

# Australia Small Cap Income Unit Class

## TAMIM Fund

At 30 September 2021



During September the ASX300 was down -1.89% while the Small Ords was down -2.14%.

The TAMIM Fund: Australia Small Cap Income portfolio finished the month up +0.59% net of fees and continued the strong performance we have seen throughout this year.

For the 2021 calendar year, the Fund is up +27.48% net of fees.

September isn't historically a great month for equities and, once again, it didn't disappoint. As always, the US markets lead the way and the S&P500 had its worst month since the March 2020 meltdown, losing -4.80%.

Investors were looking for excuses to take profits. There were plenty going around with Chinese developer Evergrande potentially defaulting on its \$300bn of debt, rising bond yields due to Fed potentially raising rates next year and a general slowdown in economic growth.

As we always say, we try to block out noise like this and focus on company fundamentals. Our portfolio's stocks tend not to be overly correlated to broader market movements. Over two consecutive days at the end of the month, for example, the market was down over -3.00% yet our portfolio was up.

Our investment approach is focused on identifying catalysts that will drive investor interest in the stocks we own rather than general market sentiment. In saying this, we aren't immune from negative returns from time to time and this is why we operate the portfolio using downside protection.

October and November are quarterly and AGM update months; we expect some positive commentary as NSW and VIC begin to reopen. We expect strong economic growth over the next six to twelve months as we head into an election year. We are also anticipating strong news flow from the majority of our holdings.

Below, in the Portfolio Update section, we provide a brief update on some of the highlights from our portfolio during the month.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

### Portfolio Performance

Inception: 1/1/2019	1 month	3 months	6 months	1 year	2 years (p.a.)	Since inception (p.a.)	Since inception (total)
<b>Small Cap Income</b>	0.59%	7.50%	16.22%	51.91%	16.91%	23.07%	76.85%
<b>ASX 300</b>	-1.89%	1.79%	10.42%	30.88%	8.55%	14.44%	44.83%
<b>Cash</b>	0.01%	0.02%	0.05%	0.11%	0.29%	0.55%	1.52%

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. ASX300 refers to the S&P/ASX 300 Accumulation Index.

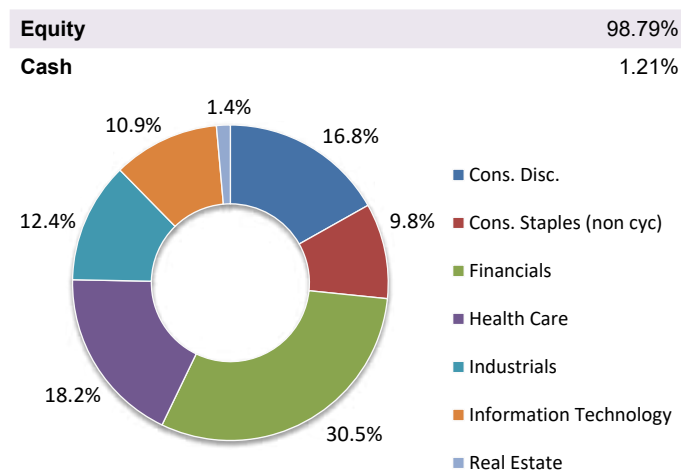
### Key Facts

<b>Investment Structure:</b>	Unlisted unit trust
<b>Minimum investment:</b>	A\$250,000
<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>	\$1.5761	\$1.5722	\$1.5682

### Portfolio Allocation



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### Portfolio Update:

**Healthia (HLA.ASX)** announced an \$84m deal this month to acquire the Back in Motion Group (BIM), which includes 64 physio clinics. The acquisition takes HLA to 281 clinics. Of those, 122 are physio clinics, positioning the group as the largest physio provider in Australia.



BIM diversifies HLA out of Queensland and into Victoria and New Zealand. It also adds \$63m of revenue and \$12.4m of EBITDA. The deal is priced on 7x EBITDA and is 13% EPS accretive. We estimate that, pro forma FY22, the group is annualising \$250m of revenue and EBITDA of \$45m. Directors have contributed \$2.75m into the capital raise, which we view as a positive. HLA is trading on 7x EV/EBITDA, whereas most healthcare peers are on 10-12x. Our valuation is now \$3.00.

**FSA Group (FSA.ASX)** provides debt servicing and bankruptcy restructuring for individuals. FY21 results were mixed as the services division was down 25% due to personal insolvency laws being suspended during the pandemic and lockdown period. Over time we see demand for these services eventually rebounding.



Pleasingly, income from home loans and personal loans were up by 40%. This meant overall group income revenue was down 10% but profits were up 20% to \$20m. Management's strategy is to target the broker channel for customer loans which could see lending triple going forward. In the meantime, investors are paying a cheap multiple for the stock at 7x PE and getting paid an 8% dividend yield to wait. Our valuation is \$1.60.

**Australian Clinical Labs (ACL.ASX)** was spotlighted last month. They are a leading pathology provider in Australia, and we indicated that we expect several profit upgrades this year. It took exactly one month. ACL updated the market that Covid testing levels remain elevated and its core pathology business remains resilient. Management upgraded profit substantially again with revenue in 1H22 now expected to be up 35% on prospectus with NPAT expected to be up a whopping 206%!



Interestingly, management is being conservative and anticipating a significant decline in Covid testing in the October to December period. We expect another upgrade come AGM time and potentially another for the full year, around February/March next year. We value the stock at \$6.00+ and we expect dividends and acquisitions to get the shares to our valuation.