

# Australia All Cap Unit Class TAMIM Fund

At 31 March 2021

During the month of March the ASX300 was up +2.30% and the Small Ords was up +2.55%.

The TAMIM Fund: Australia All Cap portfolio finished the month up +0.48%, capping a strong quarter to start the calendar year.

The Fund is up +10.97% net of fees in the March 2021 quarter. The portfolio has now delivered a +110.58% return in the last twelve months, more than recovering since the historic market sell off in February/March last year.

During March, investors turned their attention from the risk of future inflation and rising interest rates to further government stimulus, both here and in the US, and the promising rollout of vaccinations across the US and the UK. With over 120m Americans now vaccinated and covid cases and deaths falling, it is quite evident to investors that the US should experience a sharp rebound in economic activity, something that is already gathering pace. New job openings, for example, are now where they were in early 2019.

We continued to add new positions to the Fund this past month while also adding significantly to companies that we gained confidence in due to their forecast performance this year.

Some examples of our top holdings include EML.ASX, UWL.ASX, RPM.ASX, ITG.ASX and CDD.ASX. As we go to print in April these stocks have gained considerably from our entry prices.

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

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)
<b>Australia All Cap</b>	0.48%	10.97%	27.25%	110.58%	39.76%	23.56%	20.06%	117.34%
<b>ASX 300</b>	2.30%	4.16%	18.53%	41.53%	9.99%	10.57%	10.35%	51.94%
<b>Cash</b>	0.01%	0.02%	0.06%	0.19%	0.54%	0.86%	1.08%	4.68%

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

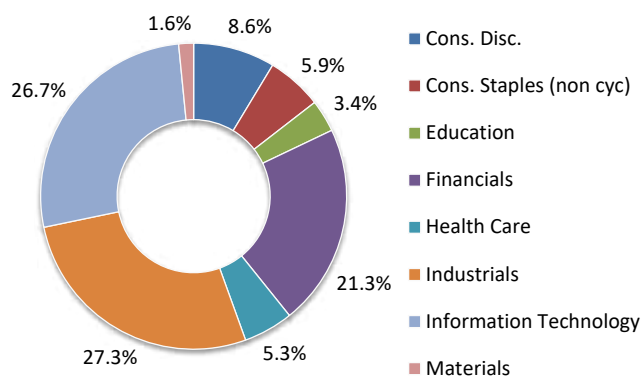
<b>Investment Structure:</b>	Unlisted unit trust
<b>Minimum investment:</b>	A\$100,000
<b>Applications:</b>	Monthly
<b>Redemptions:</b>	Monthly, with 30 days notice
<b>Unit pricing frequency:</b>	Monthly
<b>Distribution frequency:</b>	Semi-annual
<b>Management fee:</b>	1.25% p.a.
<b>Performance fee:</b>	20% of performance in excess of hurdle
<b>Hurdle:</b>	RBA Cash Rate + 2.5%
<b>Lock up period:</b>	Nil
<b>Buy/Sell Spread:</b>	+0.25%/-0.25%
<b>Exit fee:</b>	Nil
<b>Administration &amp; expense recovery fee:</b>	Up to 0.35%
<b>APIR code:</b>	CTS9748AU

## NAV

	Buy Price	Mid Price	Redemption Price
<b>AU\$</b>	\$1.4162	\$1.4126	\$1.4091

## Portfolio Allocation

<b>Equity</b>	92.33%
<b>Cash</b>	7.67%



# Australia All Cap Unit Class

## TAMIM Fund

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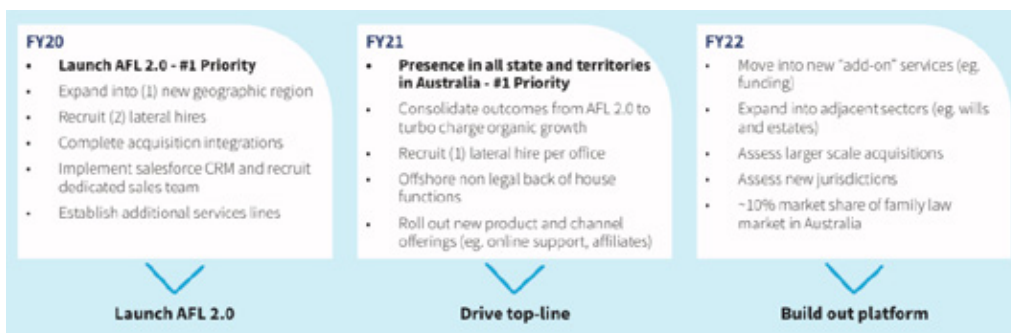
### Portfolio Update:

**Resimac (RMC.ASX)** announced a non-bank record RMBS deal of \$1.5bn this month. The deal was RMC's largest since 2006 and represents 12% of their total assets under management. The notes were priced at 80 bps above BBSW which is the lowest margin a non-bank lender has achieved since the GFC. Investors have been selling shares in RMC for, in our opinion, no reason whatsoever recently.

This cheap funding will not only improve margins for their back book of loans but will also enable the company to aggressively compete for new lending. This will drive future profit growth. We are now fairly certain that RMC will upgrade profit guidance this year and deliver profit growth next year. RMC will, over time, re-rate to our **valuation of \$3.50** just like it has done since we first bought in at 55 cents.

**AF Legal (AFL.ASX)** is a family law roll up story. In a defensive and highly fragmented industry, the company is aspiring to become the largest family law firm in Australia. AFL is growing laterally by both adding new recruits and through the acquisition of existing firms. The recent deal to acquire NSW-based Watts Mcray adds scale with \$6m revenues and we estimate \$2m of EBIT post-synergies.

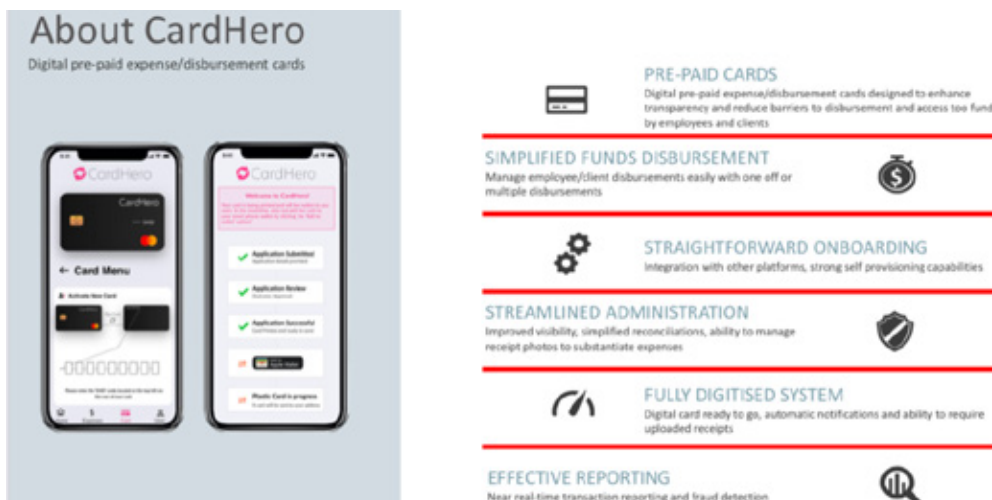
We estimate that AFL is on track for EBIT of \$5m in FY22. The company is very cash generative and capital light. On a decidedly somber note, there is little doubt that AFL has benefitted from the spike in divorce rates due to Covid hardships. On the lighter side, some investors regard AFL as a hedge against their own future potential divorce bill! **If they can execute in line with our assumptions, we value AFL at \$1.50.**



Source: AFL company filings

**8common (8CO.ASX)** is a software business in expense management, specialising in the government and not for profit sector. The software allows employees to claim work related expenses. It has 10% market share of the Australian market and an even larger share of the government sector. 8CO will be a beneficiary of the recommencement of travel and it has recently added over forty government departments to the platform.

8CO also recently launched a new card payments solution called CardHero, being utilised for segments of the \$4.8bn National Disability Insurance Scheme (NDIS) program, as an integrated fund disbursement and spend management option. CardHero is designed to help prevent fraud by instantaneously accepting or rejecting transactions as they are made. CardHero is exciting for investors because the ARPU is 6x higher and the addressable market is significant. A broker recently initiated coverage on 8CO at a valuation of 50 cents.



Source: 8CO company filings

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**Spirit Technology Solutions (ST1.ASX)** acquired telco business Nexgen for \$50m last week. The deal adds \$36m of revenues and \$7.5m of EBITDA. More importantly, 80% of revenues are recurring and are contracted for an average of 4.5 years. The combined group will double its SME customer base to 10,000.

We see the deal as transformative for ST1 and not just because it adds scale and profit. Nexgen brings with it a sales team of 100+ personnel that can now cross sell ST1's other services to its wide and freshly expanded customer base, offering products for cyber security and data. Following the deal we now estimate ST1 is has run rate revenue of \$150m and approximately \$20m of EITDA. **Our valuation is 55 cents.**

## COMBINED SPIRIT & NEXGEN – NATIONAL SCALE DRIVING ORGANIC GROWTH



Source: ST1 company filings