Australia Small Cap Income Unit Class
TAMIM Fund

At 30 April 2019

International and domestic markets continued their strong trajectories during April as improved earnings outlooks and expectations of low interest rates created the right recipe for market performance, led mostly by growth stocks. As an example, the ASX200 was up +2.37% and over in the US the S&P500 was up +3.93%.

More locally, Australian investors are keeping their focus on the federal elections outcome, with Labor almost certain to take government if the bookies are anything to go by. The Reserve Bank has now signalled that inflation is well below expectations and markets are already pricing in a rate cut before July this year.

So far we are seeing mixed signals in the economy with Flight Centre (FLT.ASX, not owned) downgrading guidance due to lower leisure spending by consumers, while Qantas provided a robust quarterly update and outlook. Housing related stocks continue to provide sombre outlooks to investors with several downgrades in the sector, while car sales are still in free fall. Retail sales data from March has actually shown good year on year growth so far, with consumers shying away from big ticket item spending but rather choosing to spend on fashion and accessories.

Looking ahead into May and June we see increased market volatility as investors looked to take some profits after an extraordinary start to the year. A change of government and a resumption of trade wars between the US and China are both now also weighing on investors' confidence.

Our job is not to try and predict what the markets will do in the short term (although we are never short of an opinion!) and we remain focused on finding well managed companies that we believe have solid business models, competent and honest management and a positive growth outlook for the next few years. We have always believed that sticking to this philosophy and blocking out the noise will yield positive returns to our investors in the medium to long term.

We currently own 29 companies across the portfolio. During April the Fund delivered a +3.07 return for the month. Calendar year to date the Fund is up +12.16%.

Positive contributors to performance during the month were Rhipe (RHP.ASX), Navigator Global Inestments (NGI.ASX), Infomedia (IFM.ASX) and Capitol Health (CAJ.ASX). Detractors were mostly out of favour value stocks such as Collection House (CLH.ASX), Noni B (NBL.ASX) and Countplus (CUP.ASX).

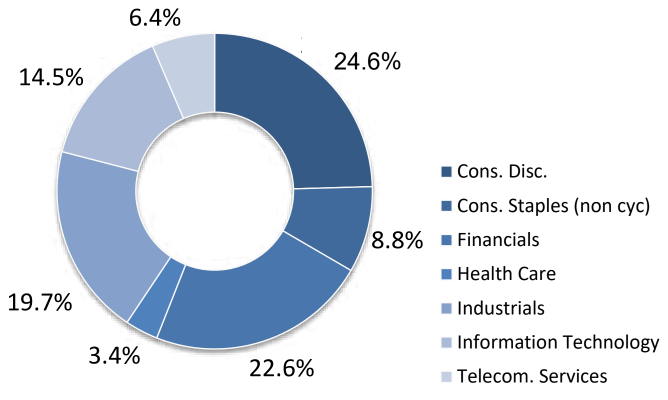
We discuss updates and news flow from some of the portfolio

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:	BBSW + 2.5%
Lock up period:	Nil
Buy/Sell Spread:	+0.25%/-0.25%
Exit fee:	Nil
Administration & expense recovery fee:	Up to 0.35%

Portfolio Allocation

Equity	68.79%
Cash	31.21%



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Monthly Return Stream

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2019	-1.07%	7.97%	1.03%	3.07%									12.16%

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

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holdings during the month in the Portfolio Updates section of the report below. In this report we also spotlight a core holding in the portfolio, People Infrastructure (PPE).

We will share further insights in our next monthly update.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Updates:

McPherson's Limited (MCP.ASX) is a leading health and wellness brand owner and distribution business. The company has been around for a very long time and has, under a new MD the last few years, gone about divesting non-core divisions and focusing on its skin care brands and beauty accessories. During the month of April MCP provided a business update reaffirming underlying FY19 profit before tax (PBT) to be up 10-15% on FY18 PBT of $16.3M. ***The company has also flagged net debt to finish the year below $20M and that large transformational acquisitions and/or mergers are on the cards.***

We expect any large deals to be well received by the market. We like MCP's industry exposure and increased sales to China for its skin care brands Akin and Dr LeWinn's. The business generates significant cash, requires low levels of capex and has ***an amazing track record of paying consistent dividends to shareholders***. FY19 estimates are for EPS of 12 cents and a fully franked dividend of 9 cents. We value MCP at ~$1.50.

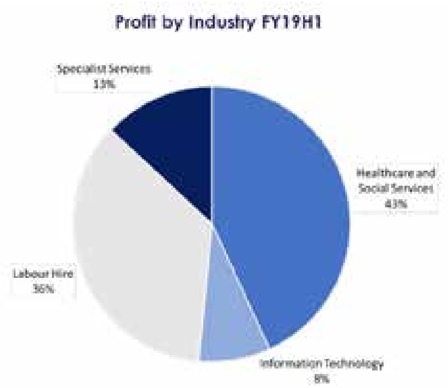
Australian Pharmaceutical Industries (API.ASX) is the leading pharmacy chain and distribution business in Australia. Their flagship brand, Priceline, has 480 stores nationally and the company distributes to thousands of pharmacy locations under its various banner groups. API acquired Clear Skincare, a chain of 47 skin care stores, last year to provide it with access to this fast growing segment of the market. During April API reported their 1H19 results with revenue up 6.6% to $1.98B, EBIT up 5.8% to $45M and profits flat at $26M.

Over the last 6 months API has been busy trying to negotiate a merger with their largest rival, Sigma Health (SIG.ASX), which it also acquired a 10% stake in. ***The merger between the two companies makes a lot of sense and $60M of cost synergies have been identified*** mainly in consolidating distribution warehouses. Unfortunately, the SIG board is playing hard to get, and unless API offers a better price, a deal is unlikely to go through at this stage. API is in the value part of our portfolio, offering an attractive franked dividend yield of 6.5% and a PE of 12x. We see the company growing at ~10% pa over the next two years and see ***significant upside if the SIG merger does eventuate***. We value API at ~$1.60.

Stock Spotlight:

People Infrastructure (PPE.ASX) is a workforce management company operating across Health, IT, social care and general labour hire. PPE's strategy is to drive growth via acquisitions and has continued to outperform since listing.

Nearly 50% of PPE's revenue is derived from the health and social services sector and another 35% from general labour hire. IT services comprise another 10% of their revenue. Important to note is the fact that the ***health care market is a $2.65B sector and is forecast to grow at 5% p.a.***. The labour hire division is benefiting from civil infrastructure and mining project spending. We don't foresee any impediments to these tailwinds in the immediate future.



Source: Company filings

PPE listed eighteen months ago and has grown revenue from $192M in FY17 to a FY19 forecast of $280M. During that period ***EBITDA has almost doubled from $10M to a $19M*** forecast for this year. This growth, achieved partly through acquisitions and organic initiatives, and has made PPE the largest nursing agency in Sydney and the largest workforce manager in the disability sector nationally. The company is led by Managing Director Declan Sherman who, as the largest shareholder, owns 12.5% of the company.

Source: Company filings

PPE has made four acquisitions since listing and they have indicated that they intend to continue to consolidate the sector. During March this year PPE acquired Victorian Nurse Specialists, a leading nursing 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. The ***business generates strong cash flows and is not capital intensive***. This allows management to pay dividends and reinvest into further acquisitions with the addition of debt. The balance sheet has ample capacity to borrow for any further deals should that be deemed necessary. The dividend yield this year is forecast at 9 cents or a 3.6% fully franked yield. We estimate earnings will grow at ~15% p.a. over the next couple of years with the company generating ROE in the low 30% range. Earnings growth could accelerate if larger deals are done. So far PPE have been prudent in their acquisition approach.

With Labor currently the favourite to get elected this month (Sportsbet currently has them paying $1.30 against $3.50 for the Coalition) we see further tailwinds with the proposed increase in funding for the healthcare sector and female dominated professional roles such as nursing. As the leading provider to the health sector work force, PPE should benefit.

We value PPE in excess of $3.00 per share. Key catalysts for this year are further acquisitions flagged by management, August results beating analyst estimates and further market awareness as the market cap increases to over $150M.