to the second hand automotive market in Australia. The company delivered a strong growth in the 1H and provided further good news with the sale of its pay day lending retail network (SACC) for \$46M and an acquisition in NZ of an established smaller competitor. 1H19 saw 9% increase in revenue to \$66M, 13% increase in EBITDA to \$31M and similar increase in NPAT to \$17.5M. The gross loan book is currently sitting at \$352M with ample funding capacity to accelerate growth.

The stock is currently trading on FY19 PE multiple of 10x and we see this multiple expanding in future as the company is no longer dragged down by sentiment from its SACC division and can further achieve a reduction in its cost of funding. We view MNY as a beneficiary from the royal commission as banks retreat further from lending in this space. **We bought MNY at \$1.70 and value the company at \$2.50+.**

Overview

The TAMIM Australian All Cap IMA uses a value based approach to identifying companies that meet our fundamentals based investment process. We aim to generate long term capital growth by targeting companies exhibiting strong financial capabilities of growing earnings, cash generation and industry tailwinds.

Key Facts

Investment Structure:	Individually Managed Account (only available to wholesale or sophisticated investors)
Minimum investment:	A\$250,000
Pricing & Reporting:	Daily
Investment horizon:	3-5+ years
Management fee:	1.50% p.a.
Expense recovery fee:	Nil
Performance fee:	20% of performance in excess of hurdle
Hurdle:	RBA Cash Rate + 2.5%
Administration fee:	Nil
Exit fee:	1% if exit within 12 months
Single security limit:	10%
Benchmark:	ASX 300
Target number of holdings:	10-40
Portfolio turnover:	< 25% p.a.
Investable universe:	ASX
Cash level (typical):	0-100% (10-40%)

Selection of 5 Holdings

Stock	Code
Dicker Data	DDR
Cimic	CIM
EML Payments	EML
Collection House	CLH
Noni B Group	NBL

Returns

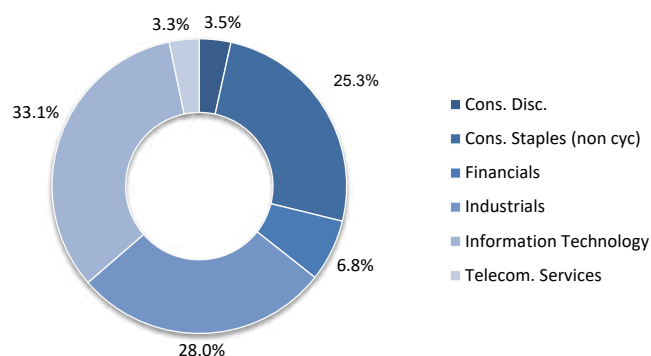
	1m	3m	6m	1y	2y	Since inception
TAMIM Aus. All Cap	4.45%	1.08%	-4.23%	-3.27%	5.52%	4.85%
ASX 300	5.64%	9.86%	-0.35%	6.81%	8.56%	10.75%
Cash	0.12%	0.38%	0.75%	1.51%	1.51%	1.57%

Note: Returns are quoted net of fees and assume dividends are reinvested. Past performance is no guarantee of future performance. TAMIM Aus. All Cap refers to the aggregated performance of all TAMIM Australian All Cap individually managed account portfolios since inception (31 Dec 2016) in AUD.

Portfolio Profile

Equities	70.78%
Cash	29.22%

Sector Allocation



Note: Portfolio returns are quoted net of fees. The ASX 300 refers to the S&P/ASX 300 Accumulation Index. Returns shown for longer than 1 year (other than Inception) 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.

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