

Australia All Cap Unit Class TAMIM Fund

At 30 April 2021

During the month of April, the ASX300 was up +4.53% while the Small Ords was up +5.66%.

The TAMIM Fund: Australia All Cap unit class finished the month up +5.15% net of fees.

The portfolio is up +16.69% net of fees in the 2021 calendar year to date (CYTD). A very pleasing start to the year but still a long way to go.

Investor optimism carried on from March and stock markets here and in the US reached record highs. In Australia, April saw many companies report quarterly updates while others provided general updates as conference season begins, running from late April into May - also known as "confession season".

As we go to print, and it has been a theme over the last few weeks and months, there is no doubt that inflation has emerged and many commodity prices are approaching record levels. Investors are concerned that inflation will force central banks around the world to raise interest rates and cease their loose monetary policies.

Our view is that the current inflation is most likely a result of a combination of supply bottlenecks due to Covid lockdowns and (too much?) government stimulus. There is also the issue of rising labour costs and skill shortages due to border closures and a lack of international work force.

Although these issues may be transitory and may correct over time as manufacturing backlogs clear and international borders open up, there is always a risk that inflation gets out of hand.

Regardless the outcome, we believe that owning well managed, profitable and growing companies is a good hedge against inflation, especially when compared to being in cash and seeing purchasing power decline.

Below, in the Portfolio Update section, we provide a brief update on some of the highlights from our portfolio during the month.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

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	3 months	6 months	1 year	2 years (p.a.)	3 years (p.a.)	Since inception (p.a.)	Since inception (total)
Australia All Cap	5.15%	10.21%	31.82%	90.00%	41.03%	25.02%	21.04%	128.54%
ASX 300	4.53%	8.52%	21.60%	40.80%	11.09%	10.84%	11.28%	58.82%
Cash	0.01%	0.02%	0.05%	0.17%	0.48%	0.82%	1.07%	4.69%

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

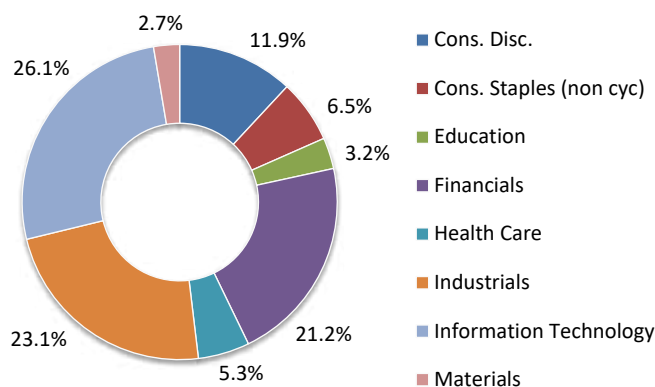
Investment Structure:	Unlisted unit trust
Minimum investment:	A\$100,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	RBA Cash Rate + 2.5%
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\$	\$1.4892	\$1.4855	\$1.4817

Portfolio Allocation

Equity	91.66%
Cash	8.34%



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Portfolio Update:

EML Payments (EML.ASX) announced the acquisition of Sentenial and its subsidiary Nuapay for \$110m plus a \$60m earn out. The deal, funded by partial cash and debt, is not huge in size for EML but significant and transformative as it enables EML to enter the fast-growing open banking sector. Open banking is taking over the payments world; driven by regulatory changes and customer demand. It allows customers and merchants to make instantaneous account to account payments, thereby reducing costs to merchants and fraud. For consumers it is a more convenient way to pay than using a card.



Since open banking is bypassing the card scheme operators like Visa and MasterCard, these payment giants are concerned as some estimates predict that 30% of all future payment revenues will go to the open banking sector. Visa, for example, agreed to acquire leading open banking fintech Plaid in early 2020 for \$5.3bn, double their then most recent private valuation. The acquisition was blocked by the competition regulators in January this year. Just three months later Plaid is now valued at \$13bn.

For EML, the Sentenial deal adds a key growth vertical that will help them not only disrupt and stay relevant in the payment world, but also add \$23m in EBITDA three years from now. **We estimate that Sentenial alone adds over \$2 per share of value to EML.**

Smartpay (SMP.ASX) provides merchant terminals to small businesses in Australia and New Zealand. Their recent quarterly update in April showed growth continuing with 1,000+ new terminals added to their Australian base for the quarter. SMP is currently annualising \$28m of revenues in Australia alone. In NZ, SMP generates \$18m from terminal rentals and has about 25% share of the terminal market.



As travel resumes between NZ and Australia (and eventually other countries), we see retail spending for smaller merchants like convenience stores, cafes etc increasing. A development which should benefit SMP. Prior to Covid, the NZ business received a \$70m offer from Verifone and we believe another offer may emerge this year. Regardless, there are 1m terminals in Australia which provides a long runway for growth. **We value SMP at \$1.30.**

Aussie Broadband (ABB.ASX) announced a connections update and a significant white label deal with a major utility provider with 3m customers. The deal involves ABB providing their internet service to over 25,000 customers with potential for significant growth in future. The company also updated on total residential connections (sitting at 340k) and business connections (33.5k). We expect more white label deals to be announced and potentially an acquisition later this year. ABB's management continues to ensure that it is the fastest organically growing internet service provider (ISP) on the ASX. **We estimate the company to generate \$70m in EBITDA by 2023.**



COG Financial Services (COG.ASX) announced a strong Q3 trading update with YTD NPATA at \$14.1m compared \$5.8m at the same time last year. We estimate FY21 NPATA to come in at about \$20m. COG is Australia's largest asset finance group of brokers and aggregators, with a total of \$4.5bn financed p.a.. COG also provides equipment finance and property loans through their broker network and subsidiary, Westlawn Finance. We see COG as a major beneficiary of small business demand as the economy reopens and government stimulus is pulled back. We took our position in COG at 8.5 cents and **we value the business at approximately 14 cents.**



iSelect (ISU.ASX) announced in April a special dividend of 1 cent and an ongoing dividend policy that will pay 2 cents annually going forward. Management also noted that the trail book of commissions is starting to generate free cashflows to the company from 2H this year. So far, our turnaround thesis in ISU is playing out as anticipated.



In summary, a new management team has repositioned the business to be more customer data focused by using open banking and other solutions to continue to engage with customers regularly along their life journey. We see this as a more sustainable and cost-efficient way of doing business. In the meantime, the historical trail book of 52 cents per share is beginning to yield strong returns to investors. We see ISU returning to revenue growth in FY22 and it is on the cusp of a major valuation re-rate. **Our valuation is north of 50 cents.**

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National Tyre & Wheel (NTD.ASX) provided a third profit upgrade for FY21 with EBITDA now in the range of \$31-\$33m. This equates to 17 cents of basic EPS. Compare this to the current price of around 90 cents. The balance sheet remains strong with net debt sub-\$20m. NTD is a beneficiary of buoyant demand for new and second-hand vehicles as consumers choose private over public transport and the continuation of the domestic holiday thematic while international borders remain closed. We don't see the share price re-rating significantly until the August full year result.



Dusk Group (DSK.ASX) provided a Q3 trading update, continuing to beat expectations. LFL sales growth grew 44% to \$28m and EBIT was \$4.9m, which compares favourably to a loss last year. Management provided a trading update with sales of \$150m and EBIT of \$40m (compared to \$12m last year). We estimate that DSK retains \$35m of net cash following the recent dividend payment.



Unlike many e-commerce businesses that are struggling to cycle the elevated sales from last year, we believe DSK will continue to surprise on the upside as it benefits from cycling periods of Covid store closures last year. In addition, a higher AUD should benefit gross margins. The key to a DSK valuation re-rate is their international expansion plans, targeting NZ and the UK. We see this as the key catalyst to take the stock from a current PE of 8x to a double digit multiple. In the meantime, we will happily take getting paid a 10% grossed up dividend yield. **Our valuation is \$5.00.**