Australia Small Cap Income Unit Class
TAMIM Fund

At 31 August 2022

Dear Investor,

We provide this monthly report to you following conclusion of the month of August 2022.

During the month, the ASX300 was up +1.18%, while the Small Ords was up +0.58%. The TAMIM Fund: Small Cap unit class finished the month up +3.45% net of fees.

August was reporting season, and results across the board for FY22 were broadly in line with consensus estimates but with some warning signs for 2023. Analysts cut FY23 forecast numbers for 102 reporting companies (versus 59 which had upgrades) in the ASX 200 universe. This was at the higher end of historical experience.

While the number of downgrades were large, the aggregate change was not substantial. The main takeaways for us from the reporting season were:
• Australia's economy is healthy for now and consumption trends remain strong,
• Rising costs has played a major role in all the major earnings misses. Consumer and construction-related sectors expressed the most concerns over costs,
• COVID and Labour shortages continue to have an impact but this is slowly abating,
• Supply chain delays impacted working capital and inventory management for many businesses,
• Corporate balance sheets are the strongest they been for decades and companies announced a record number of buybacks during August.

Management teams will have to navigate FY23 carefully to manage their cost base whilst continuing to grow. The good news is that there is some buffer for disappointment now baked into valuations. The forward PE of the overall market is around 14x and a 6% discount to long term averages. This suggests that investors are positioned for some additional downgrades. The largest buffers are in small caps, where we are most active.

We expect some of the supply chain headwinds in FY22, COVID lockdowns and labour absenteeism, to abate in 1H23 and be mostly resolved by 2H23. We expect markets to begin pricing in a strong recovery in earnings heading into FY24.

Key Facts

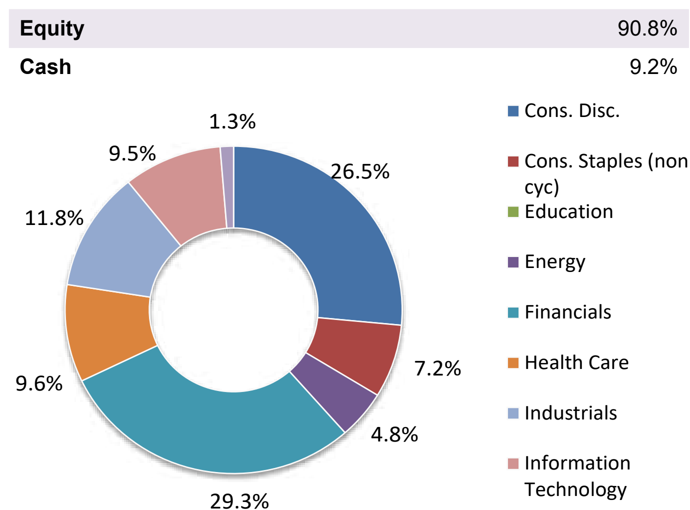
Investment Structure:	Unlisted unit trust
Minimum investment:	A$250,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	Greater 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$	$1.5226	$1.5188	$1.5150

Portfolio Allocation

Equity	90.8%
Cash	9.2%



Portfolio Performance

Inception: 1/1/2019	1 month	6 months	1 year	2 years (p.a.)	3 years (p.a.)	Since inception (p.a.)	Since inception (total)
Small Cap Income	3.45%	-6.23%	-2.87%	20.75%	11.42%	15.74%	70.84%
ASX Small Ords	0.58%	-6.09%	-14.68%	5.12%	4.09%	7.96%	32.39%
Cash	0.15%	0.33%	0.43%	0.27%	0.36%	0.53%	1.94%

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. ASX Small Ords refers to the S&P/ASX Small Ordinaries Index.

We expect inflation to be subdued by then, and markets may begin pricing in possible interest rate cuts.

All of the above should see markets have a strong performance from next year, and we believe investors should take the opportunity in the next few weeks and months to increase their investment exposure to Australian equities.

We have continued to adjust some of our portfolio holdings and have added some new positions to the portfolio during August. Overall we were pleased with the financial performance of our portfolio holdings and expect improved results in FY23 without some of the distractions and headwinds discussed above.

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

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Update

PeopleIn Ltd (PPE.ASX) reported yet another positive result from its recruitment services in FY22, with revenue up 53.6% to $682.4M, and normalised EBITDA up 23.9% to $47.2M. The result was a record for the business and came out ahead of guidance. PeopleIn has consistently delivered for shareholders with a 27.6% CAGR for revenue since FY15. The results were driven by favourable operating conditions, with the strength of the employment market (3.4% unemployment) and unprecedented demand from clients operating in defensive sectors. PeopleIn has continued to pursue acquisitions as part of its aggressive M&A strategy and contributed $6.6M in EBITDA in FY22. PeopleIn will be targeting government/healthcare sectors and the company are starting to leverage international recruitment post covid. Looking forward, PeopleIn is guiding towards a normalised EBITDA of $62-$66M, signalling over 30% growth in earnings. They continue to benefit from low levels of unemployment and higher turnover of its clients' employees, driving demand for recruitment services. The company is also well placed in an inflationary environment as wage inflation will drive higher margins for the business. The PeopleIn M&A pipeline remains strong and has around $30M of balance sheet capacity. We value the stock at $5.00+.

The **Earlypay (EPY.ASX)** result was strong with loan growth and a bolstered lending book to feed earnings growth into FY23. The invoice/trade book now has a run rate of $2.8 billion (vs $2.4 billion 30th June). FY22 Revenue was up 23% to $53.8M, EBITDA up 30% to $27.3M. Bad debts were extremely well controlled. NPATA up 69% to $14.7m was strong but was below previous guidance of NPATA $15M+. EPS was 5.27 cents up 37% and the final dividend 1.8 cents with total dividends of 3.2 cents. Earlypay has made a strong start to FY23, with the expansion into the trade finance market being a crucial growth plank for the business, offering higher margins than Invoice and equipment finance and is complimentary. In addition, the end of the federal government loan guarantee program has resulted in less credit being available for small business while growth rates have picked up. Earlypay is well positioned to help SMEs with their financing needs given this change. We forecast FY23 EPS at 6 cents and dividends of 3.8 cents. We value EPY at 75 cents.

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Clearview Wealth (CVW.ASX) Delivered a strong result, with group operating earnings after tax increasing 22% to $28.0m (FY21: $23.0m). Reported NPAT was up 217% to $21.2m (FY21: $6.7m). Underlying earnings per share was up 12% to 4.07cps (FY21: 3.62cps), while revenue was up 7% to $330.2m. Clearview declared a fully franked FY22 cash dividend of 2cps, up 100%. There was also continued positive underlying claims and lapse experience relative to best estimate actuarial assumptions. Clearview is benefitting from its ongoing investment in business transformation and the improved performance of the life insurance market. The sale of ClearView's Financial Advice businesses to Centrepoint Alliance (CAF) and corresponding investment (24.5% equity stake) contributed $0.5m to underlying NPAT. Clearview is also a beneficiary of rising interest rates in Australia, with every 1% rate rise adding $2.5M of profit before tax. Net tangible assets is 74.5 cents and the group embedded value is slightly lower than last reported at 92.2 cents following the increase in rate expectations in the last 6 months. Our current estimate of profitability for next year is in excess of $32m, which places the stocks on an undemanding PE of 14x whilst trading at a discount to net assets. The strategic review, which began in October last year and was delayed early in the year, restarted in February and there is still no final outcome. Management has indicated that there are still interested buyers to acquire the company and that discussions are continuing.

Bravura Solutions (BVS.ASX) delivered a result which came in at the bottom end of guidance. Bravura reported FY22 EBITDA of $45.3M (-8% pcp) and NPAT of $25.6M (-20% pcp). This was at the bottom of the downgraded guidance range given at the first half result. Disappointingly the result composition was more skewed to high margin licence fee revenue than expected at $9.3M in the 2H. The weaker bottom line was again due to higher than expected employee costs with tight talent markets in the UK/Australia seeing above average attrition and salary inflation. Bravura provides fund administrator software for financial Institutions and super funds in Australia and UK. The new business pipeline is quite strong. Management also pointed to costs related to gearing up for the improving contract tender environment and the fact that their long-term service contracts typically lag between higher costs and their recovery through higher rates. We expect significant contract wins to be awarded in the next few months, which should see growth return in FY23/24. Bravura currently trades on a PE of 13x and a 4% fully franked dividend yield, whilst having 10% of their market cap in net cash. We see the company as an attractive takeover target in time.

Resimac Group Ltd (RMC.ASX) released a sound and conservative FY22 result. During the financial year, Resimac grew its loan book by 11% to $15.3bn and achieved an NPAT of $104M, which was flat in terms of growth. Home loan settlements were up $6.3bn, to 30%. However, loan book growth was constrained due to fierce competition in the home loan origination market and higher run-offs due to both; customers prepaying, and the plethora of government incentives available post covid. Resimac's credit quality is peaking alongside their lending peers - with low arrears, prepayments at highs and lower LVR ratios. Resimac remained conservative and whilst most banks have been releasing provisions, they recorded a considerable $9.5M provision expense in the second half. This leaves Resimac well covered for whatever economic hardship lies ahead and could provide upside to profits as these provisions are able to be released in future results. Resimac's NIM slipped 26bps (to 181bps) over the year, and management said the NIM exit rate was roughly 165bps. NIM was impacted by fierce competition in the home loan market, and the company also saw their funding costs increase due to BBSW spikes which happened before rate rises. Looking forward, we expect Resimac to shift more focus to the asset finance segment as the housing market faces challenges. We also expect NIMs to stabilise on the back of the recent rate rises. These rate hikes are now getting priced into new loans and weren't reflected in these results. The stock has been sold off and is trading on a 7% fully franked dividend yield and a PE of 5x. Once sentiment for the sector changes next year, we expect the shares to re-rate towards our valuation of $1.80+.