



Australian All Cap Portfolio

Individually Managed Account

Monthly Update

March 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 March 2019.

Markets continued their positive momentum in March with most indices flat to modestly up. Large Technology stocks and Resource stocks continue to trend higher. Value stocks seem to be left behind at this point in time. Eventually that trend will reverse. Our portfolios are diversified across value and growth stocks so we should benefit over time.

On the economic front, the ABS Retail Sales data for the month of February were released. The numbers were reasonably strong compared to last year with sales up 3.2% for the month. We believe that **well managed retailers that offer the right customer experience and have a high proportion of online sales will continue to perform well.** We also believe budget stimulus measures by both political parties will improve retail spending. Currently, our top retail picks are Noni B (NBL), City Chic (CCX) and Baby Bunting (BBN).

The market is now pricing in an interest rate cut later this year and a 50% chance of another cut by early next year. We see the AUD remaining weak for the foreseeable future and so **we generally favour dividend paying companies with USD and offshore exposure.** Our top picks here are EML Payments (EML), Altium (ALU), Infomedia (IFM) and Catapult (CAT).

We have continued to meet companies during March as this is the peak period for smaller company roadshows. We have added some new positions to the portfolio and sold or taken profit in others and we currently own 35 companies. The aggregated portfolio delivered a +0.44% return for the month, taking the calendar year to date number up to +4.37%.

Positive contributors to performance were CAT, EML, and Bigtincan Holdings (BTH). Detractors were QANTM Intellectual (QIP), NBL and Collection House (CLH). We discuss updates and news flow from some of the portfolio holdings during the month in the portfolio update section of the report.

Looking ahead, we are entering a quieter period for markets and with an election next month we expect investors to take a more cautious approach. **Regardless of short term noise, we still believe a well-diversified portfolio of cash generating and growing companies will outperform over the long term.**

We will share further insights in our next monthly update.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Updates

People Infrastructure (PPE)



PPE is a workforce management company operating across Health, IT, social care and general labour hire. PPE's current strategy is growth by acquisitions and has continued to outperform since listing. During March PPE acquired Victorian Nurse Specialists, a leading nurse agency in Melbourne, for \$2.5M. In addition, PPE acquired the remaining part of Recon Solutions and Project Partners for \$2.8M. Both deals will contribute an additional \$1.1M EBITDA. PPE is currently forecast to earn 19 cents cash EPS for FY19. As the leading provider to the health sector work force, we like the general industry tailwinds the company is experiencing. **We value PPE at \$3.**

Collection House (CLH)



Collection House (CLH) announced the acquisition of the purchased debt ledger (PDL) book of ACM Group for \$40M. The book is made up of mostly telco debt and is expected to add \$5.5M EBIT in FY20. The company also reaffirmed it will exceed FY19 EPS guidance of 15.5 cents after incurring \$1.3M of acquisition related costs. **This means 16.2 cents underlying EPS compared to the current price of \$1.26.** The market is obviously concerned about the company's recent spending spree and its debt levels. Management keeps highlighting its balance sheet flexibility and an upcoming Balbec Capital off balance sheet funding transaction. We view CLH as a good risk/reward investment and are willing to be patient as we wait for the market to re-rate the stock over time.

Janison Education (JAN)



Janison Education (JAN) announced a major acquisition of Language & Testing Consultants (LTC) for \$8M with a further \$6.6M if certain earn outs are met in future. LTC will contribute about \$2M in EBITDA next year. More importantly, in offering exam management services, the acquisition offers key strategic relationships with the majority of universities and colleges in Australia and some abroad. Management estimates that over time, by **converting existing clientele onto their digital platform, LTC's current revenues of \$5.5M could potentially triple.**

Finally, in further good news, JAN also announced a major contract with UNSW Global of minimum \$3.2M over 3 years. JAN will deliver its digital assessment platform to the 7,000 schools that UNSW Global services, almost one million tests per year. We view JAN as **the best exposure to the global switch from paper based testing to digital/online assessments.** In our mind it is just a matter of WHEN, not IF, this happens.



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

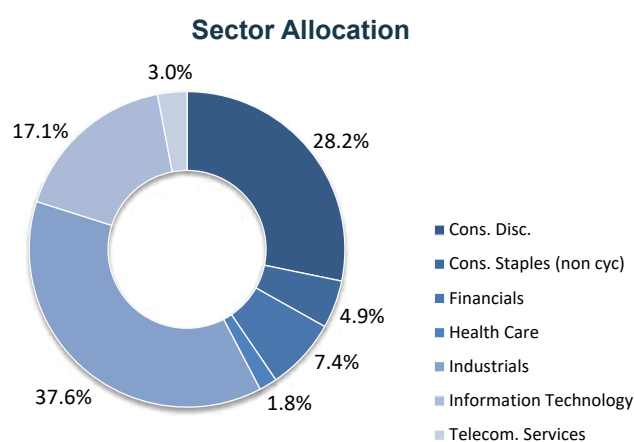
Investment Structure:	Individually Managed Account (only available to wholesale or sophisticated investors)
Minimum investment:	A\$250,000
Pricing & Reporting:	Daily
Investment horizon:	3-5+ years
Management fee:	1.50% p.a.
Expense recovery fee:	Nil
Performance fee:	20% of performance in excess of hurdle
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

Portfolio Profile

Equities	70.88%
Cash	29.12%



Monthly Return Stream

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2016	-	-	-	-	-	-	-	-	-	-	-	0.07%	0.07%
2017	0.37%	-0.94%	1.46%	2.04%	0.43%	1.46%	0.17%	-0.15%	1.58%	3.21%	3.01%	1.20%	14.66%
2018	-2.12%	1.98%	0.60%	1.50%	1.13%	-1.40%	-0.70%	-0.10%	0.61%	-4.23%	-1.67%	-2.72%	-7.08%
2019	-0.52%	4.45%	0.44%										4.36%

Monthly Return Stream 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.

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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