

# Australia Small Cap Income Unit Class

## TAMIM Fund

At 31 October 2023



Dear Investor,

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

The TAMIM Small Cap Income Fund was down -5.89% for the month, since inception the fund is up **+8.57%** net of fees.

During the month markets were heavily sold off with the ASX 300 down -3.91%, and the ASX Small Ordinaries down -5.63% in October and -9.44% over the last 2 months alone.

Equity markets during the month saw their weakest performance this year as a combination of rising bond yields and increased geopolitical tensions in the Middle East spooked investors.

US 10-year Treasuries again declined, with yields rising to levels not seen in over 17 years hitting almost 5.00%. US equity markets were again weaker over the month, the S&P 500 declining -2.20%, with a further pull back in the mega tech "Magnificent 7" reducing the outperformance of these stocks year to date.

Within this doom & gloom of October, there is some very encouraging good news for investors to consider:

1. The October falls experienced in the Fund were not driven by any fundamental news flow. They were purely driven by lack of buying liquidity. This usually represents great buying opportunities which we took advantage of during the month;
2. Measuring short term returns on a monthly basis can be deceiving. For example, as we go to print in the middle of November, and the Fund has recovered some of October's losses so far. This is why we are focused on the long term (although we are bound by our mandate to report monthly).

Finally, we are increasingly growing bullish about the prospects of equity markets and more specifically, small and mid caps in Australia. With the US Fed pausing rate hikes in early November for the foreseeable future, we see this as a very positive development for equity markets. History is in our favour in this regard.

### 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>	-5.89%	-5.90%	-5.51%	7.60%	8.57%	48.78%
<b>ASX Small Ords</b>	-5.63%	-10.45%	-5.29%	0.45%	3.58%	18.53%
<b>Cash</b>	0.34%	2.01%	3.66%	1.52%	1.23%	6.10%

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

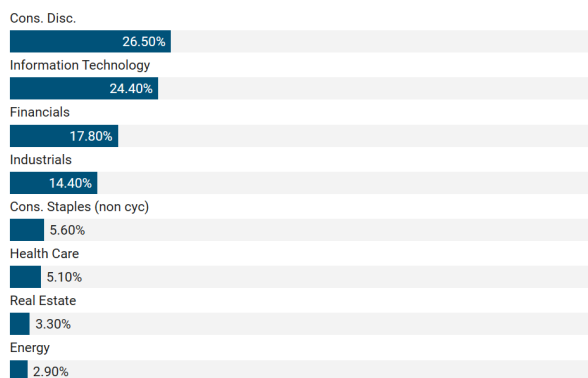
<b>Investment Structure:</b>	Unlisted unit trust
<b>Minimum investment:</b>	A\$100,000
<b>Applications:</b>	Monthly
<b>Redemptions:</b>	Monthly, with 30 days notice
<b>Unit pricing frequency:</b>	Monthly
<b>Distribution frequency:</b>	Semi-annual
<b>Management fee:</b>	1.25% p.a.
<b>Performance fee:</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>	\$1.3258	\$1.3224	\$1.3191

### Portfolio Allocation

<b>Equity</b>	97.40%
<b>Cash</b>	2.60%



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Below we provide company specific commentary in the portfolio section of the report. We will provide further updates in our next monthly report during December to discuss AGM season updates for our portfolio holdings.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

### Portfolio highlights:

**Symbio (ASX: SYM)** announced a slightly lower and revised binding offer from Aussie Broadband (ABB) which the board subsequently accepted and signed a scheme implementation deed to be implemented in February next year.



The revised offer is worth \$3.01 (\$2.26 cash plus 0.192 ABB shares). In addition SYM will pay a fully franked dividend of 35 cents which increases the value of the offer to \$3.16. This is slightly lower than the original indicative \$3.30 offer.

We are pleased to see this deal finalised and still believe there is a chance of a higher competing bid prior to the Feb scheme meeting. We do admit the likelihood of this is now lower than we first anticipated in early October. Regardless, on our entry price of sub \$2.00 a share, we have made a strong return for our investors.

**Helloworld (ASX: HLO)** released a promising trading update for the first quarter of 2024, reaffirming its guidance and demonstrating improving demand. Despite this, the share price was down -20% during the month.



Underlying EBITDA for the quarter grew to \$16.8 million, an increase from \$5.5 million in the same period of the previous year (Q1 FY23). The company saw Total Transaction Value (TTV) for the September quarter reached \$1.232 billion, an impressive increase of 120% compared to the prior corresponding period. Total revenue for the quarter reached \$53.6 million, representing a 67% increase over the previous year.

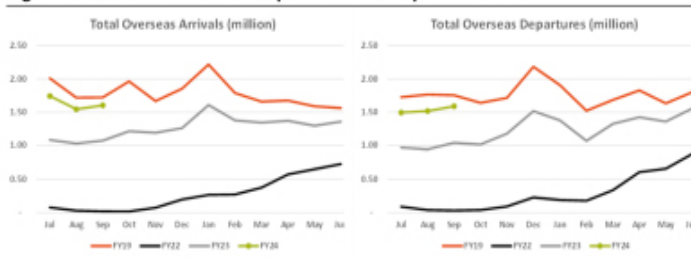
Revenue margin declined to 31.3% following the integration of the lower margin Express Travel Group (ETG). The company has successfully integrated ETG, with over 2,400 network members across Australia and New Zealand and a growing Helloworld Travel Academy. Increasing demand for international travel as well as the ETG acquisition has proved a catalyst for both Wholesale/Inbound and Retail divisions which have experienced significant growth.

Entertainment Logistix (ELX), Helloworld's concert, theatre and event logistics and transport business foresees a promising outlook. Due to the strong demand management expect that the ELX FY24 sales will exceed the prior year by 25-30%.

Looking ahead, Helloworld is optimistic about the travel industry's recovery. International and domestic travel has returned, and the company's strong cash balance and no external borrowings provide a solid financial foundation. Helloworld reaffirmed its guidance for achieving an underlying EBITDA of \$64-\$72 million for FY24, which places the stock on an enterprise value to Ebitda multiple of 4.5 times.

- The ABS Overseas Arrivals and Departures data for September 2023 was released today and bodes well for HLO.

Figure 1: Overseas Arrivals and Departures Data: September 2023



Source: Australian Bureau of Statistics, 14 November 2023

- Total arrivals for September 2023 were 1,602,720, an annual increase of 531,200 versus September 2022 (+50%).

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**Clearview (ASX: CVW)** provided a Q1 update during the month and we also attended their AGM in November.

Q1 FY 24 Performance:

- Material increase in new business – with the new CEO commenting they have had a step change in new business flows for the last 5 months
- new sales of A\$9.2m, up 67% on pcp and up 14% on Jun 2023 quarter new sales of \$8.1m.
- Lapse experience continues to be within expectation
- No noticeable increase in claims

ClearView's new business market share in Q1 FY24 was 11% which was greater than 3x its "in-force" market share.

Management noted the drivers of increase in Industry New Business Volumes in the Retail Segment:

- Improving industry dynamics
- Improving adviser productivity
- Underlying demand for life insurance products

Q1 numbers support Clearview's FY 26 targets that they provided at their August result, namely:

Sale of Managed Investment Business (note that this is a loss making division for Clearview):

The terms of the sale to Human Financial has been varied and Clearview will now receive \$5m cash for the sale rather than the original \$1.3m cash and 40% interest in Human Financial. Expected to be finalised in FY 24. According to management:

"The decision was taken after considerable analysis and research, and we ultimately believe ClearView's future is best served focusing on life insurance."

We see this as a positive as CVW receives more cash upfront and this just makes Clearview a cleaner and less complex business.

### Strategic Review

Finally, management made an interesting mention of their strategic review:

"Notwithstanding the fact that we announced the completion of our strategic review last November, we receive expressions of interest for the business from time to time"

"No offers have been received at indicative price ranges that reflect value as perceived by the independent directors or our largest shareholder."

We see this as a clear indication that our thesis is intact and that CVW is going to eventually be taken over in the not too distant future. The board indicated embedded value of 90 cents to be an indication of fair value.

We remain highly optimistic on our investment in CVW and look forward to February results next year.

