

# Australia All Cap Unit Class

## TAMIM Fund

At 31 January 2025



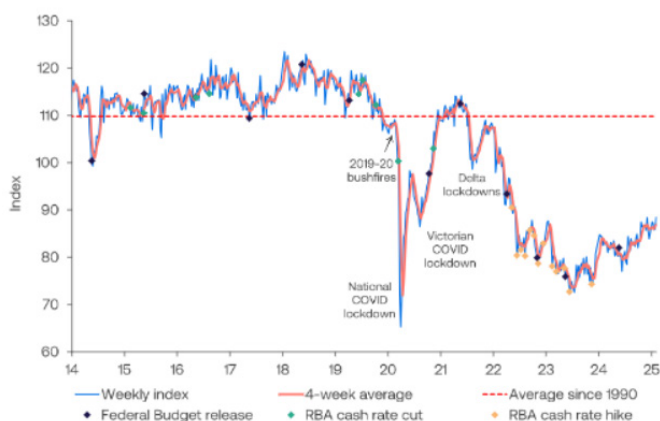
Dear Investor,

We provide this monthly report to you following conclusion of the month of January 2025.

The TAMIM All Cap Fund was up +3.38% (net of fees) during the month, versus the Small Ords up +4.59% and the ASX300 up +4.46%.

Stocks performed well during the month driven by optimism from the Trump inauguration and the pro business policies of this incoming administration. In Australia, consumer optimism is improving but still below historical norms, yet most economists are forecasting rate cuts in February or March. We view any rate cut as very positive for local equity markets and especially small/mid caps.

Consumer confidence rose 2.5pts last week



Source: ANZ-Roy Morgan, ANZ Research

With US markets finishing the month well, Bulls have reason to smile - historically, when the S&P500 index rises more than +2% in January, it's a good omen. Since 1951, such starts have led to average annual returns of 18.4%, with positive years being 88% of the time. Let's hope this trend continues.

### Portfolio Performance

Note: Individually Managed Account (IMA) returns will, by their nature, vary from the underlying portfolio. Should you wish to see your individual return, please log in to your account online.

Inception: 31/12/2016	1 month	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)	Since inception (total)
<b>Australia All Cap</b>	3.38%	33.28%	8.20%	10.81%	14.24%	193.37%
<b>Small Ords</b>	4.59%	12.33%	3.10%	4.25%	6.73%	69.36%
<b>ASX 300</b>	4.46%	15.08%	11.06%	7.88%	9.34%	10.87%
<b>Cash</b>	0.36%	4.35%	3.29%	2.03%	1.78%	15.31%

Portfolio Performance for Australia All Cap refers to the aggregated cumulative performance of all TAMIM Australian All Cap individually managed account portfolios since inception (31 Dec 2016) in AUD net of fees up to 31 October 2019. From 1 November 2019 the performance reflects the return on the TAMIM Fund: Australia All Cap unit class. Both are managed according to the same portfolio. ASX300 refers to the S&P/ASX 300 Accumulation Index. 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>	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>	CTS9748AU

### NAV

	Buy Price	Mid Price	Redemption Price
<b>AU\$</b>	\$1.7398	\$1.7355	\$1.7311

### Portfolio Allocation

<b>Equity</b>	95.00%
<b>Cash</b>	5.00%

Information Technology	38.10%
Industrials	
Health Care	25.70%
Financials	22.10%
Cons. Staples (non cyc)	7.90%
Cons. Disc.	4.30%
	1.90%

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## A Good Start To 2025 Could Mean The Bull Continues

S&P 500 Performance When >2% YTD Return in January

Year	January YTD Return	Final 11 Months of the Year	Calendar Year
1951	6.0%	9.7%	16.3%
1954	5.1%	38.0%	45.0%
1958	4.3%	32.4%	38.1%
1961	6.3%	15.8%	23.1%
1963	4.9%	13.3%	18.9%
1964	2.7%	10.0%	13.0%
1965	3.3%	5.8%	9.1%
1967	7.8%	11.4%	20.1%
1971	4.2%	6.4%	10.8%
1975	12.3%	17.2%	31.5%
1976	11.8%	6.5%	19.1%
1979	4.0%	8.0%	12.3%
1980	6.7%	17.9%	25.8%
1983	3.3%	13.5%	17.3%
1985	7.4%	17.6%	26.3%
1987	13.2%	-9.9%	2.0%
1988	4.0%	8.0%	12.4%
1989	7.1%	18.8%	27.3%
1991	4.2%	21.3%	26.3%
1994	3.3%	-4.6%	-1.5%
1995	2.4%	30.9%	34.1%
1996	3.3%	16.5%	20.3%
1997	6.1%	23.4%	31.0%
1999	4.1%	14.8%	19.5%
2001	3.5%	-16.0%	-13.0%
2006	2.5%	10.8%	13.6%
2011	2.3%	-2.2%	0.0%
2012	4.4%	8.7%	13.4%
2013	5.0%	23.4%	29.6%
2018	5.6%	-11.2%	-8.2%
2019	7.9%	19.5%	28.9%
2023	6.2%	17.0%	24.2%
2025	2.7%	?	?
Average		12.3%	18.4%
Median		13.4%	19.3%
% Higher		84.4%	87.5%
Average Year			
Average	Posted on	8.1%	9.5%
Median	ISABELNET.com	9.7%	12.3%
% Higher		76.0%	72.0%

Source: Carson Investment Research, FactSet 1/31/2025  
@byandreck



So, to summarise it seems to us that over valuations are more confined this time around to a handful of stocks in a specific sector, and any correction in these stocks, might not affect global markets as broadly as in the past.

Figure 5: International equities, PE ratios, US and other markets\*



Source: MSCI, IBES, Refinitiv, Canaccord Genuity

\*PE ratios are on 12 month forward consensus earnings.

Finally, we provide a brief commentary on portfolio updates during the month in the portfolio section of the report. We look forward to providing further updates in our next monthly report in March following the February results season.

Sincerely yours,

Ron Shamgar and the TAMIM Team.

So the question remains are markets overvalued? In the case of the US market and valuations, there's no doubt the 10 largest stocks PE ratio is high. Looking back at the internet boom during the dot com bubble, and similar to that the 10 largest stocks then had a high PE ratio although today these stocks have much higher earnings than those in the earlier boom, given their market weight is much higher now.

Another significant difference today is that the remainder of the market, the other 490 stocks in the S&P500, the PE ratio is not very high, and in fact trading below the long term average of the market. Looking back at the dot com boom whereas the PE was high for the broader market and not just the 10 largest stocks.

Figure 4: S&P500, PE ratios, 10 largest stocks and the other 490 constituents\*



Source: S&P, Refinitiv, Canaccord Genuity

\*PE ratios are on 12 month forward consensus earnings.

And this is also the case globally, with other markets not having high PE ratios currently, arguably in part because they don't have the same world leading tech stocks as the US. This is in stark contrast to the dot com bubble whereas global stocks had high PE ratios during the internet boom.

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## Portfolio Highlights:

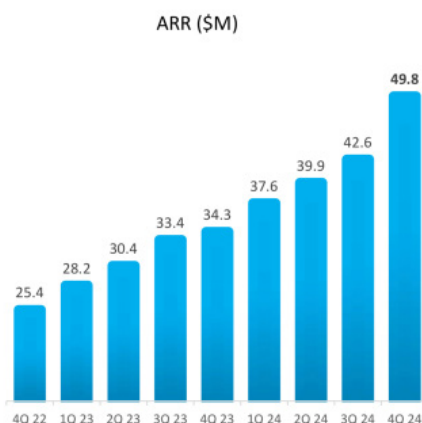
**Dropsuite (ASX: DSE)** reported an exceptionally strong quarterly update and a finish to CY2024. This was all overshadowed with an announced scheme implementation agreement with NinjaOne for a cash takeover bid of \$5.90. The bid supported by the board and DSE largest shareholder, represents a 7.8x EV/ARR which we view as a very good outcome for shareholders.



We have written many times last 3 years about DSE and why we like the business ticking most of the boxes we look for in a company:

- Founder led with skin in the game
- Strong growth and profitability
- Net cash balance sheet
- Industry disrupter
- Undemanding valuation

We first bought DSE in the low \$2s mark around 3 years ago, we are very happy with the outcome for holders and expect this takeover to be one of many more to come this year.



**RAIZ Invest Limited (ASX: RZI)** is a recent addition to the portfolios and has already been a strong performer. During the month RZI provided a strong update with Key Highlights:



- Active Customers up 8.5% YOY to 317,995 with Active Customers growing further to 322,219 at 25 January 2025.
- ARPU up 6.4% YOY to \$75.68 Driven by changing product mix to higher revenue products.
- Strong growth in Funds Under Management (FUM) of \$1.61bn up 32.4% YOY (QOQ: +6.3%), driven by strong growth in netflows of \$183m in Calendar Year 2024 (CY23: \$57m) and positive investment markets. FUM increased to \$1.67bn at 25 January 2025.
- Raiz Super Moderately Aggressive Option rated #1 by SuperRating
- Continued product innovation with Raiz Jars finalised for launch in January 2025 and Winner of Finder Awards 2024 for Investment Innovation
- Strong cash position with Positive quarterly operating cash flow of \$700k and \$12m net cash balance.

### Strong growth in core revenue drivers



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RZI reminds us of Dropsuite (DSE) having a fragmented client base with small ARPU and a simple business to model, founder led, growing sticky and profitable revenue, strong balance sheet and a reasonable valuation. RZI is also a market leader for the provision of investment solutions for a younger demographic with low value balances that are not being catered for by the traditional advice market.

More importantly RZI is not FUM reliant but rather a subscription business with \$24m of ARR and circa \$4m of Ebitda this year. The sector has seen a flurry of M&A recently with Spaceship being taken over at a valuation well in excess of RZI, whilst listed peers Selfwealth (SWF) and Insignia (IFL) are each in the midst of a three way takeover battle.

We believe RZI is next and a perfect target for a global wealth management firm, Large big four bank, or an investment platform. Our near term valuation is \$1.00+.

**Praemium (ASX: PPS)** reported Q2 highlights during the month with some strong momentum in the business and new clients signed that will drive continued FUM flows to the business next 12 months. Highlights include:



Total funds under administration (FUA) of \$62.1 bn (31 December 2023: \$48.3 bn, up 29%). PPS's next generation IDPS Spectrum achieved quarterly gross and net inflows of \$69m, almost wholly in the month of December 2024, contributing FUA of \$72m for the quarter.

Platform \$30.2 bn (31 December 2023: \$22.9 bn, up 32%)

- Spectrum \$72m
- Separately Managed Accounts (SMA) \$12.5 bn (31 December 2023: \$10.3 bn, up 20%)
- Powerwrap \$13.5 bn (31 December 2023 \$12.5 bn, up 8%)
- OneVue \$4.2 bn (\$4.1 bn at 15 April 2024 acquisition)

Quarterly net inflows of \$371m (quarter to 30 September 2024: \$139m)

- Spectrum net inflows of \$69m
- SMA net inflows \$261m (quarter to 30 September 2024: \$165m)
- Powerwrap net inflows \$78m (quarter to 30 September 2024: net outflow \$60m)
- OneVue net outflows \$37m (quarter to 30 September 2024: net inflow \$34m)

PPS share price has more than doubled since we took a position last year. We took the opportunity to take profits in the stock as the share price reached our short term valuation target. We maintain a smaller position heading into the February results period where we will reassess our position.

**BSA Ltd (ASX: BSA)** is a small contractor to the NBN, Foxtel and Smart metering markets in Australia. During the quarter key highlights include:



- BSA delivered Q2 FY2025 revenue of \$71.4 million, an improvement of 10.7% versus prior comparative period
- Q2 FY2025 EBITDA of \$7.5m increased by 31.5% versus pcp, with EBITDA margin of 10.5% for the quarter also increasing vs pcp, as the Group aims for improved margins throughout FY2025.
- Q2 FY2025 net cash position of \$2.2m as at 31 December 2024, with \$16.5m of undrawn banking facilities available.
- Q2 FY2025 positive operating cash flows of \$4.3m. We also believe capital management initiatives with a maiden dividend will be declared at the 1H results.

More importantly and the key basis for the investment thesis is BSA extending the nbn Unified Field Operations Services Contract through to 30 September 2025 with a 12-month extension option. The tender for the new nbn field services contract and teaming with UGL, is a key development for BSA.

Management expects the current profitability run-rate to continue over the remainder of FY2025 subject to client volumes and therefore has increased FY2025 full year EBITDA guidance range to \$26m - \$28m (previously \$24m - \$27m).

We believe BSA chances of renewing the NBN contact for a further 5 years has increased post the JV with UGL adding credibility and financial backing. There is no doubt that the contract renewal is a critical and to some extent binary outcome for the stock. With the stock trading on 3x Ebitda and 5x PE, we see 100%+ upside if the contract is renewed on similar terms or an extended scope. Obviously a non renewal (unlikely but possible) will be devastating to the share price and hence why portfolio position sizing is key.