Australia All Cap Unit Class
TAMIM Fund

At 31 January 2021

During the month of January the ASX300 was up +0.33% while the Small Ords was down -0.25%.

The TAMIM Fund: Australia All Cap portfolio started the year strongly and finished the month of January up +5.88% net of all fees.

The Australian economy is continuing to defy expectations, state borders are gradually opening and consumers are as cashed up as they have ever been.

To add further fuel to the fire, the RBA has signalled that interest rates may stay at close to zero until 2024 and has embarked on second QE program, announcing the purchase $100bn of government bonds beginning in April. This follows the initial $80bn splash from last year.

With so much liquidity in the economy, we see asset prices in all sectors, but mainly equities, as the biggest beneficiaries. Looking at the opportunity cost, sitting in cash on the sidelines right now is an expensive exercise.

There is a lot of talk of a bubble in equities and other more speculative asset classes such as cryptocurrencies. We do not dispute this. But, bubbles can go on for many years and the amount of liquidity or "money printing" since covid struck is unprecedented to extremes.

For the markets to crash there needs to be a catalyst, one which is not very clear right now. Covid is no longer an unknown risk for investors. If vaccines work and countries open their borders again then global economic growth should only accelerate and so will equity markets. Stimulus will not be withdrawn until governments are sure we are through this. In fact, the biggest risk we see is unexpected inflation. This is the largest risk on the horizon for equity markets. But this may take another 1-2 years.

In the meantime, we are focused on the upcoming reporting season and making sure we own companies that will continue to grow profits, regardless of all the noise around us.

We have proven that even after the worst market crash in human history (March 2020), we can adapt and pivot our portfolios to

Key Facts

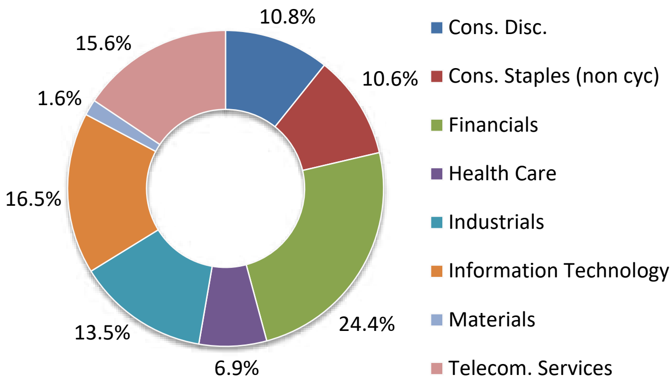
Investment Structure:	Unlisted unit trust
Minimum investment:	A$100,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	RBA Cash 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$	$1.3513	$1.3479	$1.3445

Portfolio Allocation

Equity	93.55%
Cash	6.45%



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	6.83%	-11.44%	-34.25%	16.54%	13.54%	1.44%	11.34%	11.31%	-0.52%	1.50%	11.96%	0.90%	**17.92%**
2021	5.88%												**5.88%**

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. Both are managed according to the same portfolio.

deliver strong returns to our investors.

In the Portfolio Update section below, we provide a brief update on some news flow from our portfolio. We also highlight three stocks we like in the portfolio.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Update:

Healthia (HLA.ASX) provided a strong trading update and guidance for 1H21 with revenues up 45% to $64m and NPATA up 106% to $5m. Organic revenue growth of 14.5% was impressive and partially a result of pent-up demand for physio and podiatry services from the covid lockdowns. Pleasingly the company has recruited 60 undergraduate health professionals commencing in 2021, a good sign of continued organic growth. ***We value HLA at $2.50.***

Readytech (RDY.ASX) announced the finalised agreement to acquire OpenOffice and revised terms due to the business being shortlisted to win a $5m SaaS contract with a government agency. This highlights the quality of the OpenOffice growth prospects. We see RDY as a candidate for a profit upgrade in upcoming results. We see its major private equity shareholder selling down post-results as a positive for a share price re-rate. ***RDY is one of the cheapest software companies on the ASX and we see it valued at $2.80.***

National Tyre & Wheel (NTD.ASX) provided another strong trading update and its third profit upgrade of the half. EBITDA is now on track for $15m in 1H. We estimate FY21 EPS of 13 cents and an interim dividend of 2 cents. The acquisition of Tyres4U is benefitting the company with good demand in the agricultural and heavy machinery sectors. NTD is a real covid winner, as border closures over the next 1-2 years will continue to see elevated demand for domestic travel and thus tyre and wheel servicing. ***We value NTD at $1.50.***

Smartpay (SMP.ASX) continues to grow its Australian terminal business with transacting terminals at the end of December 2020 numbering 5,775 with quality new merchants added, higher margins and increased total transaction values. The current annualised run rate for revenue is now at $24m, with the company adding approximately 500 new terminals a month. Recent connectivity issues with its main competitor, Tyro (TYR.ASX), are only accelerating growth. We believe SMP is on track for group revenues of $100m within three years. We also believe corporate activity may emerge again later this year. ***Our valuation is $1.30.***

Aussie Broadband (ABB.ASX) provided a trading update that was significantly ahead of prospectus forecasts. Residential broadband customers were up 86% to 313k connections and business customers exceeding forecasts, up 113% to 29.4k. Management is guiding to 1H21 EBITDA of $8.5m, which is what market analysts had for the full 2021 year. We believe ABB is taking significant market share from competitors while offering excellent customer service. Business customer connections are adding higher margin revenue. ***We value ABB at over $3.50.***

Humm Group (HUM.ASX) is now officially the most profitable BNPL company in Australia and possibly the world. Management has given guidance of 1H cash NPAT of $43m, up 25% on the prior period. 2H of year will see increased marketing costs and investment into the entering of two new international markets. We estimate that HUM will achieve NPAT of approximately $70m for FY21 and is trading on a PE of 9x. Unfortunately, HUM is extremely profitable and investors valuing BNPL companies are ascribing higher valuations to their loss-making competitors. Eventually that bizarre paradigm will shift and the stock will re-rate to ***our estimated valuation of $2.00+.***

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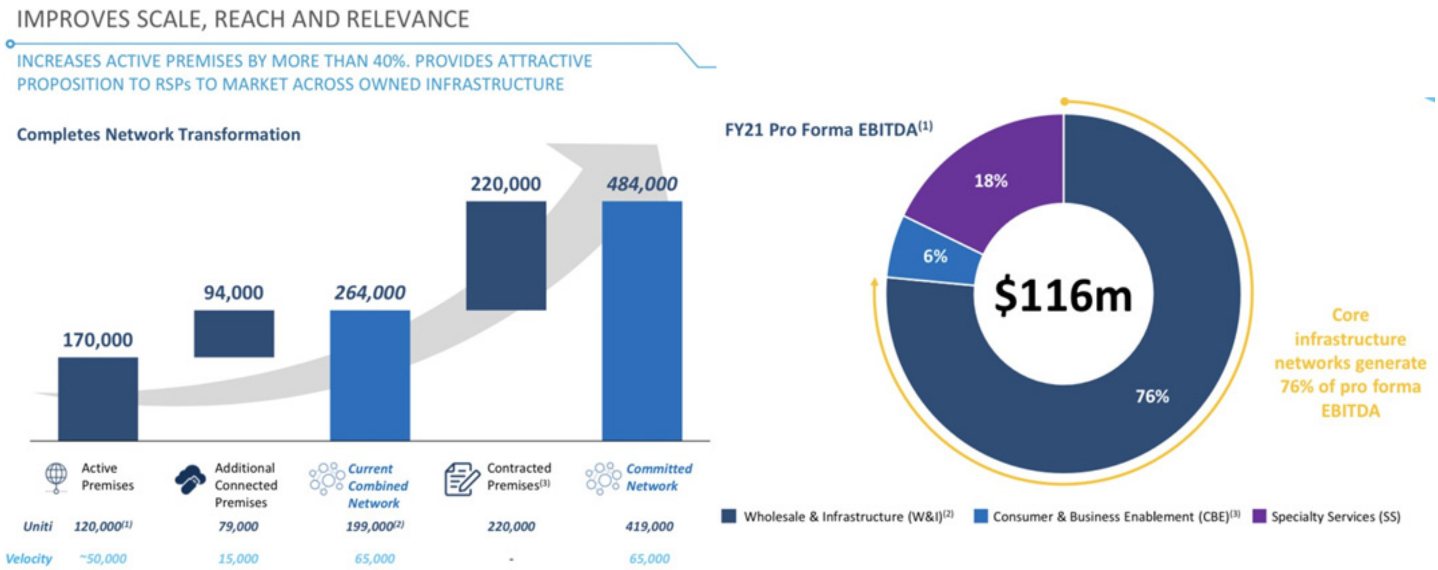
Top 3 Defensive (yet growing) Stocks for 2021

This article was originally published online on 24 January 2021.

This week we take a look at three stocks that are both defensive in nature but still in their high growth emerging phase of their business evolution. All stocks are high conviction holdings in the TAMIM Fund: Australia All Cap portfolio.

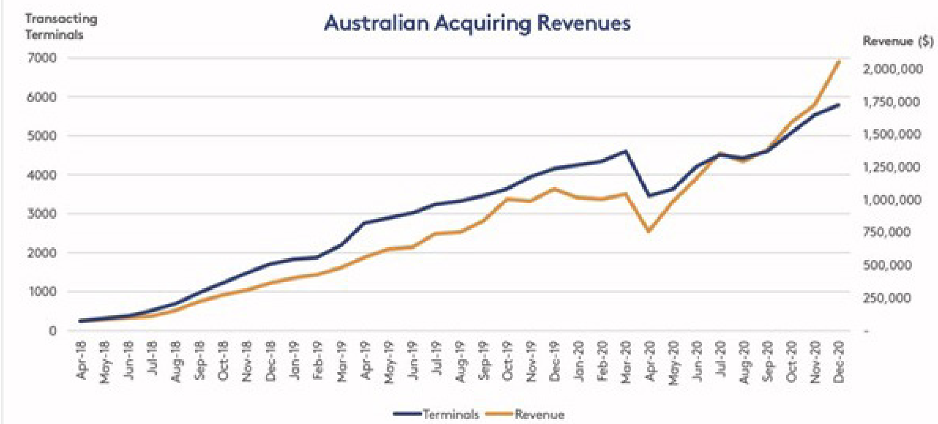
Unity group (UWL.ASX) is our top pick for 2021 and not so coincidentally one of our largest holdings. In our mind, owning UWL is like owning a mini version of the NBN but with better growth prospects. 75% of group revenues come from fibre services to residential Greenfield developments. We believe fibre should be viewed as a core infrastructure service by investors, one that is defensive and has a very long use life.



Source: UWL company filings

Since UWL has 18% market share versus NBN in its sector, we think the stock should be valued more like a core infrastructure asset rather than a telco. UWL recently acquired the Telstra Velocity fibre asset for $180m. This will add Telstra as an internet service provider on the network and will increase group EBITDA to $120m. UWL is currently trading on a one-year forward EBITDA multiple of 12x but we believe it should be closer to 15x. ***Our valuation is approximately $2.50, so we see another 30% of potential upside.***

Smartpay (SMP.ASX) is a high growth payments and terminal provider. By now we all know that Covid-19 further accelerated the take up of electronic payments and, like its bigger competitor Tyro (TYR.ASX), SMP has benefited accordingly. The merchant terminal market in Australia is around one million terminals and growing at 3% p.a.. About 30,000 new terminals are added each year and the banks dominate 90% of the market, followed by TYR (approximately 5%) and then SMP with about 5000 terminals of their own.



Source: SMP company filings

There is a pool of about 300 000 small merchants that SMP is targeting. On their current run rate SMP is adding over 5,000 terminals p.a.. Every 5000 terminals equates to approximately $20m of annual recurring revenue. Recently TYR has been having a serious connectivity issue with its terminals and this provides SMP with a unique opportunity to grab market share. At the moment SMP's market cap is ~$200m and, based on current growth rates, we believe that SMP can add up to $150m of value to shareholders each year. With the sector consolidating, SMP is a takeover target and we think the stock will double over the course of 2021.

Healthia (HLA.ASX) is an allied health rollup of podiatry, physiotherapy and optometry clinics around Australia. The business plays into thematic focused on the aging demographic around the country with 650 Australians turning 60+ every day. Accordingly, we see further increased demand for HLA services. We estimate that HLA is on track for $180m revenue and $40m of EBITDA in Financial Year 2022.

Source: HLA company filings

So why do we like HLA:

- Management are ex-Greencross (GXL, now privately held), which was a very successful vet clinics roll up that eventually got acquired and delivered significant value to shareholders.
- HLA has now hit scale financially and has delivered a track record of execution since listing over two years ago.
- The sector is consolidating. We see HLA as interesting because they could be both an acquirer and/or a potential takeover target in future.
- Lastly but most importantly, HLA is cheap. Trading on 11.5x PE multiple, 6x EV/EBITDA multiple, and offering a 5% gross dividend yield. ***We value HLA at approximately $2.50***