INTRODUCTION

Our fundamental analysis this week takes a look at Codan (CDA) and IRESS (IRE). In our charting section, we have identified a few interesting opportunities. This week we analyse Atlas Arteria (ALX), Flexigroup (FXL), LendLease (LLC), Newcrest Mining (NCM), Praemium (PPS), and Wisetech Global (WTC).

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FUNDAMENTAL & TECHNICAL ANALYSIS

CODAN (CDN)

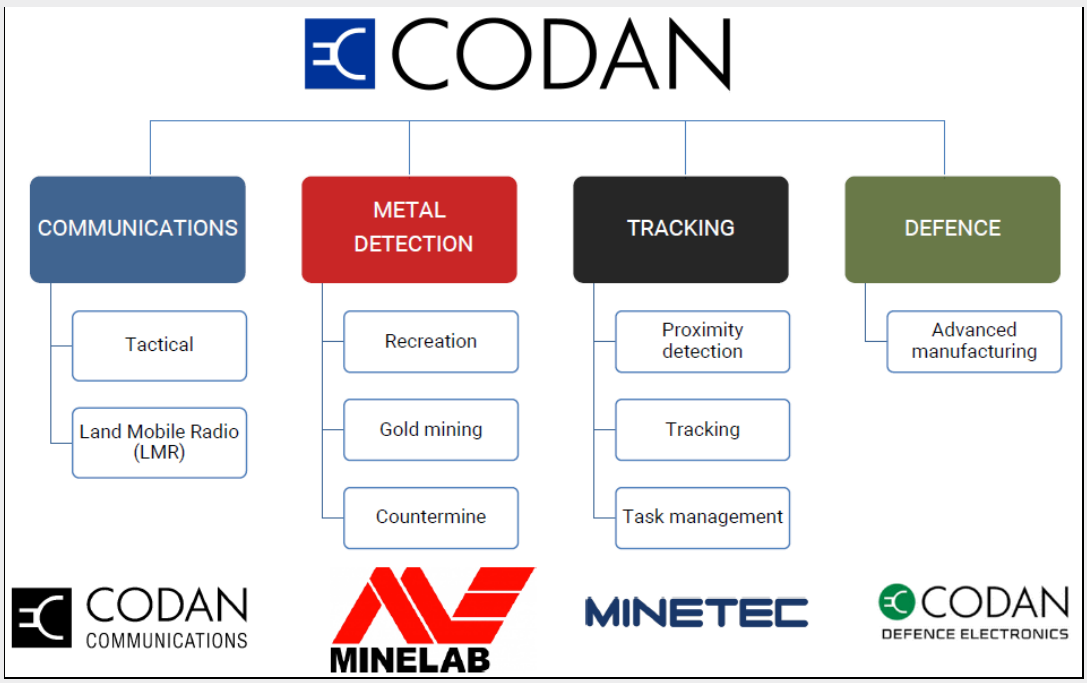
NEUTRAL

		CURRENT BROKER RECOMMENDATIONS* (Number of Brokers per recommendation)	
Last share price	$3.90		
Market Cap (A$)	699M	Buy/Outperform	2
Return on Equity	22.1%	Hold/Neutral	0
12 month forward PE	14.8x	Sell/Underperform	0
1 year EPS growth	6.9%	Average consensus target	$3.98
Div Yield	3.7%	Consensus target return	2.1%

COMPANY OVERVIEW

Codan (CDA) provides technology products and solutions that include handheld metal detectors, communication devices and mining solutions for underground hard-rock mines. The Company has a global footprint, with customers in 150 countries, with ~85% of sales generated outside of Australia. The customer base includes mining companies, UN organisations, security and military groups, government departments, as well as individual customers and small-scale miners. The Company reports in three divisions: Metal Detectors, Communications and Mining Technology, although the latter has yet to contribute to earnings.

Figure 1 Overview of Codan Operations and Brands (Source: Company Reports)



METAL DETECTION DIVISION (Approximately 75% of EBIT)

Minelab is the world leader in handheld metal detecting technologies for recreational, gold mining, demining and military markets. Key competitive advantages include market-leading intellectual property, well-established global distribution network in hard-to-reach locations and proven depth of product replacement cycle. Sales are skewed towards the second half of the year, as cooler weather in Africa typically results in stronger demand for gold detectors.

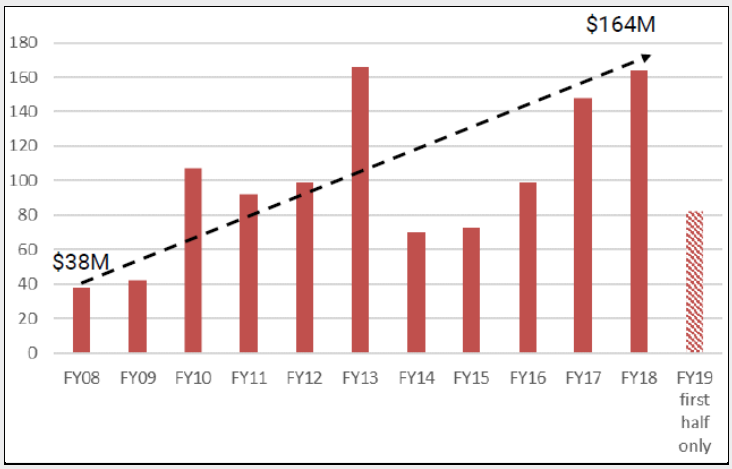
At a business update issued to the ASX on 22 May 2019, the Company noted that demand had remained strong for its metal detection products and reiterated that the business is less reliant on its top-of-the-range gold detector, the GPZ7000. Recent new platform releases have diversified the product range and increased market share across all gold and recreational segments.

The diversification in the product range has also made the revenue base more predictable. In particular, the Company commented at the business update that consumer products within the Metal Detection division were tracking at $5-6m per month, compared to $3-4m per month previously, due to new product development. At the beginning of 2014, there were three detectors in CDA's recreational product offering and this has grown to seven. In total, including gold detectors, the product suite has increased to 11 from five.

Accordingly, sales for FY19 are expected to exceed FY18, however the changing product mix is expected to have an impact on both earnings and margin, given that new products are typically lower priced in comparison to the established products. For example, prices for the recreational detector product range vary from US$99-$249 (for a hobbyist) to US$2,499 (for an expert) and the next new product in the range *(Vanquish)* is at the lower end of this price spectrum.

CDA aims to support margin by addressing detector manufacturing costs. The Company has noted that as volumes have increased, manufacturing costs per unit have improved and in order to retain this benefit and diversify the supplier base, CDA is engaging with another electronics manufacturer, in addition to the key manufacturer for CDA's metal detectors.

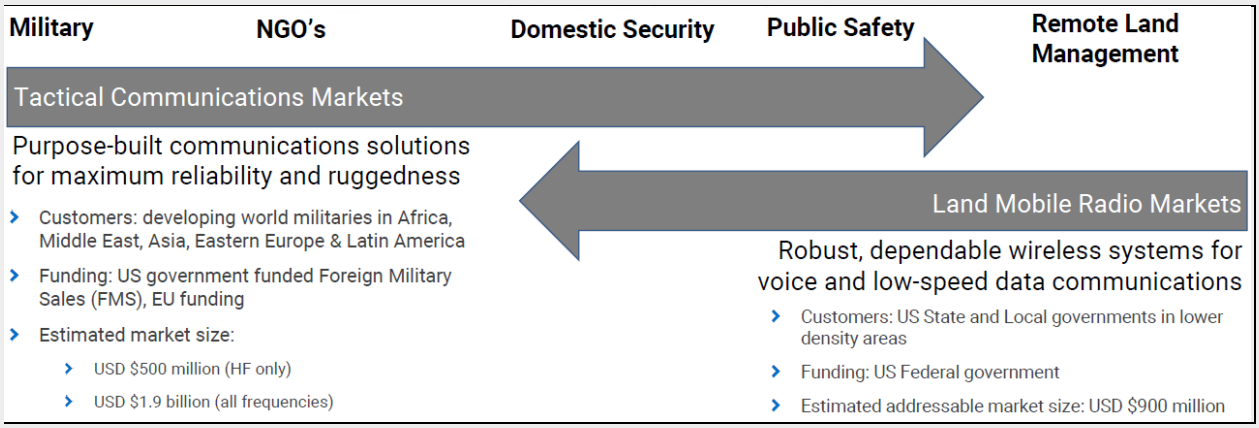
Figure 2 Trend in Minelab Sales Under Codan Ownership (Source: Company Reports)



COMMUNICATIONS DIVISION (Approximately 25% of EBIT)

The Communications division designs and manufactures critical communications equipment for Tactical High-Frequency, Long-Range Digital Radio and Land Mobile Radio (LMR) applications, which are used by government, military, defence and humanitarian customers worldwide.

Figure 3 Market Overview of Communications Offering (Source: Company Reports)



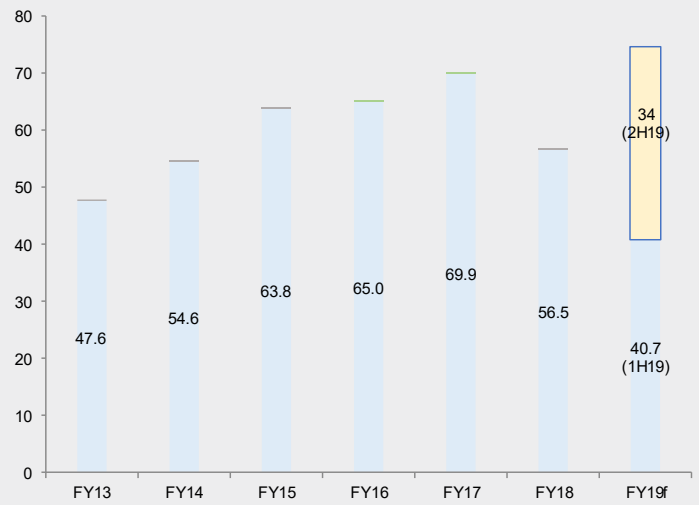
In the recent business update issued to the ASX, the Company commented that the division is performing very strongly, as a result of delivering a number of significant contracts. CDA is leveraging off strong interest in its recently-expanded tactical military products, which has expanded the offering in the global military market. In January 2019, the Company launched the Sentry Military Manpack to the market, a complementary product to the existing Sentry H and Sentry V tactical military radios.

In mid-July 2019, the Communications division won a $15m contract with the Kenyan Government to supply a tactical communications network that comprises a full communications platform, incorporating Codan radios and interoperability solution along with a suite of 3rd party products. Contract delivery is expected in 1H20. The contract win is part of CDA's longer-term strategy for Tactical Communications, in particular to target the developing world army market with a full communications platform.

The Company is also developing an end-to-end solution in LMR (The 'Cascade' platform). Initial market release is scheduled for FY21, after the Company had previously (as per commentary in its FY18 results) expected a sales uplift in FY20. In context, the long-term strategic value in developing the Cascade platform is that it materially increases the addressable market from US$100m to US$900m, with the latter incorporating the LMT infrastructure solutions market.

Margin for the Communications division can be materially impacted by an unfavourable change in the mix of products sold according to region. In particular, regions such as Asia-Pacific are low-margin, whereas regions such as Afghanistan or Africa are traditionally higher margin - and the difference in the margin for both regions are significant.

Figure 4 Recent Trend in Sales ($m) for Communications Division (Source: Company Reports)



MINING TECHNOLOGY DIVISION

The Mining Technology division (Minetec) provides unique, high-precision tracking, productivity and safety solutions for underground hard-rock mines. Minetec's technology enables real-time monitoring and control of mining operations in order to optimise productivity and enhance safety.

During FY18, the Company signed a collaboration agreement with Caterpillar's Minestar system, to implement a more integrated solution for Caterpillar's underground mining operations, including equipment management, fleet management and material tracking. In 1H19, Minetec completed the first phase of software integration with Caterpillar Minestar and continues to install its underground Fleet Management System at BHP's Olympic Dam mine in South Australia[1].

The integration of Minetec's technology suite into Caterpillar's Minestar system is taking longer than expected and consequently, FY19 sales expectations of $15m will not be met and a small loss will be incurred[2]. While the development of the business has underperformed expectations, this appears simply as a timing issue. In particular, the Company is aiming to double the size of the business over the next few years and the sales growth potential remains underpinned by:

i. The opportunity to leverage the Caterpillar dealer network and further development of Minestar's underground mining capability in order to meet the requirements of Stope and Block Cave mines.

[1] CDA won this contract ($9.5m) in May 2018. The contract was extended in December 2018 to include underground communications and tracking.
[2] In contrast, the division reported $9m in sales and a small operating profit in FY18.

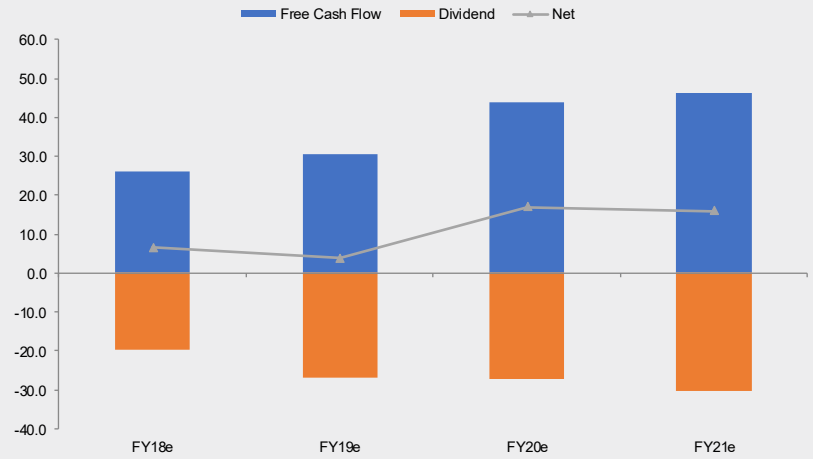
ii. The Minetec technology suite within Caterpillar's Minestar system remains highly important, as evidenced by the fact that CDA's share of licensing fees would be ~60% and that a successful trial of the combined technology (completed in March 2019), supports Minestar's value proposition for underground mining.

NET CASH POSITION SUPPORT ACQUISITIONS AND CAPITAL MANAGEMENT

As at 30 April 2019, CDA was in a net cash position of $29m, which compares to $13m at 31 December 2018. The increase in the net cash position is despite the interim dividend payment of $11.5m, so cash generation in the four months to April has been very strong.

CDA strong balance sheet position and cash generation ability supports acquisitions and/or larger dividend payments. The latter includes special dividends which have been paid in FY17, FY18 and 1H19. The Board's policy is to pay out ~50% of profits as dividends, and to reward shareholders "for outperformance of the Company by way of a special dividend". In terms of acquisition potential, the Company have flagged bolt-on acquisitions or strategic partnerships.

Figure 5 Net Cashflow ($m) (Source: Fairmont Equities, Company Reports)



INVESTMENT VIEW

CDA shares are currently trading on a 1-year forward P/E multiple of ~15x, which we do not consider overly excessive in the context of forecast EPS growth of 7-8% each year for FY20 and FY21 and the fact that the Company generates high and growing returns on invested capital, current in excess of 20%, coupled with a proven track record of re-investing capital at high rates of return (i.e. ~60% over the last three years).

We consider that there are a number of factors underpinning earnings growth potential over the next 2-3 years. In particular:

i. Successful new product launches across all division have broadened CDA's sales mix and highlight the Company's ability to leverage its existing intellectual property in order to access new addressable markets.

ii. Notwithstanding that the Minetec division is currently underperforming expectations, the sales growth potential over the next 2-3 years (in the context of the Company aiming to double the size of the business over the next few years) has the potential to be a meaningful valuation driver for the shares.

While we are attracted to the fundamentals and notwithstanding that CDA currently presents a short-term trading opportunity (as per our comment in *The Dynamic Investor* on 2 July 2019); in light of the recent strength in the share price, we would prefer to assess the upcoming full year result (due for release on 26 August[3]) given the potential for the result to contain disappointment (i.e. margin impact in the Metal Detection division and further delays in the Caterpillar integration and larger-than expected losses for the Mining Technology division).

CHART VIEW – CODAN

On 7 May, when CDA was trading at $3.34, we noted the formation of an ascending triangle and commented that an upside break would lead to a multi-month rally. After breaking out shortly after, CDA then spent the following few weeks rallying very strongly. Momentum still looks strong but the stock is nearing some resistance near the 2013 high. If you are not already in the stock, ideally you would be looking for a dip. Support is back at $3.50 so if it does pull back from here, then we would ideally need to see CDA hold above that support level.

Figure 6 CDA weekly share price chart

Nearest Resistance:	~$3.95	Nearest Support:	~$3.50

[3] FY19 underlying NPAT is expected to be in the range of $42m-$45m, representing a 9.3% gain on FY18 (at the midpoint of the guidance range).

IRESS (IRE)

NEUTRAL

		CURRENT BROKER RECOMMENDATIONS* (Number of Brokers per recommendation)	
Last share price	$13.38		
Market Cap (A$)	2.24B	Buy/Outperform	1
Return on equity	18.7%	Hold/Neutral	3
12 month forward PE	27.3x	Sell/Underperform	0
1 year EPS growth	15.2%	Average consensus target	$13.80
Div Yield	3.7%	Consensus target return	3.1%

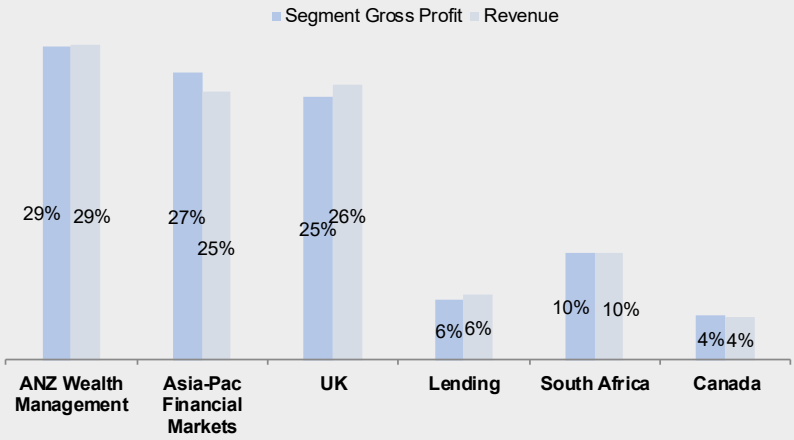
COMPANY OVERVIEW

IRESS (IRE) is a supplier of technology solutions for clients in the financial markets, wealth management, and mortgage sectors, with operations in Australia, NZ, UK, Asia, Canada and South Africa.

For the retail stockbroking and private wealth management industries, IRE's unique selling proposition is that it offers a complete service that meets a significantly large portion of a client's core system needs on a simple platform. The majority of the Company's licence fees comes from wealth management (mostly financial planning) firms where revenues are only marginally moved by changes in equity market conditions.

IRE provides the XPLAN financial services software system for the financial planning and wealth management industries in ANZ, the UK, South Africa and Canada.

Figure 7 Contribution to Revenue and Profit by Segment (FY18) (Source: Fairmont Equities, Company Reports)



RECENT PERFORMANCE AND OUTLOOK

For FY18 (the Company has a 31 December balance date) IRE delivered a Segment Profit growth of 8% in constant currency above 3-7% guidance range. The key driver of the beat to guidance was strong momentum in the ANZ Wealth Management division, (revenue growth and Segment Profit of 7% on a constant currency basis), UK (revenue growth of 7% and Segment Profit of 11%) and lending (revenue growth of 15% and Segment Profit of 10%) businesses.

Demand for financial planning and client management tools (mostly IRE's XPLAN suite of solutions) drove all of the growth[4]. In turn, this offset subdued growth in Australian Financial markets (0% revenue growth/-3% Segment Profit growth), which continues to face industry headwinds including increased sell-side cost focus and labour costs. In particular, APAC Financial markets growth was flat with margin decline of 1% reflecting an ongoing cost focus from sell-side customers in volatile markets.

In terms of Company guidance for FY19, reported Segment Profit growth is expected to be 6-11% on a constant FY18 currency basis, which includes the benefit from new accounting standards. Excluding this accounting benefit, FY19 Segment Profit growth guidance is 3-8%, implying Segment Profit of $142m to $149m. Aided by currency remaining a slight tailwind in 1H19, consensus estimates are slightly above this guidance range, underpinned by:

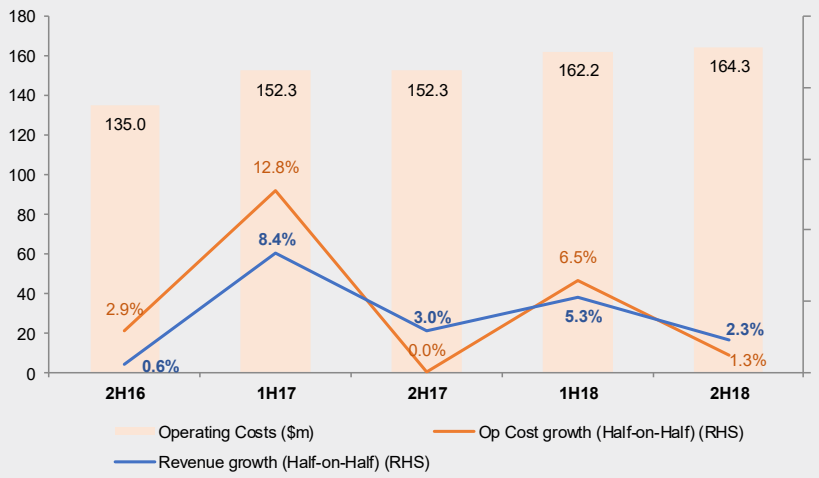
i. Growth in the Australian Wealth Management and UK businesses expected to remain at similar levels into FY19, following strong demand and client wins. Recent Company commentary indicated that Australia Wealth Management is performing well, with growth continuing into 2H19 and expected to continue into FY19 at the same rate (+9%).

ii. Continuing strong momentum in the UK Wealth Management, from client wins and improving demand (discussed in further detail below).

iii. There is also potential for margin improvement, on the back of improved scale in the UK and improved operating leverage. To this end, previous Company commentary (i.e. prior to the QuantHouse acquisition) indicated that non-operating costs are expected to be substantially lower in FY19 than FY18, given the elevated level of investment undertaken in recent years. However, this guidance was "subject to any further acquisitions" and in light of the assumed transactions costs of ~€1.5m and integrating costs of €0.4m for the QuantHouse acquisition, non-operating costs are now expected to be more in line with CY18. Further, revenue and cost growth remain subject to the timing of client projects and ongoing changes in industry conditions.

[4] In the UK, XPLAN currently account for ~24% of the total UK segment revenue in FY18, with this portion increasing from 20% in FY17 due to new clients and conversions from IRE's legacy product, *Adviser Office*.

Figure 8 Operating Leverage Returned in 2H18 (Source: Fairmont Equities, Company Reports)



CONDITIONS IN UK WEALTH MANAGEMENT INDUSTRIES

A structural headwind faced by the Company's Wealth Management division is that the growth of passive and automated investment products at the expense of traditional active fund managers, is impacting the demand for IRE's software products.

Notwithstanding this structural headwind, operating conditions for software providers into the advice/wealth management industries in the UK remain broadly positive. While increasing regulatory requirements have resulted in ongoing complexity and a greater cost burden for IRE's adviser group clients, these challenges continue to support the demand for outsourced software solutions, which are believed to be generally 25-30% cheaper than in-house software. However, in context, these challenges are more pronounced in small advisor groups, whereas IRE's exposure is mainly to mid-sized and large groups.

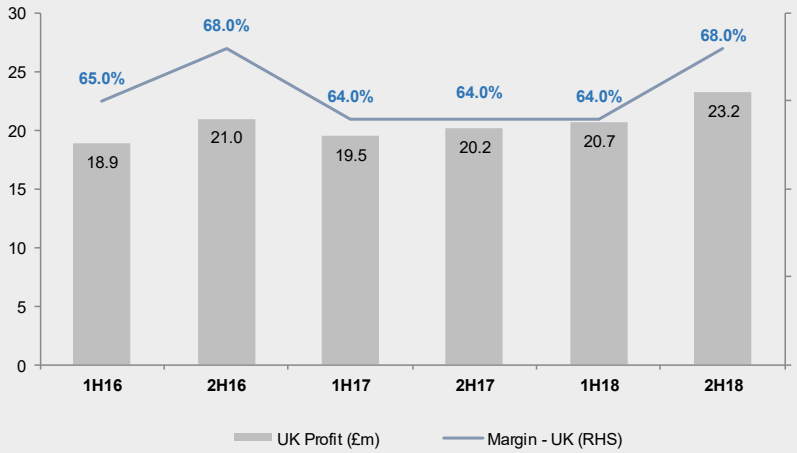
Higher Growth Potential for Sourcing Business

IRE's Sourcing business is material to its UK business. Although the revenue contribution is not disclosed, Sourcing is estimated to represent ~30% of the UK business' revenue, and is also higher margin. Historically, the Company has guided for low-single digit revenue growth, but strong FY18 revenue growth was reported, which was driven largely by increased take up of data analytics and advertising services. Based on this, the Company now expect a higher growth outlook, on the back of new products and provision of data intelligence services. However, while the improved revenue growth outlook is clearly encouraging, the expected timeframe to achieve the higher revenue growth outlook is unclear given that the competitive environment in the space remains intense.

No Meaningful Impact Expected from Brexit

At the FY18 results release, the Company noted that there was no direct impact from Brexit, but highlighted uncertainty on indirect impacts remain over medium term. More recent commentary by the Company suggests that the Company continues to see Brexit as having little impact on a largely domestically focused client base and said it has not elongated the pace of decision making. The partial exception to this is UK Lending, which serves UK banks and has seen some effect.

Figure 9 Profit (£m) and Margin Trend - UK (Source: Fairmont Equities, Company Reports)



CLIENT IMPLEMENTATION IN SOUTH AFRICA PROGRESSING WELL

IRE earlier flagged a client implementation project in FY19 for a Tier 1 financial services company in South Africa[5], which involves the deployment of IRE's broad product suite. At the FY18 results release, the Company commented that the integration is progressing well and expected to go live in FY19.

While the project is expected to improve the rate of revenue growth from FY19 (FY18 +4% but revenue growth in 2H18 was flat), as well as improve margin (i.e. by leveraging off the product investment) we have considered the risk of potential delays given the scale of the project. To this end, it is worth noting that delays in client decisions in South Africa was one factor contributing to a profit downgrade issued by the Company in November 2017.

[5] In context, operations in South Africa accounts for ~10% of IRE's overall revenue.

QUANTHOUSE ACQUISITION – SOUND RATIONALE BUT IS IT FINANCIALLY ATTRACTIVE?

In late May 2019, IRE announced the acquisition of QuantHouse for €38.9m, representing a revenue multiple of 1.8x FY18 revenue. QuantHouse, a leading international provider of market data and trading infrastructure, operates internationally, with a focus on Europe, North America and Asia, providing more than 145 data feeds from exchanges and other data providers to clients globally. The increased global reach on offer to IRE, as well as providing clients with real-time access to additional services (including international exchanges) are the key strategic rationale behind the acquisition.

Although the acquisition is strategically significant to IRE, with the Company having a strong track record in integrating acquisitions (i.e. Avelo (UK) in 2014 and Financial Synergy (Australia) in 2016), we consider that the acquisition of QuantHouse is presently not attractive from two perspectives:

i. Return on Invested Capital (ROIC) is unattractive. In particular, QuantHouse is expected to report a minor loss in FY19, reflecting the fact that QuantHouse does not have significant scale. However, IRE expects the acquisition to be EPS accretive in FY20, with approximately two-thirds of EBITDA improvement to be driven by cost savings (data sourcing etc) and scale benefits, with revenue growth making up the remaining one-third.

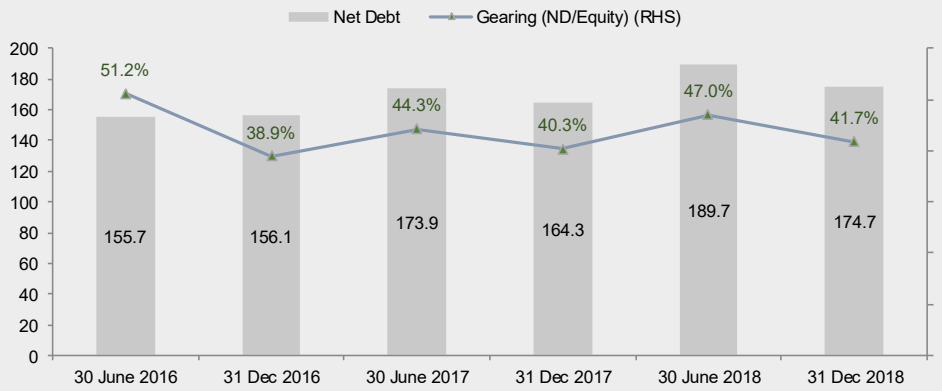
ii. Further, as the acquisition of QuantHouse will be debt funded through existing facilities, the gearing level (on a net debt to Segment Profit basis) increases to 1.5x, from 1.3x reported for 31 December 2018.

BALANCE SHEET REMAINS CONSERVATIVELY GEARED

As at 31 December 2018 was $174.7m, representing a conservative leverage ratio of 1.3x Segment Profit. Net debt as at 31 December 2018 was $174.7m and while this increased from $165.8m as at 31 December 2017 as a result of investment in new offices, net debt actually declined from the 30 June 2018 level ($189.7m), as this investment is now completed.

Notwithstanding the increase in gearing level to 1.5x as a result of the QuantHouse acquisition, IRE's balance sheet remains conservatively geared, Further debt serviceability is high, as cash conversion (94% in FY18) is typically strong given the capital-light nature of the business and high portion (~90%) of recurring revenue from license fees.

Figure 10 Net Debt ($m) and Gearing (Source: Fairmont Equities, Company Reports)



INVESTMENT VIEW

In addition to technology-based stocks remaining in favour, we consider that the improved operating leverage in the overall business, as well as the continued strength in the Australian Wealth Management and UK businesses are the key factors the recent re-rating in the share price. However, with the shares currently trading on a 1-year forward P/E multiple of ~27x, we consider the stock to be fully valued given that it is trading at a premium to the historical 1-year forward P/E multiple of ~25x and has a lower EPS growth profile (5-year mid-single digit EPS growth) than some ASX-listed technology peers.

Further, there are no *new* earnings growth drivers - with earnings still being driven by stronger parts of the business (Australian Wealth Management and UK) offsetting ongoing weakness in other areas of the business, in particular APAC Financial Markets (where revenue growth is flat and margin is declining) and UK Sourcing (which is presently lower growth relative to the rest of the UK business).

In light of these factors, and with 1H19 results due on 23 August, we maintain our NEUTRAL view.

A potential catalyst for IRE is corporate activity, given that the Company is a small player on the global stage, with most of its competitors are significantly larger in terms of revenues, earnings and market capitalisation. Another factor making IRE a potentially attractive takeover target is that it continues to re-invest in product - its fully-integrated offering has multiple operating modules that are complex and therefore need constant updating to meet changing client and regulatory requirements. Further, investment in product & technology is consistently high (25% of FY18 revenue), with approximately half of IRE's staff are in product & technology.

CHART VIEW - IRESS

Price action at the moment for IRE looks weak. The peak in early July saw it turn back at the swing low in May. This now makes it look as though IRE is a 5th wave on the way back down. This means that we are likely to fall under the June low. We can see some support back near $12.50, so for the moment we would be waiting to see how it behaves around those levels first.

Figure 11 IRE weekly share price chart

Nearest Resistance:	~$14.25	Nearest Support:	~$12.50

CHARTING

A TECHNICAL ANALYST'S VIEW

ATLAS ARTERIA (ALX)

POSITIVE

		CURRENT BROKER RECOMMENDATIONS* (Number of Brokers per recommendation)	
Last share price	$7.87		
Market Cap (A$)	5.38B	Buy/Outperform	1
Return on equity	24.8%	Hold/Neutral	4
12 month forward PE	16.1x	Sell/Underperform	0
1 year EPS growth	-13.5%	Average consensus target	$7.31
Div Yield	4.3%	Consensus target return	-7.2%

We covered the fundamentals of ALX on 26 March when it was trading at $7.05. We were positive on the Company and were looking for a breakout (which occurred in early June). Since then the shares have rallied to a peak of $8.27 before easing back. The recent pullback in 3-waves was done on lower volumes (which is a good sign) and at the end of last week we saw it bounce higher from a key support level. Price action these last few days looks bullish and we are confident that the recent pullback is now over. This means that current levels are an opportunity to get into ALX. From a charting perspective, we believe that there is a good chance that it resumes the uptrend and shortly moves to a new high.

Figure 12 ALX daily share price chart

Nearest Resistance:	~$8.20	Nearest Support:	~$7.60

FLEXIGROUP (FXL)

POSITIVE

		CURRENT BROKER RECOMMENDATIONS* (Number of Brokers per recommendation)	
Last share price	$1.83		
Market Cap (A$)	722M	**Buy/Outperform**	3
Return on equity	11.5%	**Hold/Neutral**	2
12 month forward PE	8.2x	**Sell/Underperform**	0
1 year EPS growth	6.7%	**Average consensus target**	$1.76
Div Yield	4.5%	**Consensus target return**	-3.9%

We have been bullish on FXL since the start of the year. Having eased back since the May peak (on decreasing volumes), we have now seen FXL gap strongly on large volumes (circled). We can now confidently say that the consolidation since the May peak is over and FXL is getting back into the uptrend that started earlier this year. This means that we should see it make a new high for the year above $2.00. Naturally there will be a bit of resistance near the May high. Yesterday's move is therefore a another buy signal for anyone looking to get exposure to FXL.

Figure 13 FXL daily share price chart

Nearest Resistance:	~$2.00	**Nearest Support:**	~$1.70

LENDLEASE (LLC)

NEUTRAL

		CURRENT BROKER RECOMMENDATIONS* (Number of Brokers per recommendation)	
Last share price	$14.84		
Market Cap (A$)	8.37B	Buy/Outperform	5
Return on equity	11.2%	Hold/Neutral	0
12 month forward PE	11.4x	Sell/Underperform	0
1 year EPS growth	55.4%	Average consensus target	$15.57
Div Yield	4.4%	Consensus target return	4.9%

LLC is at a crucial juncture here. There is strong resistance just above $15 and the way it is trading implies that it wants to break it shortly. If so, that would lead to a quick rally back towards $17. A break of $17 will then have us looking for $19. However, we need to see resistance get broken first. A failure to do that should see LLC drift back towards support near $13.

Figure 14 LLC daily share price chart

Nearest Resistance:	~$15.20	Nearest Support:	~$13.00

NEWCREST MINING (NCM)

POSITIVE

		CURRENT BROKER RECOMMENDATIONS* (Number of Brokers per recommendation)	
Last share price	$33.92		
Market Cap (A$)	26.1B	**Buy/Outperform**	0
Return on equity	8.9%	**Hold/Neutral**	1
12 month forward PE	24.2x	**Sell/Underperform**	5
1 year EPS growth	32.5%	**Average consensus target**	$25.12
Div Yield	0.9%	**Consensus target return**	-25.9%

Ever since we noted the breakout in NCM on 8 January when it was trading at $23.38, it has performed very well. Our target back then was up at $31.00. Having reached $32.00 in June, NCM then consolidated for few weeks before breaking higher again. NCM continues to look very strong here and would now be looking for a retest of $40.00. Any short-term weakness is a buying opportunity. Investors should also expect to see some light resistance near $35.00.

Figure 15 NCM daily share price chart

Nearest Resistance:	~$35.00	**Nearest Support:**	~$32.00

PRAEMIUM (PPS)

POSITIVE

		CURRENT BROKER RECOMMENDATIONS* (Number of Brokers per recommendation)	
Last share price	$0.45		
Market Cap (A$)	405M	Buy/Outperform	1
Return on equity	32.3%	Hold/Neutral	0
12 month forward PE	30.0x	Sell/Underperform	0
1 year EPS growth	36.4%	Average consensus target	$0.60
Div Yield	0%	Consensus target return	33.3%

The last 12 months haven't been kind to PPS with the share price falling from nearly $1.20 back to almost 30c. However, we are seeing signs of a possible turnaround. The shares have provided us with a reversal on the weekly candlestick chart along with a crossing on the MACD (circled). The share price since then has been steadily rising. The key test is resistance near 48c. If it can clear that, then PPS starts to look very interesting. A push through 48c could see PPS rally quickly towards 60c. A move through that would see levels just above 70c come into play.

Figure 16 PPS weekly share price chart

Nearest Resistance:	~$0.48	Nearest Support:	~$0.41

WISETECH GLOBAL (WTC)

POSITIVE

		CURRENT BROKER RECOMMENDATIONS* (Number of Brokers per recommendation)	
Last share price	$30.75		
Market Cap (A$)	9.78B	Buy/Outperform	2
Return on equity	14.6%	Hold/Neutral	1
12 month forward PE	113x	Sell/Underperform	1
1 year EPS growth	50.3%	Average consensus target	$19.92
Div Yield	0.2%	Consensus target return	-35.2%

Our most recent comment on WTC was in early June when it was trading at $26.92 and it had confirmed the breakout that we were looking for. Price action from the last few days continues to look bullish with WTC finding support at the right levels and rising nicely against the market. We therefore think that WTC has much further to run here and it is not too late to be a buyer. Any new buyers into WTC should place a stop just under $28.00 and then trail it up.

Figure 17 WTC daily share price chart

Nearest Resistance:	~$31.00	Nearest Support:	~$28.00

MOST SHORTED STOCKS

This data has been extracted from the ASIC short positions tables. Please note there is a week lag on the latest short positions data.

Ranking	Stock Name	Stock Code	Percentage of Shorts (%)			Change (%)	Change (%)
			16-Jul-19	9-Jul-19	17-Jun-19	One Week	One Month
1	SYRAH RESOURCES	SYR	18.68	19.58	19.36	-0.90	-0.68
2	NUFARM LIMITED	NUF	18.48	17.98	16.06	0.50	2.42
3	BELLAMY'S AUSTRALIA	BAL	16.72	15.67	12.81	1.05	3.92
4	INGHAMS GROUP	ING	16.55	16.18	16.92	0.37	-0.37
5	OROCOBRE LIMITED	ORE	15.69	15.17	13.68	0.51	2.00
6	GALAXY RESOURCES	GXY	15.03	14.33	14.34	0.70	0.69
7	NEXTDC LIMITED	NXT	14.06	14.35	14.36	-0.29	-0.30
8	JB HI-FI LIMITED	JBH	13.20	13.65	14.43	-0.45	-1.23
9	BWX LIMITED	BWX	12.09	12.56	12.53	-0.46	-0.43
10	DOMINO PIZZA ENTERPR	DMP	11.34	10.92	9.00	0.42	2.34
11	PILBARA MIN LTD	PLS	11.30	10.69	9.67	0.60	1.63
12	METCASH LIMITED	MTS	10.55	10.57	9.88	-0.03	0.67
13	BINGO INDUSTRIES LTD	BIN	10.51	10.84	11.51	-0.33	-1.01
14	BEGA CHEESE LTD	BGA	10.00	9.77	9.32	0.23	0.68
15	HUB24 LTD	HUB	9.89	9.52	8.05	0.37	1.84
16	SPEEDCAST INT LTD	SDA	9.71	8.96	9.65	0.75	0.06
17	COSTA GROUP HOLDINGS	CGC	9.53	8.85	7.23	0.68	2.30
18	IOOF HOLDINGS LTD	IFL	9.44	8.97	9.49	0.47	-0.05
19	HARVEY NORMAN	HVN	9.38	9.37	9.52	0.01	-0.14
20	RELIANCE WORLDWIDE	RWC	9.21	9.24	9.34	-0.03	-0.13

LARGEST TRADED VOLUMES

These tables look at the volume of shares traded last week and compares it to the 52-week average for each stock. We then rank the stocks from the largest percentage change. An unusual amount of volume traded can alert investors to significant moves such as reversals or breakouts.

S&P/ASX 200

Rank	Stock Code	Stock Name	52-week Average	Last week's volume	Percentage Difference (%)
1	CIM	CIMIC GROUP LTD	1,679,704	5,003,533	198
2	AMP	AMP LIMITED	65,024,876	181,449,264	179
3	WSA	WESTERN AREAS LTD	9,624,187	23,305,648	142
4	GNC	GRAINCORP LIMITED	4,803,635	10,583,459	120
5	FBU	FLETCHER BUILDING	4,441,005	9,191,315	107
6	PPT	PERPETUAL LIMITED	1,091,906	1,961,705	80
7	SDA	SPEEDCAST INT LTD	11,702,126	19,921,440	70
8	OSH	OIL SEARCH LTD	19,957,966	33,766,876	69
9	GXY	GALAXY RESOURCES	15,423,814	25,321,880	64
10	CNU	CHORUS LIMITED	2,628,995	4,291,348	63
11	NSR	NATIONAL STORAGE	10,307,175	16,388,717	59
12	BGA	BEGA CHEESE LTD	3,317,460	5,280,265	59
13	GOZ	GROWTHPOINT PROPERTY	3,067,676	4,786,341	56
14	TGR	TASSAL GROUP LIMITED	2,910,940	4,475,813	54
15	MFG	MAGELLAN FIN GRP LTD	2,579,667	3,876,963	50
16	AST	AUSNET SERVICES	22,000,388	32,501,200	48
17	ALQ	ALS LTD	8,181,841	11,915,860	46
18	DMP	DOMINO PIZZA ENTERPR	1,876,250	2,693,604	44
19	MIN	MINERAL RESOURCES.	6,308,546	8,716,940	38
20	SYR	SYRAH RESOURCES	17,813,422	24,396,588	37

ASX ALL ORDINARIES

Rank	Stock Code	Stock Name	52-week Average	Last week's volume	Percentage Difference (%)
1	PEN	PENINSULA ENERGY LTD	2,191,779	13,800,710	530
2	AGG	ANGLOGOLD ASHANTI	79,674	494,674	521
3	PNR	PACIFIC NIUGINI LTD	5,746,230	32,640,490	468
4	TGP	360 CAPITAL GRP	743,636	3,474,308	367
5	ASB	AUSTAL LIMITED	4,668,384	20,553,962	340
6	YOW	YOWIE GROUP	2,550,164	10,813,819	324
7	SIV	SILVER CHEF LIMITED	462,442	1,726,674	273
8	IMF	BENTHAM IMF LTD	1,641,350	5,886,151	259
9	AKP	AUDIO PIXELS LTD	58,290	190,744	227
10	DCN	DACIAN GOLD LTD	7,076,820	22,738,780	221
11	DTL	DATA#3 LIMITED	916,203	2,871,315	213
12	CIM	CIMIC GROUP	1,679,704	5,003,533	198
13	PRU	PERSEUS MINING LTD	17,619,202	49,856,780	183
14	CDV	CARDINAL RESO LTD	1,147,146	3,231,819	182
15	IRI	INTEGRATED RESEARCH	1,674,063	4,727,286	182
16	AMP	AMP LIMITED	65,024,876	181,449,264	179
17	GBT	GBST HOLDINGS..	615,514	1,635,734	166
18	RND	RAND MINING LTD	28,789	74,059	157
19	CUV	CLINUVEL PHARMACEUT.	566,732	1,432,923	153
20	WSA	WESTERN AREAS LTD	9,624,187	23,305,648	142

CONTENT & MEDIA

IN THE PAST WEEK

Video:

ASX200 on the way up (22 July 2019) - Stocks Covered: BHP, BLD, NUF, S&P/ASX 200 Index

"Your Stock Request" (18 July 2019) - Stocks Covered: BVS, DTL, JIN, VRX, WSA

Articles:

Share tips - (22 July 2019)

Assessing a turnaround in Australian Pharmaceutical Industries (18 July 2019)

Reasons why the stock market is going up despite slow growth (17 July 2019)

To receive real time alerts such as updates to our blog, make sure you follow us on social media.

IMPORTANT LINKS

Is this you? Check out this link to see what type of investors use our services as well as further information on our investing model.

FAQ. Our "Frequently Asked Questions" page contains answers to all the common questions that we receive.

Case Studies. We are not a managed fund and therefore do not have an average return, but here are some examples of how some of our real clients are performing.

Portfolio Management. This is where you can register to find out more.

ABOUT US

Fairmont Equities

Fairmont Equities is a boutique share advisory firm assisting Private Clients with the professional management of their share portfolio. We uniquely combine both technical and fundamental analysis. We are based in the Sydney CBD but provide services to private clients across Australia.

Michael Gable (Managing Director)

Michael is the Managing Director and founder of Fairmont Equities. He has over 15 years' experience in Financial Services. Michael believes that investors can do better by combining both technical and fundamental analysis. After realising that there was a gap in the industry for this type of advice, Michael founded Fairmont Equities in 2013.
His specialty is in technical analysis. He uses these skills to help clients pick the right entry and exit points.

Michael is RG146 Accredited and holds the following formal qualifications:

- Bachelor of Engineering, Hons. (University of Sydney)
- Bachelor of Commerce (University of Sydney)
- Diploma of Mortgage Lending (Finsia)
- Diploma of Financial Services [Financial Planning] (Finsia)
- Completion of ASX Accredited Derivatives Adviser Levels 1 & 2

Gordon Anderson (Portfolio Manager)

Gordon's career began trading futures and options at the Commonwealth Bank in Sydney before moving to Asia where he was an institutional equity portfolio strategist with Morgan Stanley. He returned to Australia to manage the equity long/short investment strategy at hedge fund Basis Capital across all Asian markets including Japan, before leading global macro trading teams at one of South Africa's largest banks, Rand Merchant Bank and Visor Capital in Kazakhstan, responsible for discretionary macro investments across global equity, bond, commodity and currency markets. More recently, Gordon returned to Morgan Stanley, where he was responsible for portfolio strategy in equity and fixed income markets, asset allocation, and advised high net worth clients and family offices on international and derivative investments.

Gordon is RG146 Accredited and holds the following qualifications:

- Bachelor of Economics [Distinction] - (Western Sydney University)
- Bachelor of Applied Science [Physics] - (Western Sydney University)

John Haddad (Equities Analyst)

John is the Equities Analyst at Fairmont Equities and has extensive experience as an Equities Analyst, having held Analyst roles in funds management, stockbroking (institutional and high-net-worth clients) and within Financial Advisory groups. John has covered stocks across a broad range of sectors and provides clients with a sound fundamental view in his written research.

John holds the following formal qualifications:

- Bachelor of Commerce (Economics & Finance), University of Western Sydney
- Master of Commerce (Banking & Finance), University of NSW

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