

Australia Small Cap Income 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 Small Cap Income portfolio started the year strongly and finished the month of January up +3.68% 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 Stimulus will not be withdrawn until governments are sure we are through this.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 deliver strong returns to our investors.

In the Portfolio Update section below, we provide a brief update on some news flow from our portfolio.

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%	1.99%	-0.97%	5.05%	3.79%	4.76%	0.91%	5.67%	0.69%	38.93%
2020	2.19%	-8.52%	-40.88%	16.46%	10.24%	0.73%	3.75%	13.73%	-0.65%	2.58%	12.81%	2.97%	-0.15%
2021	3.68%												3.68%

Note: Returns are quoted net of fees and assuming distributions are reinvested. Past performance is no guarantee of future performance.

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Key Facts

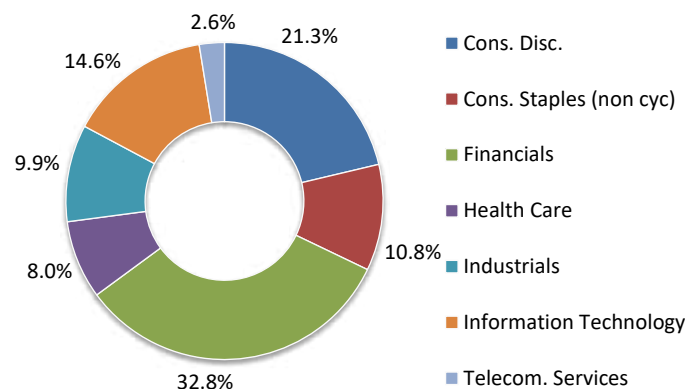
Investment Structure:	Unlisted unit trust
Minimum investment:	A\$100,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	RBA Cash 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\$	\$1.3941	\$1.3906	\$1.3871

Portfolio Allocation

Equity	98.99%
Cash	1.01%



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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.**