

Australia Small Cap Income Unit Class

TAMIM Fund

At 30 November 2019

November was a positive month for equities with the Australian market reaching near record highs once again. Investor expectations continue to bet on additional rate cuts and monetary stimulus from the RBA. Overseas, China/US trade resolution hopes increased after commentary from President Trump. **We continue to believe a trade resolution will eventually be agreed to prior to the US elections next year.** This will be beneficial to equity markets worldwide.

November was also a busy month for us as many of our holdings held their AGMs and provided trading updates. We have also recently seen a flurry of deal making and capital raises as investor sentiment has turned positive. As some have noted, the capital market's flood gates are wide open. Several of our larger holdings performed extremely well during the month as business momentum continues for each company respectively.

During the month, the ASX Small Ords index was up +1.56% while the ASX300 was up +3.18%.

We are pleased to report that the TAMIM Australian Small Cap Income portfolio continued its strong performance in November, delivering a +5.67% return.

Calendar year to date the portfolios are up +37.98%. The dividend yield is an estimated 4.60% fully franked.

We received yet another takeover offer for one of our holdings, CML Group (CGR), in November; the sixth takeover in the last twelve months. This time the takeover was in the form of a merger proposal and we intend to take up fully in script. **We have also identified several new IPOs coming to market in December that we are very excited about.**

We will discuss those and other growth companies over the next few months as we build positions we are comfortable with. As we head into 2020, **we continue to see significant upside for the companies in our portfolio.**

We provide updates on a selection of our holdings in the Portfolio Update section of this report. We will provide further updates and commentary in our next monthly report.

We would also like to take this opportunity and wish our investors and readers a relaxing summer break and a happy new year. **We have never been more excited about what 2020 and the new decade may bring!**

Sincerely yours,

Ron Shamgar and the TAMIM Team.

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% | | 37.98% |

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

The information provided should not be considered financial or investment advice and is general information intended only for wholesale clients (as defined in the Corporations Act). 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. You should seek personal financial advice before making any financial or investment decisions. The value of an investment may rise or fall with the changes in the market. Past performance is no guarantee of future returns. Investment returns are not guaranteed as all investments carry risk. This statement relates to any claims made regarding past performance of any Tamim (or associated companies) products. Tamim does not guarantee the accuracy of any information in this document, including information provided by third parties. Information can change without notice and Tamim will endeavour to update this document as soon as practicable after changes. Tamim Funds Management Pty Limited and CTSP Funds Management Pty Ltd trading as Tamim Asset Management and its related entities do not accept responsibility for any inaccuracy or any actions taken in reliance upon this advice. All information provided in this document is correct at the time of writing and is subject to change due to changes in legislation. Please contact Tamim if you wish to confirm the currency of any information in the document.

Key Facts

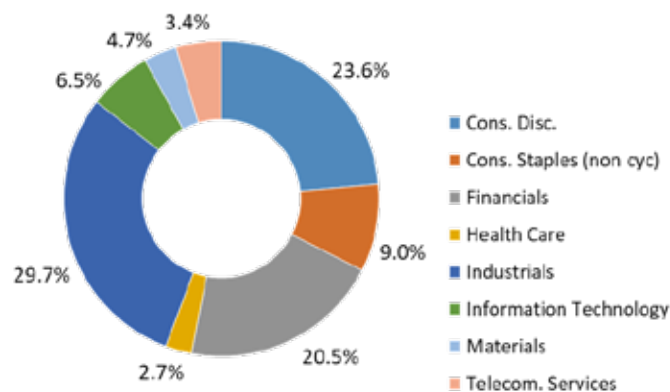
| | |
|---|--|
| Investment Structure: | Unlisted unit trust |
| Minimum investment: | A\$100,000 |
| Applications: | Monthly |
| Redemptions: | Monthly, with 30 days notice |
| Unit pricing frequency: | Monthly |
| Distribution frequency: | Semi-annual |
| Management fee: | 1.25% p.a. |
| Performance 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\$ | \$1.3346 | \$1.3312 | \$1.3279 |

Portfolio Allocation

| | |
|--------|-------|
| Equity | 89.5% |
| Cash | 10.5% |



Contact

Darren Katz darren@tamim.com.au 0405 147 230

Australia Small Cap Income Unit Class TAMIM Fund

At 30 November 2019

Portfolio Updates:

CML Group (CGR.ASX)

CML Group (CGR.ASX) received a takeover offer disguised as a merger from Consolidated Operations Group (COG) this month. COG is the largest asset finance broker aggregator in Australia with close to 20% market share. COG is offering script or script/cash options to CGR investors and a special dividend. Combined, the offer values CGR at about 53 cents, an almost 20% premium to CGR's share price prior to the offer.



| | |
|-------------------------------|----------|
| Combined Revenue ¹ | \$264.9m |
| Combined EBITDA ¹ | \$50.3m |
| Combined NPATA ¹ | \$17.4m |

Although the deal (in our opinion) undervalues CGR, it does make a lot of sense. The combined group will have material revenue synergies and improved scale. The merger generates cross selling opportunities for CGR's invoice financing products and COG's broker finance network. COG in turn gets access to CGR's lower bank funding costs and the larger market cap creates relevancy for larger institutional fund managers. **We are choosing to take the full script offer alongside CGR management.**

McPherson's (MCP.ASX)

McPherson's (MCP.ASX) provided a trading update in November with profit growth in excess of 10% this year. Additionally, the company signed a new distribution agreement and joint venture with Access Brand Management for the Dr Lewinn's brand to be sold into greater China. The deal provides for minimum revenue targets of \$83m over three years. This compares favourably with Dr Lewinn's sales of \$16.7m in FY19. MCP is also still targeting a transformative health and beauty acquisition to utilise both their strong balance sheet and spare warehouse capacity. **We value MCP at \$3.00.**

Resimac (RMC.ASX)

Resimac (RMC.ASX) is one of our largest holdings and **we have been "banging the table"** on this company the whole year, since it was trading at 50 cents. During November **RMC upgraded profit guidance for 1H20 by 75% to \$24m-\$27m NPAT.** This profit increase is a result of the favourable interest margin movements we have been highlighting all year along with market share gains over the distracted banking sector.

The company is guiding investors to a lower 2H profit against 1H due to interest margin movements increasing slightly and management conservatism in general. Regardless, **we expect a minimum of \$50m NPAT or 12 cents EPS in results for FY20 which still sees the company trading on a PE of 9.5x while growing earnings at 25-30% p.a. the last four years.** Comparable peers are trading on 13-17x while growing at lower rates. **RMC is, in our opinion, the most under the radar \$500m company on the ASX! Our valuation is \$1.80.**

Mosaic Brands (MOZ.ASX)

Mosaic Brands (MOZ.ASX) - formerly Noni B (NBL.ASX) - reaffirmed its \$75m EBITDA guidance and announced the acquisition of Ezibuy from its largest shareholder, Alceon. Ezibuy is a majority online NZ/Australian multi category retailer with \$135m in sales. Ezibuy has seen sales decline in the last few years and is now just breakeven. **The deal as structured is an attractive one for MOZ shareholders.**

Over the next 12 months, MOZ will acquire 50% of Ezibuy for free and has the option to acquire the remainder, if the turnaround is successful, for a flat \$11m. **Management estimates that \$9m in cost outs can be delivered which could place the acquisition on a 1-2x earnings multiple.** The key to MOZ's thesis is top line growth and that will be determined over the next twelve months. **We value MOZ \$4.00+.**

Money3 (MNY.ASX)

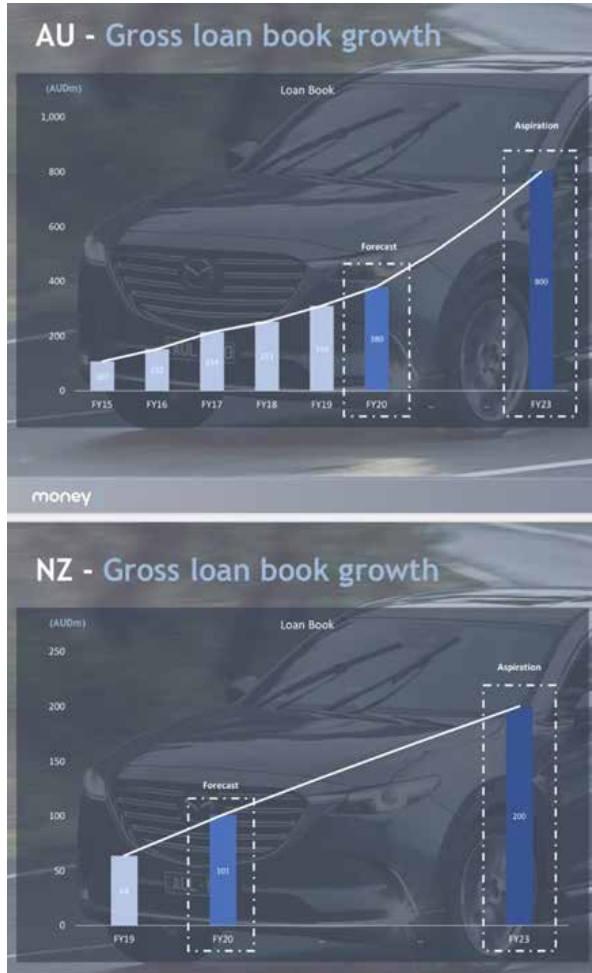
Money3 (MNY.ASX) is a fast growing car finance lender in Australia and NZ. The business is benefitting from a renewed focus after exiting the payday loan business and the move away from traditional bank finance by consumers. The AGM confirmed management guidance of NPAT in excess of \$30m for FY20. In addition, a dividend of 10 cents was also reaffirmed for each of the next three years.

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

The information provided should not be considered financial or investment advice and is general information intended only for wholesale clients (as defined in the Corporations Act). 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. You should seek personal financial advice before making any financial or investment decisions. The value of an investment may rise or fall with the changes in the market. Past performance is no guarantee of future returns. Investment returns are not guaranteed as all investments carry risk. This statement relates to any claims made regarding past performance of any Tamim (or associated companies) products. Tamim does not guarantee the accuracy of any information in this document, including information provided by third parties. Information can change without notice and Tamim will endeavour to update this document as soon as practicable after changes. Tamim Funds Management Pty Limited and CTSP Funds Management Pty Ltd trading as Tamim Asset Management and its related entities do not accept responsibility for any inaccuracy or any actions taken in reliance upon this advice. All information provided in this document is correct at the time of writing and is subject to change due to changes in legislation. Please contact Tamim if you wish to confirm the currency of any information in the document.

Australia Small Cap Income Unit Class TAMIM Fund

At 30 November 2019



Finally (and for the first time), **the company guided to an aspirational target of a \$1 billion loan book in FY23** (compared to \$480m in FY20). If that is achieved, **we estimate the business to be earning over \$70m NPAT then**. That translates to a forward FY23 PE opportunity of 6x and share price upside of 150% over that period. The management team has highlighted their appetite for acquisitions and we expect any deals to be NZ based. The next big catalyst for MNY is securing cheaper bank warehouse funding. We expect this sometime during 2H FY20. **We value MNY at \$3.00.**

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

The information provided should not be considered financial or investment advice and is general information intended only for wholesale clients (as defined in the Corporations Act). 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. You should seek personal financial advice before making any financial or investment decisions. The value of an investment may rise or fall with the changes in the market. Past performance is no guarantee of future returns. Investment returns are not guaranteed as all investments carry risk. This statement relates to any claims made regarding past performance of any Tamim (or associated companies) products. Tamim does not guarantee the accuracy of any information in this document, including information provided by third parties. Information can change without notice and Tamim will endeavour to update this document as soon as practicable after changes. Tamim Funds Management Pty Limited and CTSP Funds Management Pty Ltd trading as Tamim Asset Management and its related entities do not accept responsibility for any inaccuracy or any actions taken in reliance upon this advice. All information provided in this document is correct at the time of writing and is subject to change due to changes in legislation. Please contact Tamim if you wish to confirm the currency of any information in the document.