

# Australia Small Cap Income Unit Class

## TAMIM Fund

At 30 November 2023



Dear Investor,

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

The ASX300 was up +5.06% and Small Ords was up +7.04%. The TAMIM Small Cap Fund was up +5.19%. Since inception the fund is up +9.55% pa net of fees versus the Small Ordinaries at 4.97% pa.

During the month markets bounced back strongly off the savage selloff in October. This came on the back of the US Fed pausing rate hikes for the foreseeable future. Markets are now pricing in rate cuts as early as March 2024. Historically markets rally quite hard when the Fed pauses following an aggressive rate hike cycle. We have seen this partially play out in November. Large caps tend to lead the rally and small caps tend to follow later on as investor confidence strengthens.

We believe small caps have seen and continue to experience the greatest underperformance in the last 25 years history. Unlike the US, market indices in Australia have been flat to slightly down CYTD in 2023. We see this as a nice base for a strong market rally next year as Australian interest rates peak and the economic downturn bottoms. A US election year is always a positive backdrop to markets as well.

Below we provide company specific commentary in the portfolio section of the report from the AGM season during the month. We will provide further updates in our next monthly report during January.

We also like to take this opportunity and wish our investors a happy festive season and a relaxing summer holiday break.

2023, like the last 4 years, hasn't been without its volatility and geopolitical events, but we are pleased to have stayed focused and calm amid the turmoil, and managed to deliver investors a respectable return during the year. We are looking forward with excitement to what 2024 may bring!

Sincerely yours,

Ron Shamgar and the TAMIM Team.

### Portfolio Performance

Inception: 1/1/2019	1 month	6 months	1 year	3 years (p.a.)	Since inception (p.a.)	Since inception (total)
<b>Small Cap Income</b>	5.19%	5.79%	0.84%	5.12%	9.55%	56.51%
<b>ASX Small Ords</b>	7.04%	-0.92%	-3.38%	-0.54%	4.97%	26.88%
<b>Cash</b>	0.36%	2.05%	3.79%	1.63%	1.29%	6.48%

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.

### Key Facts

<b>Investment Structure:</b>	Unlisted unit trust
<b>Minimum investment:</b>	A\$100,000
<b>Applications:</b>	Monthly
<b>Redemptions:</b>	Monthly, with 30 days notice
<b>Unit pricing frequency:</b>	Monthly
<b>Distribution frequency:</b>	Semi-annual
<b>Management fee:</b>	1.25% p.a.
<b>Performance fee:</b>	20% of performance in excess of hurdle
<b>Hurdle:</b>	Greater of: RBA Cash Rate + 2.5% or 4%
<b>Lock up period:</b>	Nil
<b>Buy/Sell Spread:</b>	+0.25%/-0.25%
<b>Exit fee:</b>	Nil
<b>Administration &amp; expense recovery fee:</b>	Up to 0.35%
<b>APIR code:</b>	CTS8008AU

### NAV

	Buy Price	Mid Price	Redemption Price
<b>AU\$</b>	\$1.3946	\$1.3911	\$1.3877

### Portfolio Allocation

<b>Equity</b>	93.20%
<b>Cash</b>	6.80%
Cons. Disc.	23.70%
Financials	17.20%
Industrials	15.90%
Health Care	13.20%
Information Technology	12.60%
Cons. Staples (non cyc)	10.10%
Energy	5.10%
Real Estate	4.20%

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### Portfolio highlights:

**Servcorp (ASX: SRV)** provided an agm trading update and a profit upgrade that was 10% ahead of expectations. SRV is the second largest global serviced office provider. It is a founder led business and conservatively managed. Whilst competitors such as Wework are falling into bankruptcy and Its largest peer IWG Plc is struggling under a load of debt, SRV has never been in a stronger position.



Following strong growth in the first four months of FY24, SRV has upgraded its guidance and now expects Underlying Net Profit Before Tax in the range \$50m to \$55m (previously \$46m to \$49m) and Underlying Free Cash of more than \$70m (previously more than \$65m). SRV also expects to pay 25cps in dividends in FY24 (8.3% yield). Pleasingly SRV also announced that it is exploring the possibility of dual listing its Middle East operations in Saudi Arabia. Preliminary valuation work suggests a valuation multiple of 13-18x profit. This suggests a potential valuation of \$150m. The review is expected to take at least 12 months.

Net cash on the balance sheet is at \$115M which implies the market is ascribing zero value to the global operations outside the Middle East and which generate \$30M or more of PBT. We think SRV is currently under the radar and under owned by investors and we expect the stock to grind higher over 2024.

**Centerpoint Alliance (ASX: CAF)** had quite a bit of newsflow during the month. At its AGM management reaffirmed guidance of \$7.5-\$8m of Ebitda. In addition CAF announced the acquisition of Financial Advice Matters Group ("FAM"). FAM offers clients a full range of financial planning and advice services to approximately 1,450 client households with Funds Under Advice in excess of \$1 billion.



FAM operates 8 offices throughout Queensland and generated revenue of \$6.1m in FY23. Full year EBIT contribution to CAF in the range of \$1.1m to \$1.5m in first twelve months of operations. The Total potential consideration of \$10m cash funded from CAF's existing cash reserves and newly established \$10m debt facility with National Australia Bank.

Following the AGM Clearview (CVW) sold its holding in CAF to COG Group (COG), with the latter taking 19.9% holding at 33 cents. We believe COG is intent on consolidating the financial advice sector, and following their unsuccessful bid for Diverger (DVR), we see CAF as a potential near term takeover target.

**MMA Offshore (ASX: MRM)** provides services to the offshore marine industry. These include mainly offshore vessel services, subsea services and project logistics. MRM specifically caters to maintenance and repairs, complex marine logistics, decommissioning of oil rigs and offshore wind projects as an example. There is currently a significant under supply of vessels to the whole industry and so MRM is benefitting from the double whammy of higher utilisation and increased pricing.



MRM cost base is relatively fixed so profitability is highly leveraged - for example a 10% price increase equates to a 30% Ebitda increase. The AGM guidance of \$55-60m Ebitda for the 1H FY24 was a significant 40% upgrade to market consensus. We believe there's potential for a further upgrade next year. We see the balance sheet at \$90M net cash by June 2024. We believe dividends will commence in February results and there's a chance of a special dividend. The stock is trading at 9.5x PE and falling to 6.5x PE in FY25. Out valuation is \$2.30.

