

Australia Small Cap Income Unit Class

TAMIM Fund

At 30 September 2023



Dear Investor,

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

The TAMIM Small Cap Income Fund was up +0.48%. CYTD the fund is up +3.15% net of fees.

During the month Australian equity markets were sold off with the ASX 300 down -2.89%, and the ASX Small Ordinaries down -4.04%.

Investor sentiment turned negative in September as rising oil prices and a resilient U.S. economy continued to place pressure on interest rate expectations remaining higher for longer. More importantly long dated government bonds (10yr US government bills) increased to 4.8% which are levels not seen for a long time. With higher rates investors appetite for equities diminishes and this tends to be exaggerated in small to mid caps stocks where liquidity is more limited.

Fortunately for us, we tend to focus on the individual companies we invest in rather than get distracted by general macro sentiment which is fickle over time. This fundamental focus on company operational progress within our portfolios is paying dividends in positive YTD returns against falling markets.

We are seeing valuations in our segment of the market at multi decade lows and we expect corporate activity to remain elevated. This M&A activity is driving positive returns for us with further takeovers during the month in Symbio (SYM) and Cirrus Networks (CNW).

As we enter the final quarter of the year we expect quarterly and AGM updates to act as a catalyst for share price performance. We believe our portfolio of holdings should report well and we expect the share prices to follow.

Below we provide company specific commentary in the portfolio section of the report. We will provide further updates in our next monthly report during November.

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)
Small Cap Income	0.48%	4.77%	-1.97	10.74%	10.14%	58.10%
ASX Small Ords	-4.04%	-2.47%	6.84%	2.56%	4.92%	25.60%
Cash	0.34%	1.97%	3.54%	1.41%	1.19%	5.75%

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

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:	Greater of: RBA Cash Rate + 2.5% or 4%
Lock up period:	Nil
Buy/Sell Spread:	+0.25%/-0.25%
Exit fee:	Nil
Administration & expense recovery fee:	Up to 0.35%
APIR code:	CTS8008AU

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$1.4087	\$1.4052	\$1.4017

Portfolio Allocation

Equity	92.00%
Cash	8.00%
Cons. Disc.	22.80%
Information Technology	21.50%
Financials	18.98%
Industrials	16.50%
Health Care	7.90%
Cons. Staples (non cyc)	5.50%
Real Estate	3.40%
Energy	2.80%
Materials	0.70%

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Portfolio highlights:

Cirrus Networks (ASX: CNW) is a Managed Services and IT Solutions provider. CNW boasts a wide-ranging portfolio covering Networks, Data Center, Cloud, Storage, Business Continuity, Cybersecurity, Workspace, AI, Unified Communications, and IT Services. CNW has clients across several industries, government, and non-profits.



CNW reported strong FY23 results. Full-year revenue reached \$112 million, marking an 8% increase compared to FY22. Gross margin also saw substantial growth, reaching \$16 million, a 14% improvement from the previous fiscal year.

EBITDA grew to \$4.8 million, 127% increase of compared to FY22. The company generated \$5.4 million in operating cash flow for the year, and a net cash position of \$13.9 million as of June 30th.

During the month CNW initially entered into a Scheme Implementation Deed with Atturra (ATA) to acquire CNW, valuing it at around \$49 million. The proposed Scheme was to deliver CNW shareholders a total consideration of 5.3 cents per share. That consideration will be a blend of approximately 75% cash and 25% ATA shares. Notably, the initial deal represents an attractive 29.3% premium above our average entry price of 4.1 cents.

Shortly after the initial offer and following some shareholder pressure and potentially further interest from other acquirers, Atturra increased its offer by 19% to 6.3 cents per share. The revised offer values CNW equity at \$58.6 million. We believe there is still some chance of a competing offer. Regardless, this offer is now set to go ahead and presents a very attractive circa 50% return on our investment in CNW in a relatively short period of time.

Symbio (ASX: SYM) at month end, Aussie Broadband (ABB) submitted an indicative proposal to acquire 100% of SYM. Under the arrangement SYM shareholders would receive \$2.36 in cash and 0.192 ABB shares for each SYM share held (equating to 75% Cash and 25% Scrip). This represents a higher cash component than Superloop's (SLC) current offer which is capped at a maximum of 60%.



With an ABB share price of \$4.11 as at 28 September the offer values SYM at \$3.15 per share, an 8% premium on the current SLC bid. The proposal includes the potential for SYM to pay a fully franked dividend to shareholders of up to \$0.35 per share with franking credits of up to \$0.15 per share. ABB has now been granted three weeks to complete its due diligence process.

We believe there's a high likelihood SLC will make a higher offer to SYM for several reasons:

- SYM is SLC's largest customer having signed a 3 year \$25m NBN aggregation deal in February 2021.
- Should ABB acquire SYM, they will absorb the contract upon its expiration in a year or two, leaving SLC with a gap in earnings that needs to be filled.
- Achieving scale and relevance is crucial in the telco sector, and SLC has the potential to become a significant company through future index inclusion.
- We estimate significant synergies for both companies if they acquire SYM - at least \$10 million based on our analysis.

We will continue to let this process play out and extract the maximum value we can for our holding in SYM.