

Australia Small Cap Income Unit Class

TAMIM Fund

At 30 September 2019

September, as expected to some degree, saw markets bounce back from the selloff and volatility we saw in August. During September we typically see investors take time to meet companies that have now reported while also spending some time analysing their results in full. This, in most instances, sees stocks that have reported well continue the appreciation of their share price. Fortunately for us, that thematic played out across the majority of our holdings.

During the month, the ASX Small Ords index was up +2.61% while the ASX300 was up +1.91%. Calendar year to date (CYTD) the ASX300 is up +20.6% and the Small Ords is up +20.4%.

We are extremely pleased to report a strong performance for the TAMIM Small Cap Income portfolio of +4.76% during the month of September.

Calendar year to date the Fund is up +29.39%.

August and September are very busy months for a portfolio manager as we analyse and meet hundreds of companies during that time. Following the strong performance we have delivered for investors since the complete overhaul of the portfolios in December last year, we took the opportunity to take a break and go on a quick holiday! (We are writing this report from a beautiful island in the Indian Ocean).

Spending time in a far and remote location does help to distance our minds from the daily noise and media. It gives us a fresh perspective on what we are focused on as investors over the long term. Ironically, it is during this time on our holidays, that **we have identified two new and upcoming IPOs which we think are quite attractive. This is alongside another new holding we have begun buying into, which we feel has great upside potential.**

For us, and more notably yours truly, investing is a passion - not a job. We enjoy what we do - even on holiday. (Our better half/partners never do seem to agree with us on this though!)

As we go to print in mid-October, we have already seen the RBA lower rates further and is on the brink of quantitative easing. In addition, Australian property prices have rebounded slightly while retail sales picked up nicely in August. We recently predicted a consumer resurgence from interest rate and tax cuts and, as **we have said repeatedly this year, we believe we may be at the onset of a multi-year bull market for Aussie equities.**

Key Facts

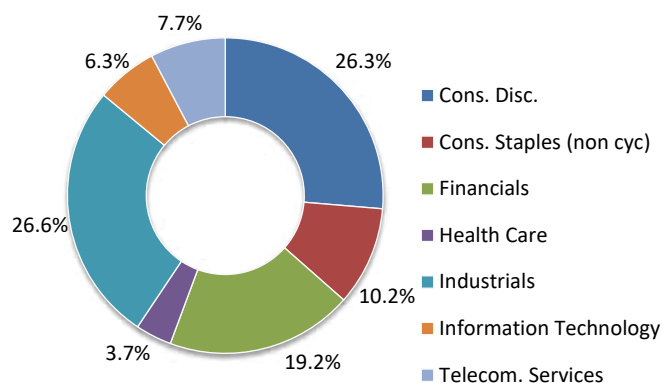
Investment Structure:	Unlisted unit trust
Minimum investment:	A\$100,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	RBA Cash 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\$	\$1.2515	\$1.2484	\$1.2453

Portfolio Allocation

Equity	72.4%
Cash	27.6%



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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%	-0.97%	5.05%	3.79%	4.76%				29.39%

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

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As mentioned above, we see more upside in our portfolio and the recent new opportunities we have identified. Our cash levels are low and **we see now as a perfect opportunity for investors to consider increasing their investment.** Any short term market selloff or volatility will be capitalised upon as an opportune time to invest further.

We provide some updates from our portfolio holdings during the month in the Portfolio Update section of the report.

We will provide further updates and commentary in our next monthly report.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Updates:

Flexi Group (FXL.ASX)

Flexi Group provided another positive business update for the group. The company continues to add new retailer locations with 3,000 added since July taking the total to 18,000 partners. Some new key wins include Mitre10, Kookai, Zanui and Surfstitch. Its newly rebranded Buy Now Pay Later service, **Humm, is gaining traction with financial YTD transactions up 25% and volumes in key verticals up 85%** year on year.

FXL shares are up about 50% since we took a position but are still below our **\$3.00 near term valuation.** We continue to see good momentum in the business and expect more news flow when the Bundll and Wiired Money products are launched. We took the opportunity to take some profits above \$2.50 and continue to hold the rest as a core holding for the portfolio.

CML Group (CGR.ASX)

CML Group announced the somewhat transformational acquisition of Classic Funding Group for \$11m. The deal bulks up both the equipment finance and the invoice discounting divisions of CGR. Management expects a \$3m NPAT contribution in FY21 following funding cost synergies from the combined group. The post-deal CGR will have about 50% of their loan book in equipment finance, with a total loan book for the group of \$264m (up from \$128m).

We estimate that CGR will report **cash EPS of 5.5 cents this year, growing to almost 7 cents in FY21.** CGR is conservatively managed and only one of a few remaining listed small business finance providers that hasn't blown up (AXL, TGA, SIV to name a few). **We see the potential for a 50% upside over the next 12-18 months** as management proves the deal rationale. Early positive FY20 commentary presents a strong start to the current financial year from a slightly disappointing 2H19.

Combined Group

CML's emerging services, Invoice Discounting and Equipment Finance will gain critical scale on acquisition of CFG

Funds Advanced Pre Acquisition



Acquisition Contribution - Funds Advanced



Funds Advanced Post Acquisition



Source: Company filings

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