Australia Small Cap Income Unit Class
TAMIM Fund

At 31 May 2019

The month of May was possibly one of the most surprising election months in modern Australia's brief history. News polls widely predicted a Labor victory and even the bookies proclaimed it a done deal, in some cases deciding to pay out all bets on Labor prior to the day (Sportsbet – ouch!). Labor managed to lose the supposedly unlosable election.

The people have spoken. We at TAMIM believe hardworking investors are likely the biggest beneficiaries from the Coalition regaining power with what is believed to be a more stable government.

Since the election results, we have already seen profound enthusiasm return to the property market with auction results the weekend after the election at the high for the year, with 60-70% clearance rates in Sydney and Melbourne. CBA was also reporting home loan applications jumping to a ten month high and AFG's broker networks reported increased levels of activity immediately following the election. We believe this shall continue with the recent interest rate cut and the indication of more rate cuts to come. We attribute this resurgence to the continuity of negative gearing and capital gains tax concessions for investors, the proposed change to the APRA serviceability buffer and further interest rate cuts.

With an improved outlook for the housing market and lower interest rates, consumer confidence should improve from the positive wealth effect of rising home equity and stock markets. This should lead to improved retail sales in the second half of the year, and we expect this renewed confidence to spill over to improved business spending as well.

During May, international and domestic markets fared differently in dramatic fashion. US markets sold off aggressively on the back of increased tension between China and the US around trade negotiations, the S&P500 was down -6.58% during the month. In Australia, markets were more positive, driven mostly by the election results and expectations of interest rate cuts. The ASX Small Ords Index was -1.34% while the ASX200 was +1.13%.

The TAMIM Fund: Australia Small Cap Income unit class delivered +1.99% during May. Calendar year to date the portfolio is up +14.40%.

We believe this performance is due to two key factors. The first has been a concentrated effort to position the portfolio in businesses we believe are undervalued, growing, and able to pay sustainable dividend yields from free cashflows. We have also taken a cautious approach to separate what, to some, is "perceived value" from a potential "value trap" in structurally

Key Facts

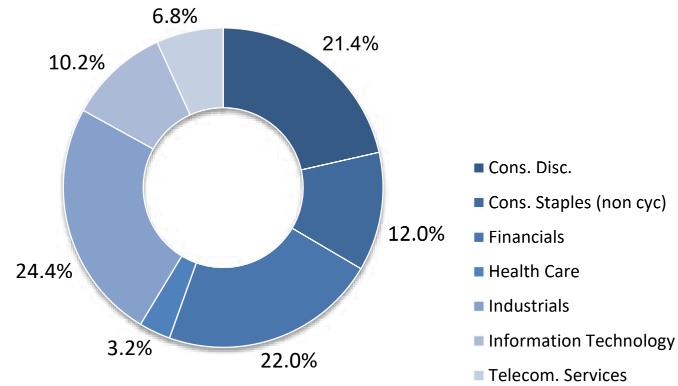
Investment Structure:	Unlisted unit trust
Minimum investment:	A$100,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	BBSW +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

NAV

	Buy Price	Mid Price	Redemption Price
AU$	$1.1468	$1.1440	$1.1411

Portfolio Allocation

Equity	75.60%
Cash	24.40%



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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%	1.99%								14.40%

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

challenged businesses.

Secondly, we blocked out all the noise about the global economy slowing down, trade wars, Brexit and other concerns played up by the media. We focus purely on company fundamentals, the particular industries they operate in, what will drive earnings growth, and finally identifying clear catalysts for share price appreciation.

We believe that, by continuing to do so, we can outperform and deliver solid returns for our investors. In saying that, we would also like to remind investors that the returns for the last five months cannot realistically continue at this rate month-on-month. We hope investors take a medium to long term approach where, on that time frame, we are confident of further positive results to come.

Positive contributors to performance during the month of May were Think Childcare (TNK.ASX), People Infrastructure (PPE.ASX), City Chic Collective (CCX.ASX), Infomedia (IFM.ASX) and Australian Finance Group (AFG.ASX). Detractors were Global Traffic Network (GTN.ASX), Collection House (CLH.ASX), Capitol Health (CAJ.ASX) and Countplus (CUP.ASX).

We discuss updates and news flow from the month by some of our holdings in the Portfolio Updates section below. We will share further insights in our next monthly update.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Updates:

Legend Corp (LGD.ASX) is a leading manufacturer and supplier of electrical and power measurement instruments and products. During May, the company surprised shareholders positively with a board approved takeover for the company at 36 cents per share which included a 7 cent fully franked dividend. With franking credits, the bid implies a 39.5 cent outcome. ***We have bought LGD over the past twelve months at ~30 cents on the basis that the company was undervalued and going through a cyclical uplift in industry conditions.***

We estimate LGD is being acquired on a very modest PE of less than 9x. Although this seems quite low to us (and a few other shareholders), we only invest in companies where we are willing to back management. In this case, management, who own a large portion of the business, have essentially raised the white flag. Being comfortable with management to this point, who are we to disagree with this decision. Overall, LGD has delivered a 30%+ return to us since our first purchase and is now ***the third company in our portfolios that is being acquired over the last twelve months*** (the others being TME and NTC).

Think Childcare (TNK.ASX) is a well-managed child care operator across Australia with over forty centres. During the month TNK reaffirmed its full-year guidance for CY2019 of EBITDA between $13.8m to $14.8m. TNK has made a solid start to the year with revenues lifting 7% for the year to date in an ***update that reinforces that sector conditions are slowly improving*** since last year.

The company is making solid progress on the roll-out of the Nido brand across its centres, which it positions as an ''aspirational'' brand underpinned by a high-quality national curriculum. TNK is also investing in enhancing service delivery and capital upgrades of its centres. In our opinion, ***TNK is the highest quality childcare operator on the ASX, pays a good dividend yield and our valuation is $2.00+.***