Australia Small Cap Income Unit Class
TAMIM Fund

At 30 April 2023

Dear Investor,

We provide this monthly report to you following conclusion of the month of April 2023.

During the month the ASX300 was up +1.85%, while the Small Ords was up +2.78%. The TAMIM Small Cap Income Fund was up a strong +4.79%. CYTD the fund is up +3.16% net of fees.

In our March monthly report we noted the following:

“We are quite bullish on the outlook for our portfolio holdings. Each holding has a clear thesis and we have taken the opportunity in both our last monthly report and the current one to explain how we believe these will play out this year. If the majority of these thesis play out as we think, we are of the view that we can generate very strong double digit returns this calendar year and beyond.”

The April strong performance was exactly out of the above playbook. Several portfolio holdings that we have discussed in our reports and our latest webinar delivered good business updates (SYM) and significant upgrades (HLO). We discuss these in more detail in our portfolio commentary section of this report.

Overall, we are quite pleased with the current construct of portfolio holdings and are identifying further opprtunities to deploy funds. Even more pleasing from the April result, is that it was mostly driven by a small number of our portfolio companies, which means there’s still significant potential upside to play out for the remainder of the portfolio. In fact, in our April Webinar we highlighted a 55% potential upside in the near term, to what we believe our portfolio valuations are conservatively worth.

We expect these returns to start playing out over the coming months as investor sentiment begins to improve from extremely bearish positions, as both the current rate hike cycle comes to an end, and inflation continues to fall significantly.

In other words, we see the first half performance as more volatile and lumpy, whilst our further performance may be more skewed to the second half of the year. We remain confident of delivering strong double digit returns this year as our investors are accustomed to over the last 4+ years.

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:	Greater of: RBA Cash Rate + 2.5% or 4%
Lock up period:	Nil
Buy/Sell Spread:	+0.25%/-0.25%
Exit fee:	Nil
Administration & expense recovery fee:	Up to 0.35%
APIR code:	CTS8008AU

NAV

	Buy Price	Mid Price	Redemption Price
AU$	$1.4092	$1.4057	$1.4022

Portfolio Allocation

Equity	91.30%
Cash	8.70%

Portfolio Performance

Inception: 1/1/2019

	1 month	6 months	1 year	3 years (p.a.)	Since inception (p.a.)	Since inception (total)
Small Cap Income	4.79%	0.42%	-12.85%	20.92%	11.17%	58.12%
ASX Small Ords	2.78%	5.76%	-9.44%	9.22%	6.70%	32.37%
Cash	0.30%	1.62%	2.40%	0.89%	0.91%	4.01%

Finally, we are seeing a continued mismatch in valuations and are identifying several companies that we believe will be taken over in the near term. We expect M&A activity to accelerate this year, and further offers like the one we saw in Silk Laser (SLA) during April, to materialize.

Below we provide company specific commentary in the portfolio section of the report. We will provide further updates in our next monthly report during June.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio highlights:

Symbio Group (SYM) a leading provider of voice communications software, has given a positive trading update for the period ending 31 March 2023. The company has confirmed its FY23 EBITDA guidance to be between $26 million and $28 million, spurred by organic growth across its three business divisions and cost optimisation initiatives. Its strategic expansion into Singapore, Malaysia, and Taiwan is progressing well, potentially expanding the company's total addressable market by 170% to 100 million people by 2024.

Regarding individual business units, organic growth and cost optimisation efforts are improving performance across all three business divisions: CPaaS, UCaaS, and TaaS. The CPaaS business returned to organic growth in Q3, with phone numbers on the network expected to reach 7.4 million by the end of June, marking a 12% YoY increase. The UCaaS business remains steady with organic seats projected to reach 73,000 by the end of June, reflecting a 24% YoY increase. Meanwhile, the TaaS business is performing as expected, with SIO growth on track to reach 185,000 SIO by the end of June, a 12% YoY increase.

Symbio CEO Rene Sugo is optimistic about the company's future. He believes the improving global technology sector and the company's robust balance sheet ($30 million net cash) will support their long-term growth. The company's expansion strategy into Asia is viewed as particularly promising. Given Symbio's strategic expansion and strong financial performance, it could attract potential takeover interest from larger telecom competitors or private equity players whilst it is trading on an EV/Ebitda of 4x our forecast FY24 earnings.

Helloworld Travel Limited (ASX: HLO), a prominent travel distribution company, recently issued an encouraging trading update for Q3 of 2023. Key financial indicators suggest robust growth, with the company's underlying EBITDA for Q3 reaching $14.2 million. Year-to-date (YTD), the unaudited underlying EBITDA stands at $29.8 million. HLO's total transaction value (TTV) for Q3 tallied at $596.2 million, marking a 150% increase from the previous year. The YTD TTV rose to a remarkable $1.804 billion, showing an impressive 187% increase from FY22. Furthermore, total revenue and other income for Q3 amounted to $46.9 million, escalating by 240% from the previous corresponding period.

Geographically, the underlying EBITDA in Australia and New Zealand amounted to $10.5 million and $3.1 million for the quarter, respectively, and $23.4 million and $5.3 million YTD. Meanwhile, HLO's Rest of World (ROW) operations achieved an underlying EBITDA of $1.1 million YTD. HLO also significantly upgraded its guidance for FY23 underlying EBITDA, raising it from $28 million-$32 million to $38 million-$42 million. We expect a further upgrade later this year.

Pre-COVID, HLO shares were trading as high as $6.00 a share but the stock continues to lag its larger peers (both FLT and WEB have recovered to pre-COVID highs). Our valuation is $3.50+. Given Helloworld Travel's strong financial performance and increasing demand in the travel sector, the company could potentially attract interest from larger companies in the travel and tourism industry.

Solvar Limited (ASX: SVR), formerly known as Money3 Corporation Limited (ASX: MNY), is a significant player in the automotive finance industry. As of 31 March 2023, Solvar features a robust balance sheet, with unrestricted cash totalling $101.3m, franking credits of $76.3m, and Net Tangible Equity of $350.3m underpinning its loan receivables. With substantial existing warehouse facilities, the company can expand its loan book by 50% up to $1.3b without needing additional capital.

Since 11 May 2022, the company has initiated an on-market share buy-back program for a total of $15M, which is expected to end soon. The initiation of this program highlighted “the strong confidence of the Board and Management in the Group’s financial performance and future growth prospects” and was deemed the most suitable strategy for capital management. Due to the success of the profitable growth strategy over the past 15 years, SVR recently announced an increase in the dividend payout ratio (DPR) from 70% to 90% of NPAT, a strategy aimed at providing higher returns for shareholders.

Strong financial metrics such as the firm’s robust balance sheet, low leverage, significant growth potential, and shareholder-friendly initiatives put Solvar in an attractive position. The new adjusted payout policy is currently yielding over 15% gross income pa. We believe this offers an attractive return whilst sentiment towards the sector is negative. The stock is trading on a PE of 7x which offers significant upside when sector sentiment shifts.