# Wayne Sanderson

Introducing our Sequoia Head of Research

17<sup>th</sup> February 2021

# My Background - 40 Years Experience

| Role  | Companies  |
|---|--|
| Chartered Accountant                          | Arthur Andersen & Co                               |
| Financial Accountant                          | HPEP (Roach Brisbane)                              |
| Management Accountant                         | Smith New Court (London)                           |
| Investment Analyst -<br>Hotels/Leisure/Gaming | Smith New Court / became<br>Merrill Lynch (London) |
| Investment Analyst - Small Coys / Tech        | Merrill Lynch (Melbourne)                          |
| Investment Manager                            | Thorney Investment Group                           |
| Investment Advisor                            | Morgans Financial                                  |
| Head of Research                              | Phillip Capital Australia                          |
| Head of Research                              | Sequoia Financial Group                            |

# Key Responsibilities & Objectives

#### Head of Investment Committee

- Chair of the Committee
- Providing one-off approvals for products outside the Sequoia APL
- IPO's / Pre-IPO
- S708 Placements

#### Index/Sector/Thematic Reports

- ASX200 Stocks (XJO)
- ASX Small Ordinaries (XSO)
- ASX All Tech Stocks (XTX)
- NASDAQ 100 Stocks (NDX)
- NASDAQ TOU SLOCKS (ND/
- •S & P 500 Stocks (SP500)

#### Direct Equity Research

- Selected small cap & microcap stocks
- Industrial companies only
- Selected LIC's e.g. Hearts & Minds Investment Ltd (HM1)

## Index /Sector Report examples



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18 January 2021



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14 January 2021

#### ASX All Tech index Stocks (XTX) **2020 Performance Review**

- ASX All Ordinaries Accumulation index (XAOAI) up 14.4% in Q4: Up 3.6% for the year
- Nasdaq price index (Iress: nasdaq.nasi) up 15.4% in Q4; Up 43.6% for the year
- Nasdaq 100 price index (Iress: nas100.id) up 12.9% in Q4; Up 47.6% for the year
- ASX All Tech price index estab. 24/2/20; up 21.0% in Q4; Up 42.6% in 10 months

|                   |        | STOCKS – Last                    | Quar           | ter           |                |                  |        | STOC            |
|-------------------|--------|----------------------------------|----------------|---------------|----------------|------------------|--------|-----------------|
| 3 mth TSF<br>Rank | Code   | Company Name                     | TSR<br>1 Month | TSR<br>3 Mths | TSR<br>12 Mths | 1 Yr TSR<br>Rank | Code   | Company Nar     |
| 1                 | WBT.AX | Weebit Nano Ltd                  | 43.1%          | 271.8%        | 560.0%         | 1                | BRN.AX | Brainchip Hol   |
| 2                 | DUB.AX | Dubber Corp Ltd                  | 1.4%           | 79.5%         | 49.6%          | 2                | 3DP.AX | Pointerra Ltd   |
| 3                 | TNT.AX | Tesserent Ltd                    | -1.4%          | 59.1%         | 695.5%         | 3                | TNT.AX | Tesserent Ltd   |
| 4                 | 4DX.AX | 4DMedical Ltd                    | 1.7%           | 58.4%         | 53.5%          | 4                | MMM.AX | Marley Spoon    |
| 5                 | AMS.AX | Atomos Ltd                       | -3.0%          | 58.2%         | -28.0%         | 5                | WBT.AX | Weebit Nano     |
| 6                 | APT.AX | Afterpay Ltd                     | 25.9%          | 49.4%         | 296.8%         | 6                | HTG.AX | Harvest Techr   |
| 7                 | RBL.AX | Redbubble Ltd                    | 6.2%           | 48.0%         | 428.9%         | 7                | RBL.AX | Redbubble Ltd   |
| 8                 | AD8.AX | Audinate Group Ltd               | 16.1%          | 47.6%         | 2.2%           | 8                | SZL.AX | Sezzle Inc      |
| 9                 | ALC.AX | Alcidion Group Ltd               | -11.6%         | 46.2%         | 2.7%           | 9                | TPW.AX | Temple & We     |
| 10                | XRO.AX | Xero Ltd                         | 11.7%          | 43.9%         | 83.8%          | 10               | APT.AX | Afterpay Ltd    |
| 11                | EML.AX | EML Payments Ltd                 | 9.9%           | 38.7%         | -8.6%          | 11               | NVX.AX | Novonix Ltd     |
| 12                | DDR.AX | Dicker Data Ltd                  | -0.5%          | 38.2%         | 64.1%          | 12               | YOJ.AX | Yojee Ltd       |
| 13                | SEK.AX | Seek Ltd                         | 12.7%          | 37.0%         | 31.1%          | 13               | KGN.AX | Kogan.com Lt    |
| 14                | REA.AX | REA Group Ltd                    | 6.6%           | 36.3%         | 45.3%          | 14               | FZO.AX | Family Zone C   |
| 15                | PME.AX | Pro Medicus Ltd                  | 17.1%          | 33.3%         | 59.6%          | 15               | WSP.AX | Whispir Ltd     |
| 16                | BRN.AX | Brainchip Holdings Ltd           | 19.7%          | 32.8%         | 865.9%         | 16               | NTO.AX | Nitro Softwar   |
| 17                | ELO.AX | ELMO Software Ltd                | 2.3%           | 31.1%         | 1.7%           | 17               | SPT.AX | Splitit Ltd     |
| 18                | WEB.AX | Webjet Ltd                       | -10.3%         | 29.5%         | -46.0%         | 18               | FDV.AX | Frontier Digita |
| 19                | LNK.AX | Link Administration Holdings Ltd | -4.2%          | 28.3%         | -16.6%         | 19               | NXT.AX | NEXTDC Ltd      |
| 20                | LVT.AX | Livetiles Ltd                    | -14.0%         | 25.6%         | -12.5%         | 20               | PPH.AX | Pushpay Hold    |

#### WORST XTX STOCKS - Last Quarter

| 3 mth TSR  | Code        | Company Name                      | TSR         | TSR     | TSR     |
|------------|-------------|-----------------------------------|-------------|---------|---------|
| Rank       |             |                                   | 1 Month     | 3 Mths  | 12 Mths |
| 69         | NET.AX      | Netlinkz Ltd                      | -30.9%      | -26.6%  | -59.1%  |
| 68         | APX.AX      | Appen Ltd                         | -14.2%      | -24.3%  | 15.5%   |
| 67         | IRI.AX      | Integrated Research Ltd           | -19.1%      | -22.6%  | -15.3%  |
| 66         | FCL.AX      | FINEOS Corporation Holdings PL    | -3.4%       | -21.8%  | 37.2%   |
| 65         | DTC.AX      | Damstra Holdings Ltd              | -4.9%       | -14.8%  | 55.0%   |
| 64         | BTH.AX      | Bigtincan Holdings Ltd            | -10.2%      | -14.5%  | 56.4%   |
| 63         | DTL.AX      | Data#3 Ltd                        | 0.5%        | -13.3%  | 40.2%   |
| 62         | PCK.AX      | PainChek Ltd                      | -3.7%       | -12.4%  | -58.9%  |
| 61         | SZL.AX      | Sezzle Inc                        | 4.5%        | -12.3%  | 361.0%  |
| 60         | OTW.AX      | Over The Wire Holdings Ltd        | -8.9%       | -11.6%  | -9.7%   |
| 59         | HTG.AX      | Harvest Technology Group Ltd      | 0.0%        | -11.4%  | 443.9%  |
| 58         | MP1.AX      | Megaport Ltd                      | 6.7%        | -11.2%  | 38.5%   |
| 57         | PPH.AX      | Pushpay Holdings Ltd              | 4.1%        | -10.3%  | 84.1%   |
| 56         | FZO.AX      | Family Zone Cyber Safety Ltd      | 17.5%       | -9.6%   | 168.6%  |
| 55         | LBY.AX      | Laybuy Holdings Ltd               | -5.1%       | -7.1%   | -36.1%  |
| 54         | SPT.AX      | Splitit Ltd                       | 3.2%        | -5.5%   | 92.6%   |
| 53         | BVS.AX      | Bravura Solutions Ltd             | -0.3%       | -4.7%   | -36.4%  |
| 52         | 360.AX      | Life360 Inc                       | -0.3%       | -4.0%   | 29.7%   |
| 51         | CAR.AX      | Carsales.Com Ltd                  | 2.2%        | -3.6%   | 22.6%   |
| 50         | HSN.AX      | Hansen Technologies Ltd           | -4.1%       | -3.1%   | -0.3%   |
| Source: Re | finitiv (NB | Based on XTX index stock list and | d prices at | 1/1/21) |         |

#### DEOT VTV OTC CKS – Last 12 Months

| T AL INK | Code   | Company Name                  | ISK     | ISK    | ISK     |
|----------|--------|-------------------------------|---------|--------|---------|
| Rank     |        |                               | 1 Month | 3 Mths | 12 Mths |
| 1        | BRN.AX | Brainchip Holdings Ltd        | 19.7%   | 32.8%  | 865.9%  |
| 2        | 3DP.AX | Pointerra Ltd                 | -4.6%   | 10.6%  | 863.0%  |
| 3        | TNT.AX | Tesserent Ltd                 | -1.4%   | 59.1%  | 695.5%  |
| 4        | MMM.AX | Marley Spoon AG               | 33.5%   | -0.4%  | 674.3%  |
| 5        | WBT.AX | Weebit Nano Ltd               | 43.1%   | 271.8% | 560.0%  |
| 6        | HTG.AX | Harvest Technology Group Ltd  | 0.0%    | -11.4% | 443.9%  |
| 7        | RBL.AX | Redbubble Ltd                 | 6.2%    | 48.0%  | 428.9%  |
| 8        | SZL.AX | Sezzle Inc                    | 4.5%    | -12.3% | 361.0%  |
| 9        | TPW.AX | Temple & Webster Group Ltd    | 21.4%   | -2.5%  | 340.3%  |
| 10       | APT.AX | Afterpay Ltd                  | 25.9%   | 49.4%  | 296.8%  |
| 11       | NVX.AX | Novonix Ltd                   | 15.3%   | 22.8%  | 262.7%  |
| 12       | YOJ.AX | Yojee Ltd                     | -4.9%   | -2.5%  | 254.5%  |
| 13       | KGN.AX | Kogan.com Ltd                 | 11.7%   | -3.0%  | 170.4%  |
| 14       | FZO.AX | Family Zone Cyber Safety Ltd  | 17.5%   | -9.6%  | 168.6%  |
| 15       | WSP.AX | Whispir Ltd                   | 14.6%   | 12.5%  | 139.6%  |
| 16       | NTO.AX | Nitro Software Ltd            | 8.9%    | 11.9%  | 94.5%   |
| 17       | SPT.AX | Splitit Ltd                   | 3.2%    | -5.5%  | 92.6%   |
| 18       | FDV.AX | Frontier Digital Ventures Ltd | 3.5%    | 17.0%  | 90.1%   |
| 19       | NXT.AX | NEXTDC Ltd                    | 5.7%    | 2.1%   | 88.6%   |
| 20       | PPH.AX | Pushpay Holdings Ltd          | 4.1%    | -10.3% | 84.1%   |

#### WORST XTX STOCKS - Last 12 Months

| 1 Yr TSR | Code   | Company Name                     | TSR     | TSR    | TSR     |
|----------|--------|----------------------------------|---------|--------|---------|
| Rank     |        |                                  | 1 Month | 3 Mths | 12 Mths |
| 69       | NET.AX | Netlinkz Ltd                     | -30.9%  | -26.6% | -59.1%  |
| 68       | PCK.AX | PainChek Ltd                     | -3.7%   | -12.4% | -58.9%  |
| 67       | WEB.AX | Webjet Ltd                       | -10.3%  | 29.5%  | -46.0%  |
| 66       | BVS.AX | Bravura Solutions Ltd            | -0.3%   | -4.7%  | -36.4%  |
| 65       | LBY.AX | Laybuy Holdings Ltd              | -5.1%   | -7.1%  | -36.1%  |
| 64       | AMS.AX | Atomos Ltd                       | -3.0%   | 58.2%  | -28.0%  |
| 63       | VHT.AX | Volpara Health Technologies Ltd  | 0.7%    | 6.9%   | -24.1%  |
| 62       | LNK.AX | Link Administration Holdings Ltd | -4.2%   | 28.3%  | -16.6%  |
| 61       | IRE.AX | Iress Ltd                        | 5.7%    | 13.6%  | -16.3%  |
| 60       | IRI.AX | Integrated Research Ltd          | -19.1%  | -22.6% | -15.3%  |
| 59       | LVT.AX | Livetiles Ltd                    | -14.0%  | 25.6%  | -12.5%  |
| 58       | CPU.AX | Computershare Ltd                | 1.6%    | 19.0%  | -12.0%  |
| 57       | EVS.AX | Envirosuite Ltd                  | 0.0%    | 8.6%   | -11.6%  |
| 56       | OTW.AX | Over The Wire Holdings Ltd       | -8.9%   | -11.6% | -9.7%   |
| 55       | NEA.AX | Nearmap Ltd                      | 2.3%    | -2.2%  | -8.8%   |
| 54       | EML.AX | EML Payments Ltd                 | 9.9%    | 38.7%  | -8.6%   |
| 53       | IFM.AX | Infomedia Ltd                    | -3.1%   | 21.7%  | -8.5%   |
| 52       | RHP.AX | rhipe Ltd                        | 6.4%    | -0.8%  | -7.9%   |
| 51       | TNE.AX | TechnologyOne Ltd                | -8.4%   | 3.6%   | -3.7%   |
| 50       | TYR.AX | Tyro Payments Ltd                | -4.0%   | -1.5%  | -3.4%   |

#### Source: Refinitiv (NB. Based on XTX index stock list and prices at 4/1/21)

#### Nasdaq 100 Stocks (Reuters: NDX) 2020 Performance Review • S&P 500 price index (Iress: sp500) up 11.7% in Q4; Up 16.3% for the year

• Nasdag price index (Iress: nasdag.nasi) up 15.4% in Q4; Up 43.6% for the year

TSR 12 Mth

-28.29

2.0% -13.7% -16.8% 3.8%

-13.1% 7.7%

-16.8% -9.7% 11.8% 3.5% -8.9% -1.6%

-6.8%

2.9% -3.1%

-1.9% 2.7%

-3.2% 40.4% -3.1% -16.1% -3.1% 1.2%

-1.8% 3.4% 2.0% 49.5%

-7.0%

10.0%

11.2%

-8.0%

Aonth 3 Mths

-6.4% -13.7% 29.4%

2.8% -10.5% 55.8%

15.7% -10.3% 68.5%

-2.9%

-2.6% -3.5% 118.0%

-0.4%

3.0%

-0.4% -2.8% 9.7%

2.3% 4.5%

2.3% 2.3%

-0.1%

1.9% 2 294 -19.5%

arce: Refinitiv (NB. 102 securities as Amazon and Fox have 2 classes of shares)

- Nadag 100 price index (Iress: nas100.id) up 12.9% in Q4; Up 47.6% for the year

#### **BEST NDX STOCKS – Last Quarter**

Code Company Name TSR 12 Mth DD.OO Pinduoduo In 28.0% 139.6% 330.99 BIDU.OQ Baidu Inc 55.6% 70.8% 56.4% TSLA.OQ Tesla Inc 24.3% 64.5% 720.1% ALGN.OO Align Technology Inc 11.0% 63.2% 88.4% MU.OQ Micron Technology Inc 17.3% 60.1% 35.7% 54.8% 174.5% MELI.OQ Mercadolibre Inc 7.8% PTON.OQ Peloton Interactive In 30.4% 52.9% 410.2% -31.6% 47.7% 443.3% 4.6% 45.6% 40.6% MRNA.OC Moderna Inc AMAT.OC Applied Materials Inc RCX.OQ Lam Research Corp 4.6% 42.7% 61.0% arriott International 42.5% ATCH.OO Match Group Inc 8.6% 36.6% 79.6% 28.0% 36.5% 44.9% ALXN.OQ Alexion Pharmaceuticals In 13 -2.6% 36.4% XLNX.OQ Xilinx Inc 41.6% MCHP.OC Microchip Technology Inc 2.8% 34.8% 30.1% KLAC.OQ KLA Corp 2.8% 11.4% 34.1% 44.4% ASMLOO ASML Holding NV 32.6% 62.5% ADSK.OQ Autodesk Inc 9.0% 32.2% 62.6% OST.OQ Ross Stores Inc 14.2% 31.6% 5.5% IXIM OO Maxim Integrated 6.8% 45.4%

m Video Communicat

generon Pharmaceutic

101 EGN.C

87

100 BUB OO Biogen Inc.

99 VRTX-OO Vertex Pharmaceuticals In

GILD.OQ Gilead Sciences Inc

SGEN.OQ Seagen Inc

DXCM.OC DexCom Inc

SPLK.OQ Splunk Inc

AMGN.OC Amgen Inc

EBAY.OQ eBay Inc

INTC.OQ Intel Corp

INCY.OQ Incyte Corp

ADBE.OQ Adobe Inc

CAR.OO Paccar Inc AFP OO American Electric

00 00

MDLZ.OQ Mondelez Inte

NVDA.OO NVIDIA Corp

XEL.OQ Xcel Energy Inc

ORLY.OO O'Reilly Automotive Inc

| 1 Yr TSR<br>Rank | Code    | Company Name               | TSR<br>1 Month | TSR<br>3 Mths | TSR<br>12 Mth |
|------------------|---------|----------------------------|----------------|---------------|---------------|
| 1                | TSLA.OQ | Tesla Inc                  | 24.3%          | 64.5%         | 720.1%        |
| 2                | MRNA.OC | Moderna Inc                | -31.6%         | 47.7%         | 443.3%        |
| 3                | PTON.OQ | Peloton Interactive Inc    | 30.4%          | 52.9%         | 410.2%        |
| 4                | ZM.OQ   | Zoom Video Communications  | -29.5%         | -28.2%        | 390.9%        |
| 5                | PDD.OQ  | Pinduoduo Inc              | 28.0%          | 139.6%        | 330.9%        |
| 6                | DOCU.OO | DocuSign Inc               | -2.4%          | 3.3%          | 192.9%        |
| 7                | MELI.OQ | Mercadolibre Inc           | 7.8%           | 54.8%         | 174.5%        |
| 8                | JD.OQ   | JD.Com Inc                 | 3.0%           | 13.3%         | 133.0%        |
| 9                | NVDA.OC | NVIDIA Corp                | -2.6%          | -3.5%         | 118.0%        |
| 10               | OKTA.OQ | Okta Inc                   | 3.8%           | 18.9%         | 116.7%        |
| 11               | PYPL.OQ | PayPal Holdings Inc        | 9.4%           | 18.9%         | 111.5%        |
| 12               | CDNS.OQ | Cadence Design Systems Inc | 17.3%          | 27.9%         | 91.0%         |
| 13               | TEAM.OQ | Atlassian Corporation PLC  | 3.9%           | 28.6%         | 90.3%         |
| 14               | IDXX.OQ | IDEXX Laboratories Inc     | 8.4%           | 27.2%         | 88.6%         |
| 15               | ALGN.OQ | Align Technology Inc       | 11.0%          | 63.2%         | 88.4%         |
| 16               | AMD.OQ  | Advanced Micro Devices Inc | -1.0%          | 11.9%         | 86.8%         |
| 17               | SNPS.OQ | Synopsys Inc               | 14.0%          | 21.2%         | 81.5%         |
| 18               | MTCH.OO | Match Group Inc            | 8.6%           | 36.6%         | 79.6%         |
| 19               | AAPL.OQ | Apple Inc                  | 11.5%          | 14.8%         | 78.2%         |
| 20               | осом.ос | Qualcomm Inc               | 4.0%           | 30.0%         | 76.1%         |

BEST NDX STOCKS - Last 12 Months

#### WORST NDX STOCKS - Last Quarter WORST NDX STOCKS - Last 12 Months

| 1 Yr TSR  | Code    | Company Name                  | TSR     | TSR    | TSR     |  |  |  |
|---|---------|-------------------------------|---------|--------|---------|--|--|--|
| Rank  |         |                               | 1 Month | 3 Mths | 12 Mths |  |  |  |
| 102   | WBA.OQ  | Walgreens Boots Alliance Inc  | 4.9%    | 12.4%  | -29.5%  |  |  |  |
| 101   | FOXA.OQ | Fox Corp                      | 1.0%    | 4.6%   | -20.2%  |  |  |  |
| 100   | FOX.OQ  | Fox Corp                      | 1.8%    | 3.3%   | -19.5%  |  |  |  |
| 99  | BIIB.OQ | Biogen Inc                    | 2.0%    | -13.7% | -16.8%  |  |  |  |
| 98  | INTC.OQ | Intel Corp                    | 3.0%    | -3.1%  | -16.1%  |  |  |  |
| 97  | MAR.OQ  | Marriott International Inc    | 4.0%    | 42.5%  | -12.6%  |  |  |  |
| 96  | SIRI.OQ | Sirius XM Holdings Inc        | -1.8%   | 19.1%  | -9.9%   |  |  |  |
| 95  | TCOM.OC | Trip.com Group Ltd            | 0.4%    | 8.3%   | -8.8%   |  |  |  |
| 94  | AEP.OQ  | American Electric Power Comp  | -1.9%   | 2.7%   | -8.0%   |  |  |  |
| 93  | CDW.OQ  | CDW Corp                      | 1.0%    | 10.6%  | -7.5%   |  |  |  |
| 92  | GILD.OQ | Gilead Sciences Inc           | -2.9%   | -6.8%  | -7.0%   |  |  |  |
| 91  | CSCO.OQ | Cisco Systems Inc             | 4.0%    | 14.7%  | -5.1%   |  |  |  |
| 90  | EXC.OQ  | Exelon Corp                   | 2.8%    | 19.1%  | -3.6%   |  |  |  |
| 89  | AMGN.00 | Amgen Inc                     | 3.5%    | -8.9%  | -1.6%   |  |  |  |
| 88  | FISV.OQ | Fiserv Inc                    | -1.1%   | 10.5%  | -1.4%   |  |  |  |
| 87  | INCY.OQ | Incyte Corp                   | 2.9%    | -3.1%  | 1.2%    |  |  |  |
| 86  | ORLY.OQ | O'Reilly Automotive Inc       | 2.3%    | -1.8%  | 3.4%    |  |  |  |
| 85  | ROST.OQ | Ross Stores Inc               | 14.2%   | 31.6%  | 5.5%    |  |  |  |
| 84  | ADP.OQ  | Automatic Data Processing Inc | 1.9%    | 27.0%  | 6.1%    |  |  |  |
| 83 BKNG.OQ Booking Holdings Inc 9.8% A0.2% 7.49 |         |                               |         |        |         |  |  |  |

# Best ASX sectors over 10 years

| 10-Yr        | ASX 200 Sector                   | Index  |          | Ir       | ndex Value | es       |          | -1 Qtr | -1 Yr  | -5 Yrs | -10 Yrs |
|--------------|----------------------------------|--------|----------|----------|------------|----------|----------|--------|--------|--------|---------|
| TSR          |                                  | Ticker | 31-12-10 | 31-12-15 | 31-12-19   | 31/09/20 | 31/12/20 |        |        |        |         |
| Rank         |                                  |        | -10 Yrs  | -5 Yrs   | -1 Yr      | -1 Qtr   |          | TSR    | TSR    | TSR    | TSR     |
| 1            | Healthcare                       | XHJAI  | 51,821   | 129,716  | 285,700    | 300,837  | 297,462  | -1.1%  | 4.1%   | 18.1%  | 19.1%   |
| 2            | Information Technology           | XJAI   | 3,791    | 5,615    | 10,584     | 13,385   | 16,699   | 24.8%  | 57.8%  | 24.4%  | 16.0%   |
| 3            | Property Trusts                  | XPJAI  | 19,354   | 39,446   | 57,967     | 48,801   | 55,294   | 13.3%  | -4.6%  | 7.0%   | 11.1%   |
| 4            | Consumer Discretionary           | XDJAI  | 9,782    | 15,891   | 24,699     | 24,747   | 27,499   | 11.1%  | 11.3%  | 11.6%  | 10.9%   |
| 5            | Utilities                        | XUJAI  | 38,457   | 79,988   | 114,760    | 101,113  | 95,640   | -5.4%  | -16.7% | 3.6%   | 9.5%    |
| 6            | Consumer Staples                 | XSJAI  | 53,798   | 76,692   | 122,329    | 122,094  | 129,879  | 6.4%   | 6.2%   | 11.1%  | 9.2%    |
| 7            | Telecommunication Services       | XTJAI  | 8,975    | 26,215   | 20,026     | 18,657   | 20,950   | 12.3%  | 4.6%   | -4.4%  | 8.8%    |
| 8            | Industrials                      | XNJAI  | 27,560   | 43,188   | 71,729     | 59,940   | 62,903   | 4.9%   | -12.3% | 7.8%   | 8.6%    |
| 9            | Financials ex Prop Trusts        | XXJAI  | 40,141   | 76,201   | 88,044     | 67,211   | 82,508   | 22.8%  | -6.3%  | 1.6%   | 7.5%    |
| 10           | Materials                        | XMJAI  | 89,211   | 52,173   | 118,606    | 121,532  | 140,188  | 15.4%  | 18.2%  | 21.9%  | 4.6%    |
| 11           | Energy                           | XEJAI  | 105,093  | 61,331   | 98,449     | 56,436   | 71,253   | 26.3%  | -27.6% | 3.0%   | -3.8%   |
|              | ASX 200 Accumulation Index       | XJOAI  | 34,519   | 48,346   | 72,445     | 64,608   | 73,460   | 13.7%  | 1.4%   | 8.7%   | 7.8%    |
|              | ASX 300 Accumulation Index       | XKOAI  | 34,560   | 47,727   | 71,659     | 64,066   | 72,901   | 13.8%  | 1.7%   | 8.8%   | 7.7%    |
|              | All Ords Accumulation Index      | XAOAI  | 34,813   | 47,788   | 71,814     | 65,040   | 74,425   | 14.4%  | 3.6%   | 9.3%   | 7.9%    |
|              | ASX Small Ords Accum Index       | XSOAI  | 6,502    | 5,725    | 8,620      | 8,270    | 9,414    | 13.8%  | 9.2%   | 10.5%  | 3.8%    |
| Source: Ires | s for data; Sequoia calculations |        |          |          |            |          |          |        |        |        |         |
|              | S&P 500 price index (not Accum)  | SP500  | 1,258    | 2,044    | 3,231      | 3,363    | 3,756    | 11.7%  | 16.3%  | 12.9%  | 11.6%   |
|              | Nasdaq price index (not Accum)   | NASDAQ | 2,653    | 5,007    | 8,973      | 11,168   | 12,888   | 15.4%  | 43.6%  | 20.8%  | 17.1%   |

# Small cap research example



#### LiveHire 2.0 (LVH) – Initiation

Markets Expanding; US Launch; The Time is Finally Right

| Recommend                                      | lation    |                | Buy (High Risk)     |               |               |               |  |  |  |
|--|-----------|----------------|---------------------|---------------|---------------|---------------|--|--|--|
| Risk Rating                                    |           |                |                     | ligh          |               |               |  |  |  |
| 12-mth Target Price                            |           | <b>`</b>       | s                   |               |               |               |  |  |  |
| Share Price (AUD)                              |           | ,              |                     | 0.37          |               |               |  |  |  |
| × /  |           |                |                     |               |               |               |  |  |  |
| 12-mth Price Range                             |           |                |                     | 0.068 - \$    | 0.42          |               |  |  |  |
| Forecast 12-mth Ca                             | apital Gr | owth           | 8                   | 6%            |               |               |  |  |  |
| Forecast 12-mth Di                             | vidend Y  | 'ield          | C                   | .0%           |               |               |  |  |  |
| 12-mth Total Shar                              | eholder   | Return         | 8                   | 6%            |               |               |  |  |  |
| Market cap (\$m)                               |           |                | 1                   | 12.1          |               |               |  |  |  |
| Net debt (net cash)                            | (\$m)(Ju  | n 20e)         | C                   | 20.7)         |               |               |  |  |  |
| Enterprise Value (\$                           | Sec. 19   |                |                     | 1.4           |               |               |  |  |  |
| Gearing (Net Debt/                             |           |                | -                   | l/a – Net     | Cash          |               |  |  |  |
| Shares on Issue (m                             |           |                | 302.9               |               |               |               |  |  |  |
| Options / Perf rights                          |           |                | 8.5                 |               |               |               |  |  |  |
| Sector   | onissu    | ie (iii)       | Software & Services |               |               |               |  |  |  |
|  |           | 1 ( <b>m</b> ) |                     |               |               |               |  |  |  |
| Average Daily Valu<br>ASX 300 Weight           | e Tradeo  | r (\$)         | \$60,000<br>n/a     |               |               |               |  |  |  |
| Financial Forecasts 8                          | 34-141    |                | Г                   | /a            |               |               |  |  |  |
| Thanclal Forecasts of<br>Tears ending June \$m | 19(A)     |                | 24(+)               | 22(+)         | 22(+)         | 24(e)         |  |  |  |
| ales revenue                                   | 2.6       | 20(e)<br>4.2   | 21(e)<br>6.3        | 22(e)<br>15.0 | 23(e)<br>28.8 | 24(e)<br>46.7 |  |  |  |
| Sales growth                                   | 59%       | 58%            | 51%                 | 139%          | 91%           | 62%           |  |  |  |
| Operating costs (ex D&A)                       | -16.3     | -19.7          | -15.2               | -15.8         | -16.5         | -17.1         |  |  |  |
| BITDA  | -13.6     | -15.5          | -8.9                | -0.8          | 12.3          | 29.6          |  |  |  |
| PAT (reported)                                 | -13.8     | -17.3          | -10.2               | -2.2          | 10.9          | 28.0          |  |  |  |
| PAT (adjusted)                                 | -13.8     | -16.8          | -10.2               | -2.2          | 10.9          | 28.0          |  |  |  |
| EPS (adjusted)                                 | -5.0      | -5.6           | -3.3                | -0.7          | 3.5           | 9.0           |  |  |  |
| EPS growth                                     | nm        | nm             | nm                  | nm            | large         | 157%          |  |  |  |
| OPS .  | 0.0       | 0.0            | 0.0                 | 0.0           | 0.0           | 0.0           |  |  |  |
| DCF /share                                     | -3.6      | -4.3           | -1.8                | 0.8           | 5.2           | 10.8          |  |  |  |
| aluation:                                      |           |                |                     |               |               |               |  |  |  |
| P/E  | -7.4x     | -6.7x          | -11.2x              | -53.0x        | 10.6x         | 4.1x          |  |  |  |
| P/ OCF   | -10.3x    | -8.6x          | -20.4x              | 45.0x         | 7.1x          | 3.4x          |  |  |  |
| P / Book                                       | 3.0x      | 4.9x           | 7.2x                | 6.9x          | 3.8x          | 1.9x          |  |  |  |
| EV / Sales                                     | 28.9x     | 22.0x          | 15.4x               | 6.3x          | 2.8x          | 1.0x          |  |  |  |
|  |           |                |                     |               |               |               |  |  |  |

-5.9x -10.9x

2019

2018

-9.9 -13.0 -5.6 2.5 17.7 16.3 33.5

34.0 20.7 15.1

LVH SHARE PRICE PERFORMANCE

-119.4x 6.5x

31.9

63.4

EV / Ebitda

Cash from Operations

Net Cash (Net Debt)

2017

Enterprise Value

#### 11 August 2020 Wayne Sanderson - Head of Research wayne.sanderson@seduoia.com au

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Founded in 2011 and launched in 2014, LiveHire Limited (LVH) has developed an infinitely scalable, A-I enabled, candidatecentric, cloud-based platform for enterprises to manage all movements of employees into, around, and out of their organisations on-demand. Communicating via 2-way SMS messaging with candidates, LVH enables organisations to curate private talent clouds/communities of people potentially interested in advance of a job vacancy arising, recruiters can typically source 40-90% of their hires directly from the talent community without needing to incur expensive advertising or external recruitment fees. Speed to hire, significant cost and efficiency savings and a superior candidate experience (translating into quality of hire) are the key benefits. LVH currently has 112 enterprise clients (105 ANZ & 7 US / Canada). LVH entered the US market in July 2019 targeting the US\$80bn pa Contingent Workforce / contractor market via a growing list of strategic channel partnerships with specialist Managed Service Providers (MSP's) adopting the LVH platform for their portfolio of end clients. The LVH ecosystem of candidates grows organically as companies grow their own private clouds, with candidates owning a single federated (though private) profile to engage all organisations. Candidate profiles currently stand at 2.2m, up 97% in the last 12-mths

#### LiveHire - constantly evolving

LVH continues to evolve its business model, expand its markets, and recruit experienced senior management. These seem to be working with client numbers +33 (+42%) in FY20, 12-mth cash receipts +43% and Annualised Recurring Revenue +38%. Break-through State Government Contracts in Australia In April LVH entered the internal mobility market for the first time, being awarded an innovative staff redeployment contract by the Queensland State Government across 48 different departments. In May LVH was awarded a similar contract by the Victorian State Government. These two contracts arose out of the accelerated need for internal mobility software during the COVID-19 crisis, and represents a major milestone for the company which could lead to similar contracts with other States and Territories, and could lead to further on-going government and large private organisation adoption in this market. US Market Entry a potential game-changer

LVH entered the US Contingent Workforce / Contractor market in June 2019 with Workforce Logia, Since then, it has signed 5 other partnership deals which are in various stages of early launch. In addition. LVH has signed important channel partnerships with SAP Success Factors (leading global HR system), and 3 leading SAP systems installation firms also aimed at the same US\$80 billion opportunity

#### **Recommendation & Opinion**

We think the market is not factoring in any option value for just how successful and significant the US could be for LVH. Our base case DCF valuation is \$0.86 with a range of \$0.40 to \$1.32 based on conservative and optimistic scenarios. We initiate coverage with a STRONG BUY recommendation and a 12-mth price target of \$0.69 (being a 20% discount to our base case DCF)

## LiveHire Limited (LVH)

- Market cap \$99m; Net cash \$17.4m
- Current price \$0.33
- 12-month Price Target \$0.78 +136%
- Unique recruitment software platform established 7 years
- 1.5 years into US market entry and starting to gain traction
  - + 11 staffing firms signed up
  - + 8 US clients signed
- US clients are 10x Aust avge of \$30k pa
- SAP, Rizing & Cognitus preferred

# Why Micro-Caps / Emerging Companies?

- ► Good pool of interesting opportunities & innovation
- Little or no research (ASX200: avge 10 analysts; Small Ords: 6; All Tech: 5)
- Opportunities for outsized gains
- Growth companies -> ongoing capital needs
- Australian training/development ground for future NASDAQ listings (especially junior tech)
- Turnarounds
- Established network of contacts

## Track Record

### Previous firm - Small Cap Stock Coverage & Performance

| Market  |      |                            |                             | Initiation | Initiation | Current  | (Loss)     |
|---------|------|----------------------------|-----------------------------|------------|------------|----------|------------|
| Cap \$m | Code | Stock                      | Sector                      | Date       | Price \$   | Price \$ | since      |
|         |      |                            |                             |            |            | 16/02/21 | initiating |
| 327     | PPE  | People Infrastructure      | Industrials (Bus. Services) | 24/01/2019 | 1.850      | 3.500    | 89%        |
| 150     | AGH  | Althea Group               | Healthcare (Biotechnology)  | 28/02/2020 | 0.290      | 0.535    | 84%        |
| 456     | BTH  | Bigtincan Holdings         | IT (Software)               | 20/12/2019 | 0.640      | 1.085    | 70%        |
| 93      | ZLD  | Zelira Therapeutics        | Pharmaceuticals & Biotech   | 21/07/2020 | 0.053      | 0.080    | 51%        |
| 168     | BID  | Bill Identity              | IT (Software)               | 30/04/2019 | 0.680      | 1.055    | 55%        |
| 1041    | HM1  | Hearts & Minds Investments | Listed Investment Company   | 19/11/2019 | 3.070      | 4.670    | 52%        |
| 448     | MVP  | Medical Developments       | Healthcare                  | 30/11/2018 | 4.320      | 6.310    | 46%        |
| 242     | CLV  | Clover Corp                | Materials (Chemicals)       | 8/01/2019  | 1.290      | 1.345    | 4%         |
| 181     | EGN  | Engenco                    | Industrials (Capital Goods) | 20/12/2019 | 0.530      | 0.580    | 9%         |
| 82      | LVH  | LiveHire                   | IT (Software)               | 5/08/2020  | 0.260      | 0.330    | 27%        |
| 136     | BSA  | BSA Limited                | Industrials (Bus. Services) | 30/12/2019 | 0.380      | 0.315    | -17%       |
| 59      | BFC  | Beston Global Foods        | Consumer Staples            | 17/12/2018 | 0.155      | 0.069    | -55%       |
| 282     | 12   | Average                    |                             |            |            |          | 35%        |

Gain

| Sequo | ia - Sn | nall Cap Stock Co   | overage & Performance       |            |       |       |      |
|-------|---------|---------------------|-----------------------------|------------|-------|-------|------|
| 93    | ZLD     | Zelira Therapeutics | Pharmaceuticals & Biotech   | 19/08/2020 | 0.052 | 0.080 | 54%  |
| 63    | LNU     | Linius Technologies | IT (Software)               | 3/12/2020  | 0.039 | 0.046 | 18%  |
| 136   | BSA     | BSA Limited         | Industrials (Bus. Services) | 12/11/2020 | 0.275 | 0.315 | 15%  |
| 456   | BTH     | Bigtincan Holdings  | IT (Software)               | 17/12/2020 | 1.100 | 1.085 | -1%  |
| 168   | BID     | Bill Identity       | IT (Software)               | 23/10/2020 | 1.140 | 1.055 | -7%  |
| 82    | LVH     | LiveHire            | IT (Software)               | 11/08/2020 | 0.370 | 0.330 | -11% |
| 166   | 6       | Average             |                             |            | ,     |       | 11%  |

# Approach

# Change

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# Change = Opportunity \$\$\$

### New/Better Service/Product

- A2 Milk (A2M)
- Magellan Financial Group (MFG)
- Afterpay (APT) & ZipPay (Z1P) (new way to lay-buy)
- NearMap (aerial imaging) (NEA)
- Marley Spoon (meal kits) (MMM)

### Structural Growth

- ARB Corporation
- Netwealth & HUB24
- Lifestyle communities (LIC)

### New Business Models

- Next DC (data centres)(NXT)
- REA Group (Realestate.com)(REA)
- Kogan (online marketplace)(KGN)

## Drought/Cyclical Opportunities

Costa Food Group (CGC)

# Change = Opportunity \$\$\$

## **Reduced Competition**

• Baby Bunting (BBN)

## New Management

• Elders (ELD)

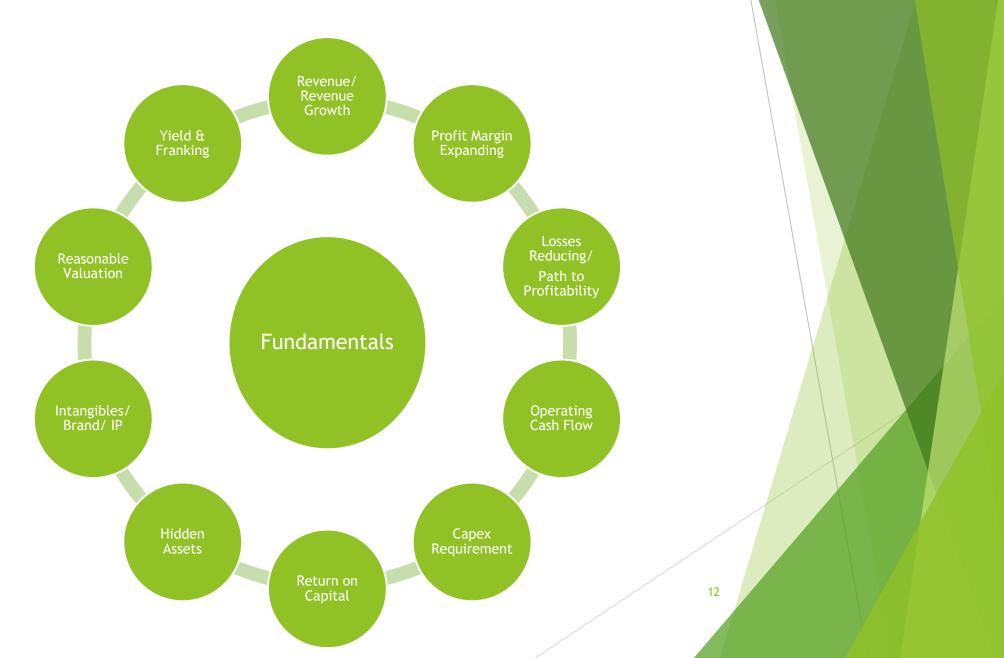
## **Changed Regulations**

• Cannabis Stocks (ZLD and AGH)

## **Balance Sheet Repair**

- Emeco (EHL)
- Elders (ELD)

# Fundamentals vs. X Factors



# Fundamentals vs. X Factors



# Site visits

Beston Foods (BFC) cheese factory, nr Murray Bridge, SA



Calix (CXL) magnesium kiln, Bacchus Marsh, Vic



# More site visits

Engenco (EGN) locomotive workshop, Dynon Road



NextDC (NXT), Tullamarine data centre (stage 1)



# Fund Manager conferences, Industry conferences etc.

Magellan Financial Group, Melbourne Exhibition Centre



TGA, Cannabis industry conference, Port Melbourne



# Vigilance required

# Continually seek out independent confirmation

- Analyst Vs Journalist don't just take the company's word
- Meet with competitors, retired CEOs and NEDs, consultants
- Government data, Industry stats to corroborate
- LinkedIn a treasure trove of contacts and information
- Look at the executive car park, Head Office fit-out, CFO's desk
- Ferraris, corporate jets and helicopters - Beware

### Challenges

- S\_\_t happens. How a company responds to problems is important
- Companies can change over time, lose their moral compass
- Companies / CEOs sometimes lie, especially if under pressure
- Corporate culture / good governance more important than ever
- Director selling
- Complacency

## Case Study 1 – Realestate.com.au (REA) a turnaround / "Tech-wreck" at \$0.80 May 2004

### Now \$154 +19,222% in 17 yrs



### Attractions then

- Market leader Had > 2-3x views of nearest rival Domain
- Small coy, but backed by the power of Newscorp (NWS) at ~ 44%
- Ray White Group owned ~15% / ~ Agents on side
- John McGrath was Chairman ~ Agents on side
- News bid for 100% in Aug 2005 at \$2.50 per share (increased to 51%)

## REA Group (REA) - Ray White sells 3m at \$4.50 / share; 13.5m at \$5.75 (\$91m) - But that now worth \$2.55bn

## **News Corp Increases Stake in REA Group**



SIMON BAKER October 28, 2008



#### 2117

News Limited, the Australian subsidiary of News Corp, has increased its stake in realestate.com.au Ltd to 60.7%.

News Limited purchased 3m shares in realestate.com.au Ltd (known as the REA Group) at \$4.50 per share from the second largest shareholder, the White family (owners of Ray White Real Estate – Australia's largest real estate group). The White family's stake has now reduced to 10.8%.

In a statement released to the market today, Sam White of the Ray White Group said "In effect we have sold about 20% of our holdings in the REA Group to raise capital to fund emerging opportunities that exist in a number of market segments in which we operate. Even after the sale we remain a significant shareholder in the REA Group."

No comment was made by News Limited as to its intentions. In August 2005 News Limited made a failed take over bid for the REA Group.

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## Case Study 2 - Afterpay (APY/ APT) IPO 4/5/16 at \$1.00 (Market cap \$165m). Now \$153 (Market cap \$44bn) in just 5yrs ! Afterpay fintech float closes up 25pc



The Ron Brierley-backed buy now, pay later fintech Afterpay got a positive response to its \$125 million listing on Wednesday, closing up 25 per cent.

The company – which received \$8 million in private investments before the float from several former members of Mr Brierley's Guiness Peat Group – listed at midday at \$1 and ended the day at \$1.25. The All Ordinaries closed down 1.47 per cent.



Afterpay executive chairman, Anthony Eisen, and Nicholas Molnar, CEO at the ASX IPO ceremony on Wednesday.

The executive chairman and co-founder is Anthony Eisen, former chief investment officer of Guiness Peat Group.

"What we're pioneering in Australia is buy now, pay later online, in real time," said Mr Eisen.

# Case Study 3: Apple Inc

| pple Inc (AAPL)   |   |        | U  | hare Price<br>Then | U  | Share Price<br>9/2/21 |       |       |        |
|-------------------|---|--------|----|--------------------|----|-----------------------|-------|-------|--------|
| ate               | Event   | Code   |    | US\$               |    | US\$                  | Gain  | Years | CAGR   |
| 29/06/2007        | iPhone launched   | AAPL.O | \$ | 4.36               | \$ | 136.01                | 3021% | 13.6  | 28.7%  |
| 11/07/2008        | iPhone 3 launched   |        | \$ | 6.16               | \$ | 136.01                | 2107% | 12.6  | 27.9%  |
| 19/06/2009        | iPhone 3GS launched   | AAPL.O | \$ | 4.98               | \$ | 136.01                | 2630% | 11.7  | 32.8%  |
| 24/06/2010        | iPhone 4 launched   | AAPL.O | \$ | 9.61               | \$ | 136.01                | 1316% | 10.6  | 28.3%  |
| 20/09/2013        | iPhone 5 launched   | AAPL.O | \$ | 16.69              | \$ | 136.01                | 715%  | 7.4   | 32.8%  |
| 19/09/2014        | iPhone & 6Plus launched                                     | AAPL.O | \$ | 25.24              | \$ | 136.01                | 439%  | 6.4   | 30.1%  |
| 10/09/2015        | iPhone 6S & 6SPlus launched                                 | AAPL.O | \$ | 28.14              | \$ | 136.01                | 383%  | 5.4   | 33.7%  |
| 31/03/2016        | iPhone SE launched  | AAPL.O | \$ | 27.25              | \$ | 136.01                | 399%  | 4.9   | 39.2%  |
| 16/09/2016        | iPhone 7 & 7Plus launched                                   | AAPL.O | \$ | 28.73              | \$ | 136.01                | 373%  | 4.4   | 42.4%  |
| 22/09/2017        | iPhone 8 & 8Plus launched                                   | AAPL.O | \$ | 37.97              | \$ | 136.01                | 258%  | 3.4   | 45.8%  |
| 3/11/2017         | iPhone 10 launched  | AAPL.O | \$ | 43.13              | \$ | 136.01                | 215%  | 3.3   | 42.1%  |
| 21/09/2018        | iPhone XS & XSMax launched                                  | AAPL.O | \$ | 54.42              | \$ | 136.01                | 150%  | 2.4   | 46.7%  |
| 26/10/2018        | iPhone XR launched  | AAPL.O | \$ | 54.08              | \$ | 136.01                | 152%  | 2.3   | 49.5%  |
| 20/09/2019        | iPhone 11Pro & ProMax launched                              | AAPL.O | \$ | 54.43              | \$ | 136.01                | 150%  | 1.4   | 93.1%  |
| 24/04/2020        | iPhone SE (Gen 2) launched                                  | AAPL.O | \$ | 70.74              | \$ | 136.01                | 92%   | 0.8   | 127.0% |
| 23/10/2020        | iPhone 12 & 12Pro launched                                  | AAPL.O | \$ | 115.04             | \$ | 136.01                | 18%   | 0.3   | 75.2%  |
|                   |   |        |    |                    |    |                       |       |       |        |
| icrosoft Corp (MS | FT)   |        |    |                    |    |                       |       |       |        |
|                   |   |        |    |                    |    |                       |       |       |        |
|                   |   |        |    |                    |    |                       |       |       |        |
| 31/08/1995        | Windows 95 launched / Rolling Stones "Start Me Up" campaign | MSFT.O | \$ | 5.78               | \$ | 243.77                | 4117% | 25.5  | 15.8%  |

Source: iPhonelife.com; Refinitiv data; Dividends not included

# Questions?

Want to sign up to Wayne's reports?

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