under the radar report
SMALL CAPS

ISSUE 242
18 MAY 2017

PAYPALS OR NOT?

This week we have the second part of our series on Shadow Banking, which has generated quite a bit of investor interest. In our first issue we covered sub-prime lenders like Money3 and in today's report we look at the companies that are challenging the role of traditional credit cards.

Armed with sophisticated credit-scoring technology, a cabal of new consumer financiers are taking customers away from the traditional credit cards and other point-of-sale products in the $300 billion retail market.

Targeting the so-called Millennial sector, or those in their 20s to mid 30s, ASX newcomers zipMoney (ZML) and Afterpay (AFY) have emerged from nowhere over the last one to two years and they now have a meaningful share of their targeted retail sectors.

While their products differ, their appeal lies with both interest-free installment periods and non-intrusive and almost instantaneous credit checking procedures.

In this issue Tim Boreham and Under The Radar's small caps team analyse the duo, as well as incumbent Flexigroup (FXL). Check out the graphic on the next page, which tells a story in itself.

We also cover stocks that have been in the news lately. The aluminium producer Capral (CAA) came off close to 20% in one day, while the the FIFO operator Alliance Aviation (AQZ) has delivered a quick fire 28% for those who took our advice to buy less than two weeks ago. And then there's our research of the rural services stocks Ruralco (RHL) and Elders (ELD) which both reported their interim profits.

Life is never boring Under the Radar. ■

Richard Hemming
Editor

the issue

SHADOW BANKING - PART 2 02

Point of Difference at Point of Sale
In the second of our three part series on the growth areas in financial services we look at how the new payments groups like zipMoney and Afterpay that are challenging the incumbents.

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BEST MONEY MAKING IDEAS 09

Small Talk

"Afterpay's magic trick is its Transaction Integrity Engine, TIE, which carries out real-time automated decisions on the potential customer."
UNDER THE RADAR REPORT

99% of all financial news relates to the 40 to 50 biggest companies. So what about the rest? They're Under the Radar.

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SHADOW BANKING SPECIAL REPORT

In the second of our three part series on the growth areas in financial services we look at how the new payments groups like zipMoney and Afterpay are challenging the incumbents.

POINT OF DIFFERENCE AT POINT OF SALE

Driven by consumers' desire for instant gratification and an aversion to traditional credit checking procedures, the retail payments sector is being revolutionised by new 'point of sale' entrants offering a better experience for both customers and merchants.

The key listed challengers, zipMoney (ZML) and Afterpay (AFY) are targeting the Millennials, who also happen to be the biggest demographic. Their products are quickly outstripping the competition because they're based on quick approval and interest-free instalment periods. Similar non-listed players include the Melbourne-based Openpay and the UK-based Ourpay.

In the case of Afterpay, the products are the reverse of the old layby schemes by which thrifty consumers would have to wait for months to receive even humble household goods. Behind the push is the use of highly sophisticated data analytics to assess a customer's credit risk, based on factors such as buying patterns.

Both zipMoney and Afterpay are still minnows in a global payments context, but fast growing. In the domestic market, operators such as the listed Flexigroup (FXL) and Latitude, which was formerly GE Capital and the financier behind Harvey Norman's offers, are in danger of being at a technological disadvantage. Although Flexigroup seems to be aware of the challenge and plans to launch a "low touch, consumer friendly" payment product called Oxipay in the December quarter.

The emergence of point-of-sale providers comes as credit card usage declines, despite the popularity of PayWave/PayPass 'tap and go' technology.

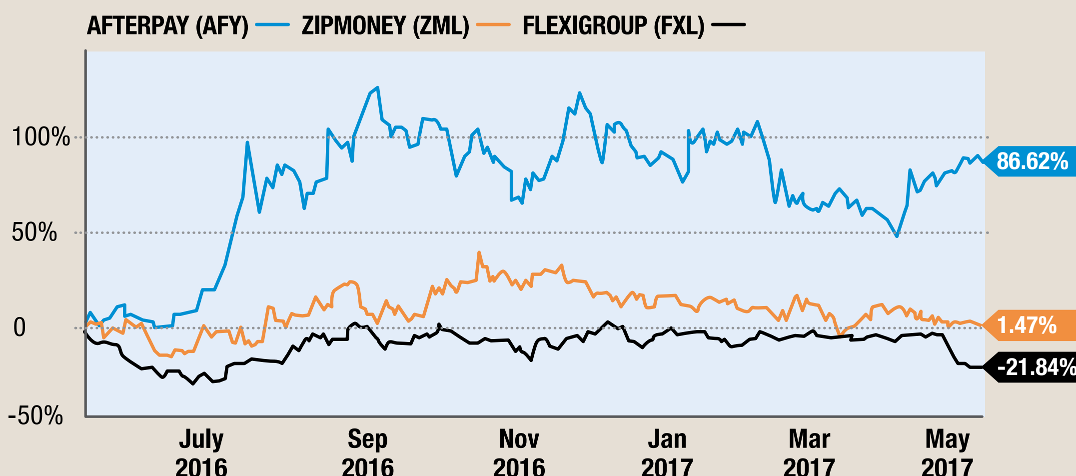
INSTANT APPROVAL

Instant and simple credit approval processes are at the heart of the zipMoney and Afterpay's customer proposition. A key point of difference for the former is that the zipMoney product is a digital wallet, with the customer approved for any number of purchases up to a cumulative $1000.

"We are effectively digitising the credit card and removing interest," says zipMoney managing director Larry Diamond.

PAYPALS OR NOT?

Winners and losers in the retail payment business; the comparative share price performance of the three major players in the past 12 months.



While the payment incumbent Fexigroup's shares have struggled, stock in the new comers, Afterpay and zipMoney have taken off. Although zipMoney's performance has been subdued in the past 12 months, having more than trebled post listing in September 2015.

While in the case of Afterpay, the purchases are separately approved at the point of sale, with the transaction based on a conventional debit card platform.

As long as the items are fully paid for in a set period, typically around 60 days, no interest is paid but the customer may be charged late fees in the form of a de facto interest rate thereafter.

Credit card schemes offer free interest periods as well. A key point of attraction with the newcomers is a less invasive application process. Millennials, in particular, are disengaged from credit cards and are seeking better ways to pay. On their track record to date, Afterpay and zipMoney have won the support of merchants, customers and investors.

FLEXIGROUP VERSUS THE NEWCOMERS

The market almost always ascribes a generous valuation to tech minnows in their "blue sky" phase as they accumulate market share at the expense of older competitors. While this premium can quickly evaporate when they actually start generating earnings and initial profits disappoint.

In this case, there's a yawning disparity between the value of established consumer financier Flexigroup (FXL, $1.90) and zipMoney/Afterpay – which is evident in the graphic on page 2.

Flexigroup offers interest-free and interest-bearing cards and leasing products and has a $700m market capitalisation. While the company has not impressed the market in recent years, it expects to post current-year earnings of $90-93m (almost double the previous year's result). In contrast, zipMoney and Afterpay have a combined nominal market worth of $600m and are not yet profitable. Despite the hockey stick growth, revenues are still modest.

A valuation complication is that Afterpay plans to merge with payments house and 30% shareholder Touchcorp (TCH) producing a new entity worth a nominal $600m.

Rightly or wrongly, the market presumes Flexigroup is going nowhere while the newcomers' growth will continue in a linear way. One holder betting on this is legendary 1980s share raider Sir Ron Brierley, who has a sub 5% stake in Afterpay.

PLAYING THE LOYALTY CARD

The profits of both zipMoney and Afterpay are based upon their fee to participating merchants, usually 4-5% of the value of the item. This is expensive compared with typical 1-2% charged by the bank-owned card schemes Visa and MasterCard. But the retailers evidently are convinced it's worth the extra cost in terms of increased sales and customer loyalty.

Another benefit is the intermediaries, zipMoney and Afterpay, bear the delinquency risk and not the retailer. Under the credit card companies' chargeback provisions, payments to merchants can be reversed in cases such as fraud or non-delivery of goods.

INTELLECTUAL PROPERTY IS THE KEY TO SUCCESS

zipMoney boasts proprietary decision making technology to "leverage more data than any of our peers". The company prevents credit losses with "multivariate machine-learning algorithms" and counters fraud by "leveraging analytical subsets underpinned by digital and social data."

Afterpay's magic trick is its Transaction Integrity Engine, TIE, which carries out real-time automated decisions on the potential customer. The TIE is activated every time an end customer selects Afterpay as the payment method.

The robotic decision-making takes into account the merchant, the particular transaction because some items are more prone to fraud and the customer's payment history, if known. Given the limited inputs, Afterpay concedes, "it does involve some degree of risk of fraud or non-payment by the end customer".

THE BANKS ARE ON SIDE

The potential of the sector is reflected in the willingness of the banks to fund the receivables books. With Afterpay, the National Australia Bank recently agreed to double its wholesale funding facility to $40m. zipMoney has a $170m non-bank funding facility, drawn to $118m. But it is negotiating an additional $200m facility with an undisclosed Big Four bank that will halve the cost of funding. ■

> **INSTANT AND SIMPLE CREDIT APPROVAL PROCESSES ARE AT THE HEART OF THE ZIPMONEY AND AFTERPAY'S CUSTOMER PROPOSITION. A KEY POINT OF DIFFERENCE FOR THE FORMER IS THAT THE ZIPMONEY PRODUCT IS A DIGITAL WALLET, WITH THE CUSTOMER APPROVED FOR ANY NUMBER OF PURCHASES UP TO A CUMULATIVE $1000.**

ZIPMONEY

Point of sale payment technology

Founded in 2013 and listed in September 2015, zipMoney offers zipPay (for purchases under $1000) and zipMoney (a line of credit up to $30,000 for chunkier items such as holidays and cars).

zipPay was only launched in January. It is a "no interest ever" product targeting high turnover at low value market segments.

As of the March quarter the company claimed 193,456 customers, 62% growth on the previous quarter. The group also recorded receivables of $114m, up 31%, and revenue of $4.6m, 18% higher. Transaction volumes climbed 22%, to $61m.

About 70% of zipMoney's revenue derives from merchant fees and the remainder from customer late fees.

According to zipMoney chief and co-founder Larry Diamond, the Australian credit-card sector is worth $53bn, 63% interest bearing and with an average balance of $300.

Diamond cites a broader $100bn addressable market: $65bn in retail, $15bn in health, $15bn in travel and $5bn in education. "The world of credit cards is under enormous pressure, both from the consumer side and the issuing side," he says.

During the quarter the company signed a deal with eWAY, Australia's largest online payments platform processing 5.8bn transactions a year. It also has a tie-up with Retail Directions, which offers an ecommerce platform for the likes of Nike, Just Jeans and the Body Shop. ■

RADAR RATING: There's no doubting the momentum within the business. But with the shares more than trebling since the company back door listed in September 2015, the question is whether the $160m market valuation already factors in further growth. The company expects to be break-even on cash flow in the 2017-18 year, but is not expected to be profitable until 2018-19. We believe the easy gains are off the table for the time being. WATCH.

RADAR RATING **WATCH**

ASX CODE **ZML**

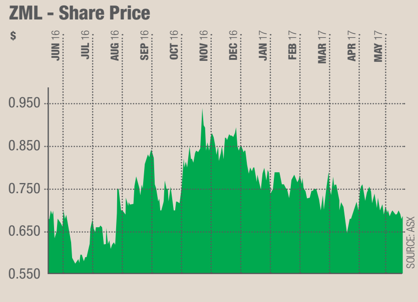
CURRENT PRICE **$0.66**

MARKET CAP **$157M****

REVENUE **$4.6M**

CASH BURN **$2.2M**

NET CASH **$2.19M**



*Figures relate to March quarter

**Including escrowed shares

AFTERPAY

Point of sale payment technology

Having been founded a little over two years ago and having listed a year ago, Afterpay is on a roll. In the March quarter its customer numbers grew to 575,000 on annualised sales of $700m, with merchant signing doubling to 3700. The company also reported revenue of $124m and cash burn of $10m, but expects to post a modest profit this financial year, growing to a more meaningful surplus in 2017-18.

Afterpay accounts for 3% of all online sales here and a whopping 15% of Australian online fashion retail transactions. Big-name clients include Myer, Officeworks, Big W, Telstra and the Solomon Lew controlled Premier Retail, which historically has been reluctant to cede margin to payment intermediaries.

The Afterpay story becomes complicated because of its intended friendly merger with the listed Touchcorp (TCH) which facilitates all of Afterpay's transactions. Afterpay pays Touchcorp an undisclosed fee for processing, but at a favourable rate. Touchcorp's clients include Optus, 7-Eleven and the health payments network Hicaps. Touchcorp

RADAR RATING **WATCH**

ASX CODE **AFY**

CURRENT PRICE **$2.51**

MARKET CAP **$450M****

REVENUE **$124M**

CASH BURN **$10M**

NET CASH **$20.8M**

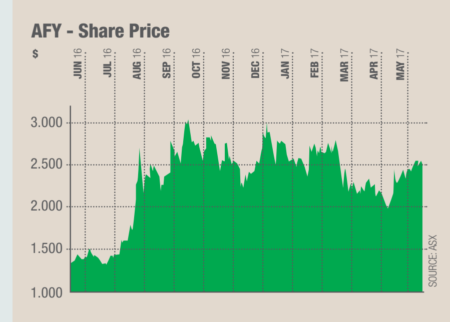
*Figures relate to March quarter

**Including escrowed shares

enables digital transactions such as phone card top ups. The group is profitable with net earnings in calendar 2016 of $11.6m on revenues of $36.8m.

The merger is at nil premium and creates a separate entity, Afterpay Touch Group. Investors had viewed the proposal with some suspicion, given the related party elements (Touchcorp already owns 30% of Afterpay) and lack of information. But a 200 page explanatory document released on Monday should at least flesh out the details. Afterpay maintains the deal is all about synergy benefits – both on the cost and revenue side. The document talks of scope for the faster growing Afterpay to push more work Touchcorp's way.

The merger is scheduled to be effective from June 28, 2017, with the new shares listing on the ASX on July 10. ■



RADAR RATING: Given Touchcorp's existing stake in Afterpay and the close links, a merger makes sense at least on paper. Before the announcement, Touchcorp shares were only worth the value of its Afterpay stake but the market has since corrected this anomaly. In the meantime, Afterpay's momentum shows no sign of slowing. We like the business but Afterpay's valuation factors in much of the upside because the shares have doubled since listing. Given mergers increase risks, we'll stick with window-shopping on this one for the time being. WATCH.

RESEARCH TIP UPDATES

18 MAY 2017

ALLIANCE AVIATION

FIFO operator and aviation services

We've managed a quick fire 25% return on our AQZ tip in late April, which is less than two weeks ago. Our timing couldn't have been better. Of course we've been slogging it out in this stock for a couple of years now, so a quick win is just the tonic.

Last week the airline announced an increase in its regional Queensland operations on behalf of Virgin Australia, all of which will be code shared with Virgin. There are also a number of other services that Alliance will operate for Virgin on a wet lease basis, i.e. supplying planes and crew, to add to its existing Brisbane to Emerald service.

These services in total will require three further aircraft from the 21 Fokker which are in the process of being acquired this year and next from Austrian Airlines. This increases the fleet 10% but total flying activity by up to 45% and increases the market for its contract and charter business.

While the increase in flying activity is very impressive, it is unlikely that it will lead to an increase in revenue or profits at the same scale.

The company reports earnings early in August, and further details should be available then about how margins will be affected by this new move, as well as progress in securing parts and service business from the remaining Fokker aircraft to be delivered.

Management comments at the half year results about the positive impact its strategy will have on future shareholder returns suggests good visibility. The first quarter was slower than expected, but the second quarter met expectations, and the outlook statement at the half year results indicated the second half should be better than the first.

RADAR RATING: We have long identified AQZ as cheap, and the big picture remains positive due to emerging new charter markets, as well as an expanded aircraft fleet. We have re-recommended this stock as a Buy a number of times since September last year, and after the share price spike caused by the current news, we remain on the Buy side, but we will remove the stock from our Best Ideas list. BUY.

RADAR RATING **BUY**

ASX CODE **AQZ**

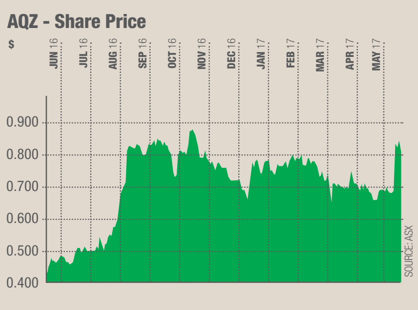
CURRENT PRICE **$0.86**

MARKET CAP **$105M**

NET DEBT **$70M**

TIP DATE **7 DEC 2014**

TIP PRICE **$0.93**



CAPRAL

Aluminium products manufacturer

We've looked in detail at Capral's recent downgrade, which led its stock to fall some 22% and the conclusion is that it's not good, but it's not disastrous. In fact, we think it's a buying opportunity.

The company downgraded guidance for FY17 EBITDA from $19m to $21m to $15-19m, which is some 20%.

The downgrade occurred mainly because of the sharp downturn in the West Australian economy; plus the effect of Cyclone Debbie in North Queensland in causing its Ipswich plant to be "smashed" in managing director Tony Dragicevich's words. "Wet weather is not great for builders," he added. The other cause was the 25% increase in the LME aluminium price since late last year to the beginning of May, which has levelled off. Capral cannot pass all of these costs on to half of its customer base for between six and 12 months.

RADAR RATING **BUY**

ASX CODE **CAA**

CURRENT PRICE **$0.13**

MARKET CAP **$62M**

NET CASH **$31M**

TIP DATE **10 AUG 2016**

TIP PRICE **$0.17**

RESEARCH TIP UPDATES

18 MAY 2017

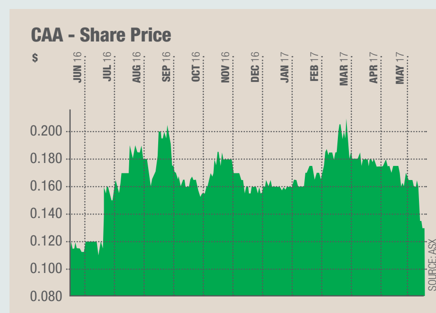
The impact of these effects is highest on the first half of calendar 2017, because conditions were so good in the same period a year ago. The WA economy deteriorated in the second half of CY16, so the comparable results will look much better in the second half.

We think the selling is overdone considering the company has $30m in cash and even on the downgraded numbers trades on a Enterprise value/EBITDA multiple of under 2 times. How many companies do that?

Free cash flow is still positive – ie if Capral spends about $5.5m in capital expenditure and they'll still be able to deliver dividends with free cash flow of over $10m a year, even on the downgraded estimates.

The company says its intention is to pay dividends between 40% and 80% of net profit. Last year it was 40% and Capral itself says that it has capacity to increase its payout ratio. It is significant that it has no debt and expects the second half of CY17 to be in line with the second half from last year. ■

RADAR RATING: The bottom line is dividends at the current rate of 1.25c a year cost it just under $6m which is well within the company's capability and would deliver a fully franked dividend yield of 9.6%. BUY.



RURALCO

Diversified rural services

Contrary to the 1960 song "Hanrahan's lament" things are not crook in the bush thanks to decent rains, high livestock prices and even a recovery in the unfashionable wool market.

Emulating the fortunes of peers Elders and Graincorp, Ruralco this week posted respectable half-year earnings for the period to March of $13.8m, 20% higher. Given this was on a revenue increase of only 4% to $841m, management's efficiency efforts also played a part.

The favourable growing conditions meant a strong showing from the core rural services arm, which benefited from strong demand for fertilizer, crop protection products and general merchandise. There was also a positive contribution from strong real estate sales, which shows that booming property prices are not just in Sydney and Melbourne.

A disappointment was the water services business, which includes irrigation and carting, that suffered from higher than average rainfall in most farming districts, but this business is a necessary hedge in a diversified rural services company, which is prone to be negatively effected by drought.

The live export trade has been severely challenged in recent years, but Ruralco's division recorded strong earnings growth despite the company closing its southern business of mainly dairy cattle last year. Management expects "elevated" livestock and wool prices in the second half, with a solid start to winter cropping.

Earlier this year RHL raised $65m in equity to buy a number of new businesses in the irrigation and rural supplies sectors, as well as 50% of insurance broker Ausure Consolidated. These purchases look to be doing well. ■

RADAR RATING **BUY**

ASX CODE **RHL**

CURRENT PRICE **$3.13**

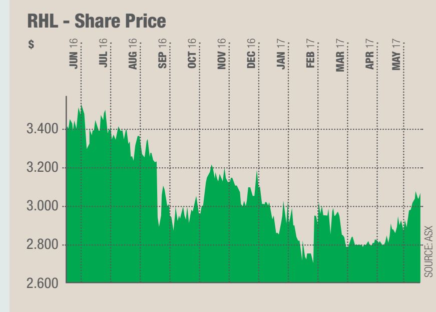
MARKET CAP **$320M**

NET DEBT **$111M**

TIP DATE **20 NOV 2014**

TIP PRICE **$3.44**

DIVIDEND YIELD **5%**



RADAR RATING: All of Ruralco's 50 businesses won't fire at the same time, but the results convince us of the benefits of diversification. Trading on a forecast current-year earnings multiple of around 12 times, Ruralco still looks cheap. With strong cash flow and a gearing ratio of 28%, the balance sheet looks as fit as a Mallee bull. BUY maintained, on the proviso investors understand the weather gods and soft commodity prices will always play an unpredictable role.

ELDERS LTD

Rural services

RADAR RATING **HOLD**

ASX CODE **ELD**

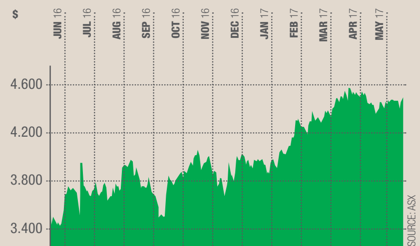
CURRENT PRICE **$4.66**

MARKET CAP **$531M**

NET DEBT **$170M**

TIP DATE **10 JULY 2013**

TIP PRICE **$0.80**



Elders reported a strong first half profit result, with underlying EBIT up 47% at $41.3m, primarily due to improved seasonal conditions and the ongoing benefit of recent restructuring. And as we forecast in our last note, net debt had increased substantially $170m, in part a function of the $45m buyout of the Elders hybrid securities.

Record livestock and wool prices provided a solid underpinning for the agency services business as well as for the real estate operations. The first dividend for a decade is likely for FY17, and both internal and acquisition activity should continue to deliver profitable growth, although livestock prices will not remain elevated indefinitely.

Expansion into Tasmania appears aimed at the heartland of the main competitor Ruralco, which has been on our Best Ideas list, and is covered in the current issue again as a Buy. We prefer Ruralco because of it's water operations, which we feel offer a strong medium-term outlook.

Illustrating the scale of Elders intermediary business, first half receipts from customers and payments to suppliers were both $3.6bn, up about 11% for both, although the net cash outflow was only $5m. But profitable EBIT growth will convert into operating cash flow in the second half after working capital investments were necessary to fund strong revenue growth.

The combination of these temporary factors and the acquisition of the hybrids have left a significant net debt position, which needs to be included in the enterprise valuation. And remembering that this is a cyclical business, we hope that investors took profits from our many earlier recommendations for Elders and that their residual holding might be held at a relatively low entry cost.

Management have a well-defined "eight point" strategy that has almost completely achieved its deliverable targets. Future underlying cyclical growth should be in the 5%-10% range. ■

RADAR RATING: Elders continues to be fairly valued based on a enterprise valuation of around 10 times likely underlying EBIT of at least $65m in FY17. A very low tax rate likely for some years does support its valuation, but it's shares aren't going any where for the time being, in our view. HOLD.

RESEARCH TIP UPDATES

18 MAY 2017

PHARMAXIS
Drug developer

Pharmaxis shares spiked 11% on Monday after the company presented to investors, but it wasn't the clinical trial updates as such that aroused investors. Rather, the company confirmed it was on track to receive a material payment from its development partner, Germany giant Boehringer Ingelheim.

Boehringer is forging ahead with a phase-two clinical trial for the anti-inflammatory drug PXS-4728A, to treat non-alcoholic steatohepatitis (NASH, commonly known as fatty liver disease). This generates an 18m Euro (A$24.3m) milestone payment for Pharmaxis. Boehringer has now confirmed it will work on a second indication for the drug, which generates another payment of 10m Euros. All up that's A$41m almost guaranteed income for PXS.

Pharmaxis has received 27.5m Euros (A$39m) in upfront payments from Boehringer since signing a commercialisation deal in May 2015. And all up, 55m Euros (A$77m) of milestones are payable should the NASH program get as far as phase three. If the drug is ever approved, Pharmaxis receives as much as 140m Euros (A$197m).

Pharmaxis has also partnered with Italian pharma house Chiesi, in relation to its original drug Bronchitol. Bronchitol clears the airways of mucus and was thought to be a wonder drug for the difficult-to-treat cystic fibrosis. After a clinical trial setback Bronchitol was approved for use in Europe but the US Food & Drug Administration has been a harder nut to crack. Happily for Pharmaxis, Chiesi funds most of the $US25m ($33m) cost of a 423-patient trial, aimed at satisfying the US gatekeeper for once and for all. ■

RADAR RATING: It's heartening that Boehringer has the confidence to pursue PXS-4728A as a NASH treatment, as well as the mystery indication. Given Pharmaxis already has cash of $26m it is superbly placed to pursue its own drug development for other inflammatory disorders. And, heavens forbid, it may one day pay dividends. SPEC BUY maintained.

RADAR RATING **SPEC BUY**

ASX CODE **PXS**

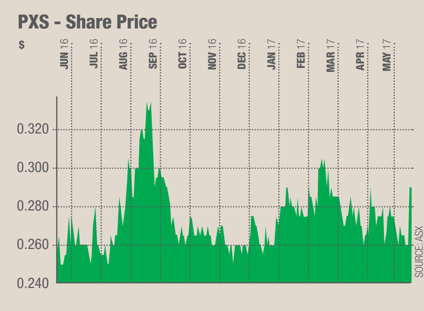
CURRENT PRICE **$0.28**

MARKET CAP **$90M**

NET CASH **$26M**

TIP DATE **30 MAR 2016**

TIP PRICE **$0.245**



PRAEMIUM
Financial Planning Tools

We have had some success with our recommendations in Praemium, since we first recommended subscribers Buy about a year ago at $0.28, and the stock continued up to $0.48 before we took profits in an article in October. Since then, the company's results have continued to impress with record quarterly inflows in its international division, but management turmoil has unsettled the share market.

After a board fight, recently sacked managing director Michael Ohanessian has been re-hired by new directors, with the support of a shareholder group who had called an EGM to overthrow the existing board. The shareholder group, led by Paradice Investment Management, had argued that Ohanessian's success in growing the business was more important than his ability to get on with the existing board.

There was surprisingly little rancour at the formal level given the circumstances of the board's entire judgement being put in question by a relatively small proportion of shareholders, and it is rare to see a board fight proceed so cleanly and with such relative speed. Right or wrong, we knew the outcome within three months. ■

RADAR RATING **HOLD**

ASX CODE **PPS**

CURRENT PRICE **$0.37**

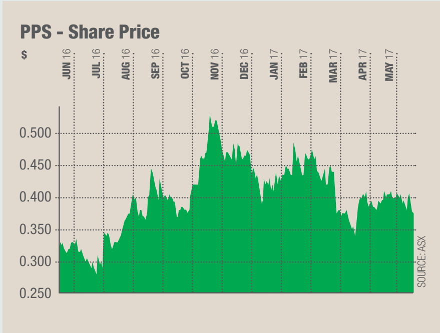
MARKET CAP **$150M**

NET CASH **$8M**

TIP DATE **22 JUN 2016**

TIP PRICE **$0.28**

RADAR RATING: The shares have fallen back since our last recommendation, and although we suspect that the company may need some time to re-enter its growth trajectory, the chances are reasonable that the recently reappointed managing director can reinvigorate the business once more with fresh enthusiasm and plenty to prove. At five times sales revenue, the Praemium valuation still needs to be justified. Speculative until the full year results. HOLD.



BEST MONEY MAKING IDEAS

AS AT 17 MAY 2017

**Return includes dividends and is after brokerage*

THIS LIST IS IN ALPHA ORDER.
PLEASE GO ONLINE TO CHECK OUR FULL COMPANY RESEARCH.

COMPANY	INDUSTRY	MARKET CAP $M	DIVIDEND YIELD (%)	LAST PRICE $	RETURN %	WHY WE LIKE IT
CAPRAL (CAA)	Manufact.	62.0	9.6	0.13	-23.5	The aluminium products producer is cashed up and delivers a dividend yield of over 6% at current prices (with franking credits to boot). It's been heavily sold down over the years and is cheap, considering its potential growth from a much lower capital base and an easier trading environment. Much of the dumping from Asian competitors into the domestic market has ceased.
GALE PACIFIC (GAP)	Manufact.	121.2	5.0	0.40	80.4	The manufacturer of shade cloth is in the middle of a successful turnaround program under new management. Both its distribution and its production processes are being consolidated to produce a slimmer operating structure. Plus it has big opportunities to increase sales in export markets - the US in particular where it has an American sales force. This stock is trading at below market multiples and is a second half story.
INGENIA COMMUNITIES (INA)	Property	562.4	3.7	2.73	6.3	Because of its use of new technology and an innovative funding scheme for retirees, the retirement community specialist is a value proposition that is almost without peer. The trust continues to be good value because its weakness reflects the market's view that its expansion is limited. We beg to differ. This group is in a sweet spot and trading on a PE of 12 times and on a dividend yield of almost 5% it continues to justify a place on our Best Ideas.
SOUTHERN CROSS ELECTRICAL (SXE)	Mining services	88.0	2.5	0.55	64.9	The electrical instrumentation specialist now has a commanding position in big projects in both the West and East of Australia. Its stock has pulled back after an a $54m acquisition and associated capital raising and no interim dividend. We think it's a buying opportunity because the stock is cheap and management have shown over a long period of time that they have the nous to grow earnings and increase dividends.
TASSAL (TGR)	Food	747.2	3.4	4.45	15.1	The hidden asset in this Tasmanian company is its under appreciated wholesale seafood operation, which it purchased from the Costa family. The company will be working hard to integrate this business but to outsiders it will not appear that much is happening. That is, until the financials start making this stock look really cheap and fund managers hop back in. Managment has performed over a long period of time and we believe that periods of share price weakness should be taken advantage of.

***We have removed Alliance Aviation after its 28% climb in the past week. See our note on page 6.**

under the radar report

SMALL CAPS

18 MAY 2017

99% of all financial news relates to the 40 to 50 biggest companies. So what about the rest? They're Under the Radar.

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