

Australia All Cap Unit Class

TAMIM Fund

At 31 January 2020

January was a strong month for equities both globally and in Australia. At one stage, in the first three weeks of the month, the index was up almost +6% as investors turned positive on an agreed phase one deal of the China US trade agreement. **We have been predicting this outcome since mid-last year.**

Towards the end of the month reports emerged of a virus with Flu like symptoms (the coronavirus) emerging in China which has been spreading quite rapidly. As the news spread of further cases across the world and with China implementing city wide closures and extending the Chinese New Year holidays by another couple of weeks, the markets had a pull back as investors were concerned about the potential impact on the global economy.

As write this in early February, we believe the virus is mostly being contained within China and we don't see much risk of widespread infection in other countries at this stage. In saying that, if closures remain in place for several months, the situation in China could potentially get worse. As the Chinese are trying to contain the virus, the closure of cities could have a significant impact on their economy and global industries that rely on China for tourism, travel, manufacturing, supply chain logistics and the like.

Ironically, the global impact from the virus will most likely mobilise central banks across the world, especially in Australia, to stimulate their economies by continuing to lower rates. **In turn this will continue to drive equities higher over time and investors who are sitting on the sidelines with cash will have the most to lose.**

We have positioned our portfolio in a way that we don't see much exposure to the risks highlighted above.

During the month, the ASX Small Ords index was up +3.38% while the ASX300 was up +4.89%.

The TAMIM All Cap Portfolios continued to outperform the market with a strong performance during January of +5.80%.

As we commented in our 2019 end of year summary, from time to time one off events will emerge unexpectedly and end up distracting investors from company fundamentals. **We see any pullback in equities over the next few weeks as a great buying**

Monthly Return Stream

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.

	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%	3.26%	6.17%	1.44%	5.66%	4.55%	11.79%	0.68%	7.19%	0.71%	55.78%
2020	5.80%												5.80%

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 up to 31 October 2019. From 1 November 2019 the Monthly Return Stream reflects the return on the TAMIM Fund: Australia All Cap unit class.
Note: Portfolio returns are quoted net of fees. Returns shown for longer than 1 year (other than Inception) are annualised. Year to date (YTD) figures are accumulative. 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

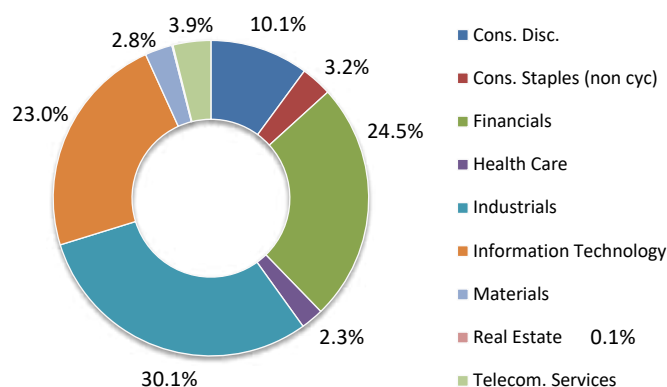
Investment Structure:	Unlisted unit trust
Minimum investment:	A\$100,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	RBA Cash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

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$1.1393	\$1.1422	\$1.1450

Portfolio Allocation

Equity	95.85%
Cash	4.15%



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We provide a brief update on some of the January news flow from our holdings in the Portfolio Update section of the report.

We will provide further commentary on the reporting period in our next monthly report.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Update:

EML Payments (EML.ASX) announced several new contracts and a program launch during the month. Following the acquisition of PFS late last year the company is now large enough and diverse enough that most contracts do not require ASX disclosure. Management is now publishing contract news on their website and savvy investors who monitor it closely may have an edge on others.

New contracts and launches announced include the NSW Health salary packaging contract, PFS's UK Home Office tender win and a program launch by Supersports in Croatia for EML's winning card solution. **We estimate that in total all programs can contribute \$10m of revenue over time with majority of that contributing to gross profits.**

EML is experiencing strong momentum in its global business divisions and we expect the half year results to be well received by investors. Further catalysts we expect are approval of the PFS deal by European regulators, further contract wins and potentially another acquisition which we expect will be most likely in the North American region. **Our valuation is unchanged at \$9.00 and the stock continues to be our largest holding in the Fund.**

Bigtincan Holdings (BTH.ASX) announced their quarterly update alongside a huge two-year contract with global technology company DXC for \$6.2m of ARR. BTH is a leading global sales enablement software business that is winning over the largest companies in the world against fierce competition from its larger competitors.

The update was well received by investors with the stock up +40% for the month. ARR growth for the quarter was +55% to \$32.4m and, with the new contract, is now sitting at about \$36m. **We estimate ARR to get close to \$50m in the next twelve months.** That values the company at approximately \$1.35 and, based on current growth rates, **BTH is now the fastest growing SaaS Company on the ASX.**

Mosaic Brands (MOZ.ASX) announced a disappointing sales and profit update during the month. Weak consumer spending and a significant impact from the recent bushfires on their regional

Our thesis was based on a higher guidance which unfortunately did not eventuate. That being said, some of this is due to an unforeseen one-off event that, in hindsight, we should have probably been more aware of as a potential negative for the business. With the share price now significantly lower and directors not buying any shares personally, we now feel that the stock is a potential value trap.

MOZ's balance sheet is strong and we see the dividend as reasonable odds to be maintained, yet we don't see sales recovering in the short term and so we sold down our position in the stock. **Although we got it wrong here, the Fund was up for the month which shows the strength of our diversification strategy across the portfolio.**

Tesserent (TNT.ASX) is a pure cyber security company that we first took a position in last year at 5 cents. The company is essentially an aggressive roll up of smaller cyber security firms and each one is filling out a gap in the company's strategy of offering a full suite of cyber solutions to small and medium sized enterprises.

TNT is attractive to us as they have a strong and experienced board led by Geoff Lord, who previously founded UXC in the IT services sector, selling it for about \$400m. After successive acquisitions, TNT is now at a scale which enables them to grow quicker and reach profitability. **We estimate the current run rate at \$40m and \$3m of EBIT.**

By the end of CY2020, management is targeting an exit run rate of \$80-\$100m revenues and EBIT margins of 10%+. We took our position at a fully diluted EV of \$25m which we think is attractive compared to the upside potential and downside risk of a roll up. If the company can execute acquisitions well and hit their stated target this year, then **we value TNT at about 20 cents.**

Readytech Holdings (RDY.ASX) is a software company providing solutions for the education sector (universities and colleges) and for employers (HR/payroll departments). During January RDY announced a major contract win with a Victorian TAFE provider, Bendigo Kangan Institute, for \$7m over 5 years. We have followed the stock since IPO and, after now meeting with management several times, we bought a position at a discount to the IPO price.

We like the recurring and sticky nature of RDY's software solutions and the somewhat defensive industries they target. The valuation of RDY is also attractive compared to other listed software companies. We estimate FY20 revenue of \$40m and EBITDA of \$16m. This places RDY on an EV multiple of 11x which compares favourably to the sector trading on 16x. **We value RDY at \$2.80** and expect an acquisition as the next catalyst for the stock.

Note: Returns are quoted net of fees. Past performance is no guarantee of future performance.

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