

“WE CAN BUILD YOU A PORTFOLIO OF 20 QUALITY SMALL CAPS ON SINGLE-DIGIT PE’S”

That’s what I said to Tom Piotrowski from CommSec this week, when we talked about why Small Caps are starting to take-off. We talked in depth about six of them, which you will know well: **MAQ, ACF, PLY, RFG, MDR, ATG**. The key is that although you have heard of them, the vast majority of investors have not, which is why you’re Under the Radar! This issue is invaluable for reviewing our 100 plus Small Caps, sector by sector, to cherry pick those that would look good in your portfolio.

This Rundown should be used to create your own personal watchlist. Get to know the companies before you invest in them.

Take it from me, the majority of Small Caps are not simple stories. In the case of many blue chips, like the big banks or Woolworths. Because you use their services, you have an intuitive understanding of their business model. Small Caps are often complex, in the same vein as the current giant of the markets, **Nvidia (NASDAQ:NVDA)** which unveiled its new powerful microchip to the type of fanfare you associated with Steve Jobs. I would say that Nvidia’s CEO Jensen Huang does rock his own look. These are not simple companies.

What Nvidia also has in common with key stocks we have backed, like **Macquarie Technology (MAQ)** and **Afterpay** to name just two, is the founder mentality. These companies are run or were run by their founders. One of our partners, Sam Ferraro, has a PhD for his thesis on the success of businesses that are run by founders.

This Research Rundown is ordered by sector, but we’ve also highlighted our Best Stocks To Buy Now. You can move quickly and decide which stocks are worth investigating further. We’re also talking later today in our 'Ask the Analyst' webinar. Now is the time to be asking questions because the value is there, on the ASX, in Small Caps. ■



Richard Hemming
Founder

the issue

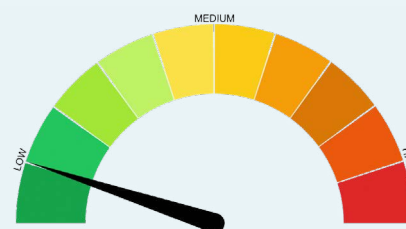
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This is our universe of 100 plus Small Caps in a neat summary. The companies are listed by sector and then by industry. To find out more about any company, login online and search for it. All the research around each stock is there.

Small Talk

“What I like about a lot of these companies is that there's minimum capital requirements. You've got a business model that can succeed off a very low base.”

UNDER THE RADAR
REPORT



PLEASE LOGIN TO THE DASHBOARD TO SEE THE RISK RATING RAINBOW FOR EACH STOCK.

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

	COMPANY	ASX CODE	INDUSTRY	MARKET CAP (\$M)	NET CASH OR -NET DEBT (\$M)	DPS* (CENTS)	DIV YIELD (%)*	INITIAL TIP PRICE (\$)	LATEST PRICE (\$)**	RETURN (%) INCL DIVS	RATING	RISK RATING	LATEST COMMENT
SECTOR - CONSUMER DISCRETIONARY													
1	ARTICORE	ATG	Retail	157.0	41.0	0.0	0.0	0.41	0.56	37	Hold	4	The stock has been volatile but the trend is still up. After a big rise, the stock fell almost as much on the interim result as significant improvements in profitability came at the expense of growth. Acquisitions are on the cards.
2	CITY CHIC COLLECTIVE	CCX	Retail	99.7	3.5	0.0	0.0	0.48	0.43	17	Hold	4	The fashion retailer's stock is approaching fair value, based on its one year ahead P/E ratio of close to 20 times. The stock has come from such depths that we think it reasonable to hold on, but as the interim result showed, which showed an operating loss (although at the lower end of guidance) and a shaky start to the second half, it's going to be a bumpy ride.
3	HELLOWORLD TRAVEL	HLO	Retail	484.6	135.0	10.0	3.3	2.16	3.01	39	Hold	3	The stock looks good value, trading on a PE of around 10 times, but this is on earnings that are now at pre-Covid levels. The rebound is yet to completely play out but growth will get harder on strong comparatives.
4	KOGAN.COM	KGN	Retail	816.9	83.3	0.0	0.0	3.15	8.09	178	Hold	3	Has repaired its balance sheet by reducing sales and inventory to return to profitability, focussing on operating efficiency and low capital platform sales to deliver better returns. There are 2.7m active customers, with multiple opportunities to capture service margins.
5	MYER	MYR	Retail	673.4	211.7	5.0	6.2	0.52	0.81	56	Hold	3	Myer has improved its balance sheet, paid dividends since 2022, and is bringing repeat customers to trusted brands, managing marketing through one of Australia's largest loyalty schemes. A robust H1FY24 performance gave a boost, as has new CEO, Olivia Wirth.
6	NICK SCALI	NCK	Retail	1208.9	(3.4)	66.0	4.4	1.40	14.93	1,161	Hold	3	The cyclical winds are once again blowing in the retailer's favour, albeit lightly. We are holders after this breeze and are waiting to see how the Plush rollout goes. Trading on a forecast PE of 15 times and a dividend yield of 4.7% the stock looks fairly valued.

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7	RETAIL FOOD GROUP	RFG	Retail	181.7	(3.0)	0.0	0.0	0.09	0.07	(13)	Spec Buy	4	RFG has stabilised earnings and its balance sheet. H1FY24 results showed continued progress supporting a tight FY24 forecast EBITDA range. Earnings growth can accelerate organically through increased outlet numbers with stronger metrics, as well as through acquisitions and product extensions.
8	THE REJECT SHOP	TRS	Retail	176.8	80.7	10.0	2.2	3.65	4.61	26	Hold	4	Difficult low margin discount variety business. Relatively small store footprint. Continually competing with the major supermarkets for consumer items. Cash gives some insurance.
SECTOR - CONSUMER STAPLES													
9	ELDERS	ELD	Food	1451.0	(259.7)	40.0	4.3	2.50	9.22	305	Buy	3	Elders has delivered underlying cyclical growth over the medium term, and although the agricultural cycle has been a headwind, FY23 results demonstrated earnings resilience in a weaker market. ELD is a long-term asset for a diversified portfolio.
10	SELECT HARVESTS	SHV	Food	502.6	(190.0)	0.0	0.0	2.60	4.15	133	Hold	4	Production will recover in FY24 from depressed levels in FY23, which should enable the balance sheet to be repaired through debt reduction. Global almond prices are also recovering due to crop issues in California, which delivers 80% of global production.
SECTOR - ENERGY													
11	COMET RIDGE	COI	Oil & Gas	223.1	0.3	0.0	0.0	0.18	0.20	(33)	Spec Buy	4	Provides exposure to two future Queensland gas projects, which will supply the tight east coast gas market. Re-rating potential as milestones are achieved. High risk.
12	COOPER ENERGY	COE	Oil & Gas	528.0	(102.6)	0.0	0.0	0.24	0.20	(15)	Hold	5	Orbost improvements very welcome but non-core BMG infrastructure decommissioning costs weigh on sentiment.
13	KAROON ENERGY	KAR	Oil & Gas	1634.4	(104.0)	0.0	0.0	1.10	2.04	85	Spec Buy	4	Recent acquisition of 30% of Who Dat (offshore Gulf of Mexico, US) in has created an ASX oil producer of greater scale with potential further production and reserve growth potential. 2023 production of 9 million barrels of oil equivalent will increase by 20%+ in 2024.

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14	STRIKE ENERGY	STX	Oil & Gas	701.2	42.1	0.0	0.0	0.32	0.25	(23)	Hold ▼	5	Largest holder of gas Reserves and Resources in Perth Basin. Unsuccessful flow testing at SE2 and SE3 (South Erregulla) is a major setback. Remaining South Erregulla reserves and resources are under review. Development options are are being studies to maximise the value of discovered and tested gas.
15	GENEX POWER	GNX	Renewables	339.4	(690.9)	0.0	0.0	0.27	0.25	(8)	Hold	4	Portfolio of renewable energy assets and projects. Kidston Hydro is GNX's most valuable asset with inflation linked offtake for up to 30 years with Energy Australia. There is development and debt risk. Potential corporate target closer to completion.
16	REDFLOW	RFX	Renewables	36.8	9.7	0.0	0.0	0.20	0.16	(23)	Hold	5	For the braver investor who understands the company's energy storage technology may not prove to be commercially successful.
SECTOR - FINANCIALS													
17	AUSWIDE BANK^	ABA	Lender	205.8	290.0	26.0	5.9	5.12	4.44	12	Hold	3	Share price weakness after dividend cut and ACCC decision last month to allow ANZ to takeover Qld lender Suncorp. We prefer the big banks, but the stock is worth holding on to because of its strong regional position and dividends should grow over time.
18	MYSTATE^ s	MYS	Lender	376.1	461.1	23.0	6.7	4.62	3.41	(5)	Hold	3	Earnings are declining due to rising costs and static loan growth. Finding life difficult but should bounce over time. We prefer bigger banks but dividend yield of 7% plus growth not to be sneezed at.
19	SOLVAR	SVR	Lender	219.5	(469.9)	10.0	9.6	1.44	1.05	(4)	Hold ▼	4	Although we upgraded SVR recently, news that the NZ Commerce Commission has served proceedings on a subsidiary gives pause. There is no hurry. We recommended to keep positions small, and this is another reason why.

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20	CENTREPOINT ALLIANCE	CAF	Wealth	62.7	12.4	2.0	6.3	0.44	0.32	22	Hold	3	Building scale in financial advice through acquisitions, and we were right to downgrade to Hold in the wake of some sharp moves in the stock. The company is gaining market share in a difficult sector and delivering profit growth, albeit from low levels.
21	COUNT	CUP	Wealth	96.2	(18.0)	3.8	6.6	0.90	0.57	(31)	Spec Buy	4	We still remain positive on CUP, and suggest subscribers continue to accumulate small positions opportunistically for yield and now potentially a higher growth rate. The major acquisition of Diverger creates new opportunities for synergies and revenue growth.
22	DIGITALX	DCC	Wealth	59.8	3.4	0.0	0.0	0.08	0.07	(17)	Hold	4	Although speculative, DigitalX has developed revenue generating blockchain assets, including Web3 applications and distributed autonomous ledgers, as well as managing crypto funds, and its market value underpinned by crypto assets . A \$5m placement took advantage of Bitcoin's sharp rise.
23	OFX GROUP	OFX	Wealth	406.0	12.9	0.0	0.0	2.41	1.66	(29)	Hold	3	OFX is still executing well, developing new sources of revenue growth in a huge global market. Earnings growth momentum should resume sooner rather than later, but the corporate pipeline is strong, and the valuation reasonable.
24	OMNI BRIDGEWAY	OBL	Wealth	378.7	(64.6)	0.0	0.0	1.71	1.35	5	Buy	4	The significant financial potential of business model is unappreciated. OBL has a leading position in the emerging asset class of financial legal claims which can be pursued to completion, or may be liquidated in secondary markets
25	PACIFIC CURRENT	PAC	Wealth	510.5	(25.5)	38.0	3.8	7.85	9.90	43	Hold	2	PAC has just sold its 4% GQG stake, and proposed a new arrangement where GQG will acquire 3 portfolio investments for cash, and takeover the the management of the remainder. Significant cash will be returned to shareholders, details to follow.
SECTOR - HEALTHCARE													
26	AUSTCO HEALTHCARE	AHC	ehealth/med-tech	56.6	3.4	0.0	0.0	0.10	0.19	90	Spec Buy	5	The company has a solid nurse call system technology and is doing deals. All it needs now are some big sales contracts.

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27	BEAMTREE HOLDINGS	BMT	ehealth/med-tech	58.8	5.1	0.0	0.0	0.35	0.21	(41)	Spec Buy	5	After being ignored, delivered a positive interim result, highlighting global reach with a partnership with Abbott Labs & Lean (Saudi Arabia). Annual recurring revenue currently just over \$24m; continue to aim for \$60m by end of FY26. Loss making at operating level but has just over \$5m in cash.
28	MACH7 TECHNOLOGIES	M7T	ehealth/med-tech	165.2	22.7	0.0	0.0	0.61	0.69	12	Spec Buy	4	Mach7 is growing in maturity as it embraces the subscription business model, delaying the benefits of operating leverage, but increasing them over time. The stock is growing off a very small base and it's easy to generate a cashflow based valuation of over \$1.30.
29	MEDADVISOR	MDR	ehealth/med-tech	151.3	10.5	0.0	0.0	0.27	0.28	2	Spec Buy	5	This is a high-risk stock because it's early stage. But it's also growing fast and cash flow is improving.
30	CLOVER CORP	CLV	Med tech	103.5	0.0	1.5	2.4	0.30	0.62	146	Hold	4	Clover has disappointed more recently, as growth in demand for their key infant formula ingredient DHA, has been lumpy despite regulatory tailwinds internationally. Full review in next report.
31	CYCLOPHARM	CYC	Med tech	167.5	11.7	1.0	0.6	0.97	1.78	88	Spec Buy ▲	4	CY23 result showed commercial revenues of \$26.4m, up 14% driven by Technegas (+24%) producing an operating loss (EBITDA) of just under \$8m. Burned through almost \$6m in the second half, although US rollout of Technegas has commenced with fees for installation and initial orders. Funded to support launch. Hype has dissipated.
32	IMPEDIMED	IPD	Med tech	191.9	36.9	0.0	0.0	0.06	0.10	53	Hold	5	This stock has had a difficult quarter, which has been punished, in our view unfairly, but until we see a window when the stock will be cash flow positive we are not going to upgrade.
33	MEDICAL DEVELOPMENTS	MVP	Med tech	51.8	15.7	0.0	0.0	1.18	0.60	(34)	Spec Buy	5	Has taken control of its distribution in key European markets, which has disrupted its sales progress, although FY23 revenue growth of over 40% is encouraging. Developing a strategy to enter the critically important US market.
34	NANOSONICS	NAN	Med tech	813.0	118.0	0.0	0.0	2.36	2.69	14	Hold	4	We are holding on because of the potential for Coris and the group's strong cash flow and balance sheet. This is not to say that the shares won't go further south, but any positive news could be materially rewarded.

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35	PARAGON CARE	PGC	Med tech	171.6	(86.1)	1.2	4.7	0.23	0.26	14	Spec Buy	4	A new CEO owns 19% of PGC, which creates the potential for a new dynamic in a stock which has disappointed since the acquisition of Quantum. The stock is good value if it can deliver efficient organic growth as suggested.
36	PROBIOTEC	PBP	Med tech	229.3	(33.4)	7.0	2.5	2.59	2.82	9	Hold	3	Trading well below the \$3 bid to reflect risks relating to regulatory approvals and funding. We think that it is worth holding on in the (unlikely) event of a competing offer to Pyridam's \$3 bid.
37	SOMNOMED	SOM	Med tech	41.8	0.9	0.0	0.0	2.09	0.39	(82)	Hold	4	SomnoMed has improved in price since we last tipped it, although it remains a work in progress. We are dialling back to Hold as we look for confidence that management can meet targets.
38	TRAJAN GROUP	TRJ	Med tech	159.8	(36.7)	0.0	0.0	2.99	1.05	(65)	Hold	4	Defensive characteristics with products used in the analysis of medical, environmental and food samples. However, level of profitability still needs more work.
39	VOLPARA HEALTH TECH	VHT	Med tech	288.7	12.2	0.0	0.0	1.64	1.14	(31)	Hold	3	We recommend subscribers who own VHT hold on in the hope of a higher bid. UNDER TAKEOVER.
SECTOR - INDUSTRIALS													
40	ACROW FORMWORK	ACF	Contractor	344.6	(63.4)	5.5	4.7	0.58	1.18	105	Buy	2	Growth oriented core formwork and industrial scaffolding business with an engineering team to create value adding solutions in construction, particularly infrastructure work. Acrow targets a minimum 40% return on its investments.
41	BOOM LOGISTICS	BOL	Contractor	55.3	(7.4)	0.0	0.0	0.20	0.13	(28)	Hold	5	The stock was boosted by a better than expected interim result, with 40% revenue growth delivering a 25% increase in NPAT. At the same time, CEO Rod Harmon is leaving for the safer world of IT to be succeeded by the CFO Mark Lawrence.
42	FLEETWOOD CORP	FWD	Contractor	140.9	34.1	4.5	3.0	1.50	1.50	16	Buy	3	New management transforming the Building Solutions business by using modular construction in a factory rather than on site. This will lower costs, reduce risk and open up new markets. Community Services and RV Solutions performing well.
43	GR ENGINEERING	GNG	Contractor	373.9	48.2	19.0	8.5	0.58	2.24	397	Hold	3	Key strengths include its expertise in not only designing processing plants but also successfully building and commissioning them, but growth uncertain relative to price.

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44	SOUTHERN CROSS ELECTRICAL	SXE	Contractor	259.2	65.0	5.5	5.6	0.35	0.99	215	Hold	3	Preeminent electrical and instrumentation contractor, capable of carrying out large and complex jobs. Growth expected to resume in FY25 and beyond.
45	SRG GLOBAL	SRG	Contractor	391.0	6.4	4.0	5.3	1.36	0.75	(32)	Buy	3	Specialist contractor operating in niche, high demand areas with strong opportunities for growth. Earnings profile of more than two thirds recurring earnings.
46	A2B AUSTRALIA	A2B	Services	177.7	13.9	5.0	3.5	2.87	1.45	(1)	Take Profits	2	The sale of surplus properties will deliver a 60 cent special dividend, and an agreed takeover bid for the company will deliver a further \$1.45 when it completes in April. UNDER TAKEOVER.
47	ALLIANCE AVIATION	AQZ	Services	467.7	(245.0)	0.0	0.0	0.83	2.91	295	Buy	4	Alliance has increased its flying hours and revenue potential dramatically through the debt funded acquisition of additional aircraft. Growth in revenue from wet leases (with crew) to Qantas, and existing FIFO contracts, should deliver substantial FY24 and FY25 earnings growth.
48	PEOPLEIN	PPE	Services	110.2	(80.3)	6.0	5.7	3.96	1.06	(73)	Hold	4	Decline in business confidence across many sectors is leading to reduced margins. PeopleIn expects higher margin demand to improve in 4Q24 and into FY25. Company growth has led to a deterioration of business quality with the increase in the proportion of lower margin work. Initiatives are needed to add value and lift margins.
49	SILK LOGISTICS	SLH	Services	130.4	(26.0)	5.0	3.1	1.71	1.60	(6)	Spec Buy	4	Dividends is keeping up our spirits and we continue to like this stock's potential, despite its cyclicality.
SECTOR - INFO TECH													
50	DATA3	DTL	Services	1324.2	117.0	24.0	2.8	0.99	8.56	818	Hold	2	Delivering impressive growth, but P/E ratio of 32x is not cheap even for a high quality business. Exposure to IT growth trends of digital transformation, cloud, security and AI support a premium valuation.

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51	INFOMEDIA	IFM	Services	623.8	65.0	4.5	2.7	0.47	1.66	388	Hold	2	The stock has fallen and its earnings quality is improving. The stock's valuation is improving but still on the high side trading on a forecast FY25 PE of over 22 times.
52	MACQUARIE TECHNOLOGY	MAQ	Services	1869.0	9.8	0.0	0.0	8.15	76.60	869	Hold	3	A blue chip customer base and exposure to mega-trends, including AI means we are happy holders.
53	AIRTASKER	ART	Software	124.3	17.2	0.0	0.0	1.21	0.28	(77)	Spec Buy	4	Airtasker can now fund its own growth. Management have done a great job so far to build AU earnings, and CEO Tim Fung has a long runway to deliver a much bigger business over time. We remain cautiously positive.
54	ANSARADA GROUP	AND	Software	216.2	24.6	0.0	0.0	1.74	2.42	39	Take Profits	4	There is a very low probability that this deal will be trumped, but there is a possibility that it could fall flat. We think it's an opportunity to take some quick profits. UNDER TAKEOVER.
55	AVA RISK	AVA	Software	39.7	2.9	0.0	0.0	0.18	0.16	3	Spec Buy	4	Building scale through a global presence with numerous blue chip customers. The company is not priced for growth, yet may require funding to support any major contracts.
56	CATAPULT	CAT	Software	306.9	15.9	0.0	0.0	1.22	1.21	(1)	Spec Buy	4	This stock has been turning the corner for a while, focusing on cost cutting but also on profitable lines of business (Performance & Health). The metrics are turning positive, which encourages us to dip our toe back in.
57	ENERGY ONE	EOL	Software	123.4	(21.1)	8.0	2.0	4.11	4.10	0	Spec Buy	4	Good runway for growth in Australia, Europe and the UK. Well placed to service the growing number of energy intermediaries and decarbonisation.
58	GENTRACK	GTK	Software	769.0	45.0	0.0	0.0	1.31	7.47	472	Hold	2	Trading at new highs, delivering more than a five-bagger in less than two years for subscribers who followed our recommendation in mid 2022. The market has not misjudged the growth potential, but we wouldn't be chasing.

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59	HANSEN TECHNOLOGIES	HSN	Software	1001.8	8.2	10.0	2.0	3.01	4.93	70	Hold	1	Holding has been the right strategy as the company continues to acquire for growth, weighing on short-term earnings performance with increasing costs and declining operating margins. Brokers are optimistic, but the company is struggling when compared to Gentrack (GTK).
60	INTEGRATED RESEARCH	IRI	Software	64.6	21.5	0.0	0.0	0.33	0.37	14	Spec Buy	4	Transforming its business to repel competitive threats from cloud services to its on-premise solutions. A solid balance sheet underpins the value
61	PLAYSIDE STUDIOS	PLY	Software	355.0	38.3	0.0	0.0	0.81	0.87	7	Hold	4	Upgraded forecast FY24 revenue growth, with growth balanced between work for hire for major clients, and development of original and third party acquired IP. New PC and console games developments will increase risks, for larger potential rewards.
62	PRAEMIUM	PPS	Software	224.3	41.0	0.0	0.0	0.28	0.46	64	Buy	3	Praemium has offered good trading opportunities over the years. The recent fall in the stock has created a new opportunity, FY24 earnings will be down due to increased investment for growth, but industry consolidation could assist the narrative.
63	RECKON	RKN	Software	64.6	(2.8)	2.0	3.5	1.36	0.57	(37)	Spec Buy	4	Transition from desktop to cloud is a multi-year endeavour. Reckon is focussed on growth in its SME accounting software-as-a-service and US/UK legal businesses. Patience needed.
SECTOR - MATERIALS													
64	AINSWORTH GAME TECHNOLOGY	AGI	Manufacturing	429.4	19.5	0.0	0.0	1.05	1.28	21	Hold	3	Good value on fundamentals with currency and regulatory risks. Macquarie Group's corporate team looking at strategic options and investors await the results.
65	AUSTAL	ASB	Manufacturing	770.1	28.0	0.0	0.0	0.62	2.13	299	Buy	3	Significant new US contracts will deliver substantial revenue this year and beyond with two US production lines operating concurrently. A planned Australian government strategic agreement will deliver recurring business, but a potential US legal settlement casts a shadow.

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66	BIG RIVER INDUSTRIES	BRI	Manufacturing	152.6	(19.0)	11.0	6.0	2.51	1.83	(27)	Spec Buy	4	Still in the early stages of its consolidation and growth. Initiatives underway to realise the benefits of increasing scale. High dividend yield.
67	BISALLOY STEEL	BIS	Manufacturing	124.0	(11.7)	17.5	6.7	1.27	2.60	125	Hold	3	FY24 earnings are forecast to decline, for a low double digit current year PE multiple. The company's high-performance steel is being tested for use in the AUKUS nuclear submarine build. Liquidity is limited, but BIS pays a healthy dividend.
68	CAPRAL	CAA	Manufacturing	162.8	59.5	64.0	7.0	5.10	9.20	129	Take Profits	3	Earnings have recently peaked and outlook is for lower in the near term. Capral remains highly cyclical.
69	GALE PACIFIC	GAP	Manufacturing	48.3	(2.2)	0.0	0.0	0.25	0.17	20	Hold	3	Building scale through a global presence with numerous blue chip customers. H1 sales order intake growth of 39% suggests that a market cap/sales ratio of 2x is not expensive, but the company may require funding to support growth.
70	HAZER	HZR	Manufacturing	109.7	23.0	0.0	0.0	0.41	0.51	139	Hold	5	Hazer technology still needs to be proven up on a scaled up, commercial basis across multiple sites. The level of adoption will determine Hazer's success. Very high risk.
71	LASERBOND	LBL	Manufacturing	86.1	5.3	1.7	2.3	0.45	0.74	67	Spec Buy	4	Business development focus with increased capacity and capabilities being added. Global opportunities. LaserBond technologies cut client costs.
72	PRO-PAC PACKAGING	PPG	Manufacturing	37.2	(13.9)	0.0	0.0	4.00	0.21	(88)	Hold	5	PPG has disappointed. The sale of its Rigid packaging business improved the balance sheet. The benefit of operating leverage should deliver higher profitability, and higher prices will help. Earnings improvements have been much delayed. Better opportunities elsewhere. STOP COVERAGE
73	QUICKSTEP	QHL	Manufacturing	16.9	(7.2)	0.0	0.0	0.86	0.24	(73)	Hold	4	The interim result showed 15% revenue growth to \$52m, but still operating losses. The good news is that cash flow is turning around, which was positive at the operating line and there is minimal investment; but the company does have \$12.7m in debt due this year. Once it gets this millstone from around its neck, worth looking at.

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RESEARCH RUNDOWN

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74	VMOTO	VMT	Manufacturing	55.4	40.4	0.0	0.0	0.22	0.14	(35)	Hold	5	We were right to sell out at 18 cents in October (Issue 570) subsequent to which the company raised about \$15.5m at 15 cents. This has not stopped the sales decline, but it has boosted the cash reserves, which are now over \$40m. The cash outflow is not encouraging. STOP COVERAGE
SECTOR - METALS & MINING													
75	ARAFURA RARE EARTHS	ARU	Rare Earths	485.2	66.9	0.0	0.0	0.35	0.21	(41)	Hold	5	Nolans in the NT is a solid ore to rare earths oxide project but is high risk due to funding uncertainty. The last published project cost was A\$1.6bn. The Commonwealth Government has just conditionally approved US\$533m debt finance as a catalyst to advance the remaining debt and equity funding. Depressed rare earth prices but cash reserves from a recent raising. Should survive.
76	EVOLUTION MINING	EVN	Gold	6632.6	(1676.0)	5.6	1.7	0.72	3.34	433	Buy	3	Stronger cash flow coming through as part of deleveraging strategy, despite the second quarter Redlake production shortfall.
77	NORTHERN STAR RESOURCES	NST	Gold	15617.6	(232.0)	32.0	2.4	0.83	13.59	1,646	Buy	3	Focussed primarily on the Kalgoorlie gold region, WA, with prospective assets that including the Kalgoorlie Super Pit (KCGM). Pipeline of funded projects driving strong forecast growth.
78	PANTORO	PNR	Gold	301.8	18.5	0.0	0.0	0.20	0.06	(71)	Hold ▼	5	A re-rating opportunity for the patient. Norseman is one of Australia's premier gold fields. Mining from underground and open pits. Longer term potential for higher grade ore and production above the planned 110k an ounce level.
79	RAMELIUS RESOURCES	RMS	Gold	1828.5	351.0	3.5	2.2	0.87	1.60	85	Buy	3	Rising gold output and declining unit costs at Magnet as average ore grades rise. There is the potential for a third production hub at Rebecca/Roe, and a proposed \$1bn acquisition for further operational synergies.
80	REGIS RESOURCES	RRL	Gold	1376.2	(241.2)	0.0	0.0	1.36	1.82	(64)	Hold	4	Gold production likely to fall in FY25. Uncertainty on McPhillamys capital cost. Completion of hedge book accelerates cash flow, but this will be mainly needed for McPhillamys where production is 3 years away. Production guidance recently maintained despite rain events.

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81	CENTAURUS METALS	CTM	Nickel	148.5	34.7	0.0	0.0	0.88	0.30	(66)	Hold	5	Jaguar nickel project in Brazil reshaped to focus on producing a concentrate, with downstream sulphate refinery deferred. This lowers first phase capital costs. Battery grade nickel prices need to recover to incentivise battery nickel supply for the EV market, patience needed. First planned production 2027.
82	PANORAMIC RESOURCES	PAN	Nickel	104.0	(15.9)	0.0	0.0	0.54	0.04	(86)	Hold	5	The stock is suspended during its period of administration as the company is wound up. Creditors will be prioritised. STOP COVERAGE.
83	ARGOSY MINERALS	AGY	Lithium	217.7	13.9	0.0	0.0	0.41	0.16	(62)	Hold	5	Large potential resources base, with 180% resource upgrade in January. A producer but production rate of 2k tonnes lithium carbonate sub optimal. A proposed 10k tonnes a year expansion 4 years away. Yet to reach agreement with a funding partner. The uncertainty increases the risk.
84	LAKE RESOURCES	LKE	Lithium	99.7	51.3	0.0	0.0	0.34	0.07	(79)	Hold	5	Recent \$20m equity raisings provide flexibility to explore strategic partnerships at the Kachi project. Feasibility study achieved but first production still 4 plus years away. There are still risks relating to the further milestones that are ahead such as offtake agreements, funding, construction and commissioning. Journey could be volatile.
85	LIONTOWN RESOURCES	LTR	Lithium	3004.8	209.3	0.0	0.0	1.50	1.24	(17)	Hold	4	New \$550m debt facility ensues funding through to first production and ramp up to 3m tonnes a year spodumene. On schedule and on budget to start first production in the middle of CY2024. Valuation re-rating as production approaches.
86	PIEDMONT LITHIUM	PLL	Lithium	71.0	136.0	0.0	0.0	1.03	0.19	(82)	Sell	5	We have done well to avoid this stock with a lot of balls in the air with substantial capex ahead. Complicated asset base with minority holdings in some projects. STOP COVERAGE.
87	PILBARA MINERALS	PLS	Lithium	11648.7	2870.0	23.0	5.9	0.32	3.87	1,129	Hold	3	Now one of the world's most biggest lithium producers, but still a one mine operation. Outlook uncertain for the main driver, the lithium price. We are going to review lithium in coming weeks but PLS remains a well run company with relatively low production costs.

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88	VULCAN ENERGY	VUL	Lithium	505.9	130.5	0.0	0.0	7.65	2.94	(62)	Hold	5	Ambitious and innovative projects. Full scale Stage 1 production still three years away, assuming no delays. Progress of the projects worth monitoring. STOP COVERAGE.
89	ILUKA RESOURCES	ILU	Rare Earths	3136.4	225.4	9.0	1.2	11.97	7.33	(39)	Hold	3	Future rare earths business, with first products in 2025, to be a significant addition to cash flow and earnings. Core mineral sands business delivered CY 2023 NPAT of \$343m on revenue of \$1.2bn. Ongoing investment in development pipeline.
90	LYNAS RARE EARTHS	LYC	Rare Earths	5402.6	513.5	0.0	0.0	7.85	5.78	(26)	Buy	3	Lynas is the only significant non-China producer of rare earths. Well positioned for volume growth and expected higher prices, and extended its Malaysian operating licence to March 2026, although price weakness in H1 reduced EBITDA by two thirds to \$63m.
91	BANNERMAN ENERGY	BMN	Uranium/Nuclear	490.5	35.1	0.0	0.0	1.80	3.21	78	Hold ▲	5	Advanced Etango uranium project in Namibia, a well established uranium province. Initial 3.5mlbs U308 (Uranium Oxide) a year. Etango-8 stage has pre-production capex of US\$320m, advancing towards a Final Investment Decision. Etango-XP/XT Scoping Studies have demonstrated the viability further expansions.
92	BOSS ENERGY	BOE	Uranium/Nuclear	1969.9	226.7	0.0	0.0	1.40	4.82	244	Spec Buy	4	First uranium production at 2.45m lbs a year from Honeymoon imminent, providing exposure to rising uranium prices. Acquisition of Alta Mesa stake means Boss will become a multi-mine uranium producer with a foothold in the US uranium industry.
93	LOTUS RESOURCES	LOT	Uranium/Nuclear	750.8	12.4	0.0	0.0	0.32	0.41	28	Spec Buy	4	\$30m placement in February to accelerate restart. First production at Kayelekera (Malawi, Africa) targeted for 4Q CY25, taking advantage of stronger uranium prices. Second project at Letlhakane (Botswana) increases critical mass and long term production continuity with utility customers.

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94	PALADIN ENERGY	PDN	Uranium/ Nuclear	3811.3	(31.8)	0.0	0.0	0.42	1.28	204	Spec Buy	4	Langer Heinrich uranium mine in Namibia will commence commercial production in the current quarter and cash flow should ramp up. It is on track to becoming a globally significant independent uranium producer. Going to consolidate shares 1 for 10 in April.
95	SILEX SYSTEMS	SLX	Uranium/ Nuclear	1075.4	126.7	0.0	0.0	3.98	4.55	14	Spec Buy	4	Momentum for development of a significant uranium enrichment presence in the US. Potential for commercialisation of SILEX laser enrichment and flow on earnings benefits to Silex.
SECTOR - REAL ESTATE													
96	INGENIA COMMUNITIES	INA	Aged Communities	2066.4	(669.4)	11.0	2.2	1.62	5.07	250	Hold	3	Holding on was the right call in this turnaround, but it no longer looks good value. The interim result was better than expected, but FY24 guidance remained unchanged, implying the earnings momentum is dissipating. The big improvement has been in settlement numbers, as well as average prices, plus strong holiday rentals. Costs remain a risk as does heavy debt load.
97	LIFESTYLE COMMUNITIES	LIC	Aged Communities	1610.3	(369.8)	12.0	0.8	4.95	15.41	274	Hold	4	Earnings resilience offers an inflation hedge through increasing land prices, rising rental incomes and deferred fees. Construction costs remain controlled, and further developments are planned. Having made great returns on early recommendations, we move onto other opportunities. STOP COVERAGE.
SECTOR - TELCO/COMMS													
98	ARN MEDIA	A1N	Media/advert	258.3	(52.0)	7.0	8.5	1.89	0.83	(4)	Hold	4	Successfully consolidated a market leading Australia-wide radio network. A proposal with private equity to break up competitor Southern Cross Media (SXL) has been increased, but SWM has effective control with a 19.9% stake.
99	ENERO	EGG	Media/advert	150.0	27.4	5.0	3.0	0.60	1.64	225	Hold	4	Trading on a low P/E multiple, exposed to discretionary corporate marketing spending. Cost cuts will protect profitability. Management is expecting indicative offers on 25 March 2024 after a strategic review of its 51% ownership of OB Media .

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100	NZME	NZM	Media/advert	147.1	(18.0)	7.5	9.4	0.66	0.80	50	Buy	3	An FY23 (y/e Dec) cash flow multiple (EV/EBITDA) in the low single digits is still cheap, on relatively stable earnings which should be protected through the current downturn in the NZ economy by a leading advertising market share.
101	SUPERLOOP	SLC	Telco	624.8	(18.6)	0.0	0.0	2.33	1.27	(45)	Hold	3	A lot has happened in a short time at Superloop, with good HY24 results followed swiftly by an all stock bid from Aussie Broadband (ABB). Origin Energy (OGN) then switched from ABB to SLC, triggering legal threats.
102	TUAS	TUA	Telco	1739.0	44.0	0.0	0.0	0.58	3.74	545	Hold	4	We correctly highlighted Singapore based TUA for its potential even before any reported financial results. Strong revenue growth should deliver 30%+ FY24 operating earnings growth, and the planned move into fixed line broadband further underpins the market's very high valuation.

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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