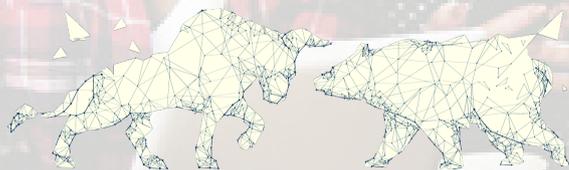


Small Cap Stocks to watch in 2020



marcustoday

We are looking at three small cap stocks
for capital appreciation in 2020. Two tech stocks
and a Fund Manager.

Disclaimer

Information contained in this eBook is general in nature only. It does not take into account your personal financial situation, needs or objectives. Nor does it take into account the financial needs of any specific person. You should consider your own personal financial situation and needs or seek financial advice before making any decisions based on this information. Past performance is not a reliable indicator of future performance.

Read what our 2019 Stocks to Watch were and our overview, [Click HERE](#).

Managed Fund

In order to make life simple I have established a two Separately Managed Accounts (SMA's - a type of managed fund) which allows Members and non-Members to invest with us. "SMA" is a bit of jargon. From your point of view consider it as a fund, a mechanism that allows us to do your stock picking for you, that effectively appoints us as your own personal fund manager. We have invested our own money into the SMA and offer Members and non-Members the opportunity to invest alongside us. WE have two funds the Marcus Today SMA (growth focused) and the Marcus Today Income SMA. Read more [HERE](#)

Education

We have launched a new education series called 'Beginners Stock Market Education'. It is designed to help people who are new to the market get their head around everything they need to know. Find out more [HERE](#)

Register your interest for our 2020 seminars and events [HERE](#).

Financial planning

Marcus Today Investment Strategists is part of the MTIS Private Wealth, one of Australia's leading privately owned financial advisory groups, dedicated to empowering clients and their families to build inter-generational wealth through Self-Managed Super Funds. **Find out more [HERE](#)**

More MTIS



Call us on:
0458 009 821

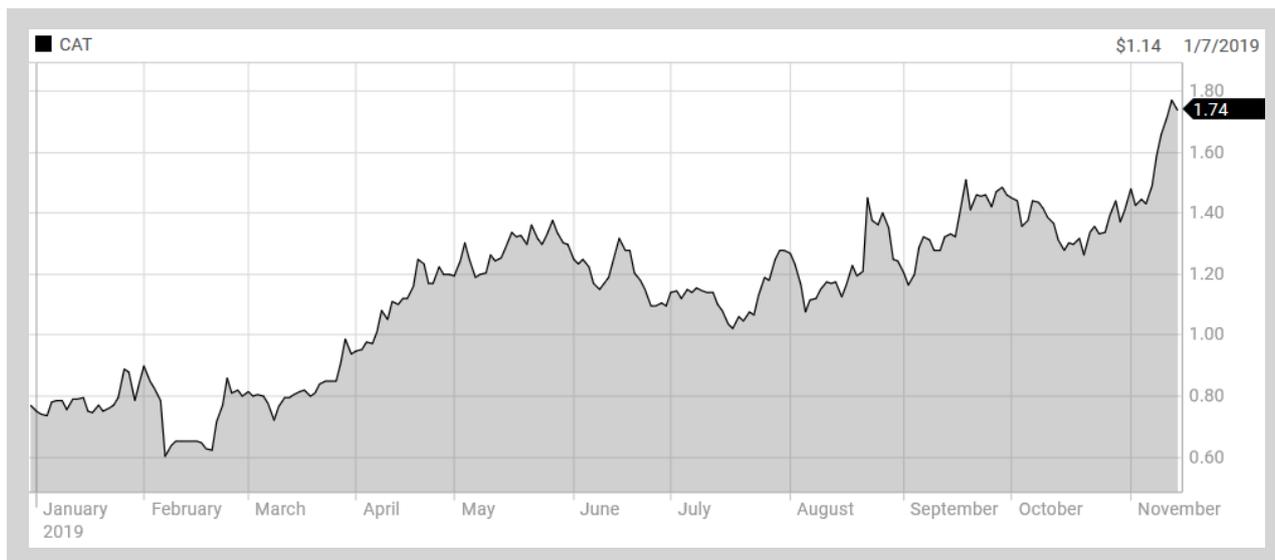


Email us at:
info@marcustoday.com.au



website:
www.marcustoday.com.au

Catapult International (CAT)



What it does

First up is an old friend and one we have done well out of in the past. We all love sports here in Australia and it is a serious business. Every Rugby World Cup game I watched I noticed the bulge at the back of the players' jerseys. Muscles aside, this is the data gathering device that players wear to give coaches the data to analyse performance and monitor injuries. Good data makes great athletes. CAT provides wearable data gathering devices that monitor performance.

Why we like it

It now has signed up 2970 teams, up from 1100 this time last year. One of the joys of the data collection model is that it becomes valuable for a team. It is part of the due diligence that is used during transfers. Wouldn't you like to know if the player you are buying is struggling a little and has been playing off key?

Elite Revenue was \$86.9m, within guidance with overall revenue up 24% to \$95.4m. EBITDA up 310% (a bit meaningless) to \$4.1m. Plenty of scope in a variety of sports and it's an Olympic year. One of the growth areas that the company has been pursuing is Prosumer. These are the next layer down from professional athletes. Revenue was up 54%, from a low base, to \$5.3m. It has a \$340m market cap.



Marcus Today Tool Kit [Dividend Forecaster Click here](#)

MQG TLS BHP

Revenue, EBITDA, Market Cap, etc.

Catapult International (CAT)

CAT	Catapult Group International Ltd		Last Updated		Price		marcustoday				
			19/11/19		178c						
SECTOR	Technology		Mkt Cap		\$339m		Reports in AUD				
ACTIVITY	Electronic Equipment & Instruments		Headquarters		VICTORIA						
STARMINE RANKING 100 = Best	Rankings are relative to all other stocks in Australia						COMBINED FACTOR RANKING				26
	Earnings Quality	13	Credit Ranking	30	Relative value	11	Trend - Short	9			
	Value Momentum	17	Forecast Trend	32	Insto interest	41	Trend - Medium	97			
	Price Momentum	85	Intrinsic Value	-	Est Surprise	+27.7%	Trend - Long	72			
	FY-2	FY-1	FY0	FY1	FY2	FY3	FY4	ROE Now	0.3%	ROA	1%
ROE	-11.0%	-12.0%	-	0.3%	6.2%	9.8%	-	Average ROE	-4.1%	NTA	63c
REVENUE	61m	77m	96m	114m	117m	149m	-	Sales Growth	18%	Price to Sales	
REVENUE %	-	+26%	+26%	+18%	+2%	+28%	-	PEG Ratio	-	PSR	3.5x
EPS	-4.4c	-8.3c	-	1.2c	5.7c	8.0c	-	PE	144.0x	Ave PE	65.7x
EPS GROWTH	-	-89%	-	-	+365%	+39%	-	Yield	0.0%	High	144.0x
PE	-	-	-	144.0x	31.0x	22.3x	-	Gross Yield	0.0%	Low	22.3x
DIVIDEND	0.0c	0.0c	0.0c	0.0c	0.0c	0.0c	0.0c	Franking	0%	Gearing	
YIELD	-	-	-	0.0%	0.0%	0.0%	0.0%	Payout Ratio	-	0%	
GROSS YIELD	-	-	-	0.0%	0.0%	0.0%	0.0%	Div Cover	-	Debt \$m	
DIV GROWTH	-	-	-	-	-	-	-	Price to Book	2.8	-11m	
DIV COVER	-	-	-	-	-	-	-	MT STOCK BOX ©		Cash \$m	
PAYOUT RATIO	-	0%	-	0%	0%	0%	-			-	
Strong Buys		Mean price target	186c	Last Ex Date	-		Price	1M	6M	1 Year	5 Year
Buys		Price v target	-4.6%	Last Dividend	Interim			+45%	+43%	+83%	+0%
Holds		Intrinsic value	-	Franking	0%		52 Week High	191c		18/11/19	Beta
Sells		Price v IV	-	Est. Results	21/11/19		52 Week Low	61c		07/02/19	1.0
Strong Sells		Price target high	219c	Next Results	Final		From Year high			-7%	Volatility
Average - BUY		Price Target Low	145c	Est. Next ExDiv	-		From Year low			+193%	56.0%
https://www.catapultsports.com/				Daily RSI (14)	54.0		Daily ATR & as %			7.1c	4.0%
Listed	2014-12-19	Yr End	Jun-20	Weekly RSI (14)	60.9		Weekly ATR & as %			16.4c	9.2%
BUSINESS											
<p>Catapult Group International Limited is an Australia-based company, which offers wearable elite athlete tracking technology and corresponding sporting analytics. The Company is engaged in the ongoing development and sale of elite athlete wearable tracking solutions, and the ongoing development and sale of analytics for athlete tracking. It has a diverse customer base across sports regions and leagues. It offers ClearSky, a local positioning system that combines pinpoint player movement traces with micro-movement analysis to enable an end-to-end solution for measuring performance and tactical output. Its OptimEye S5 is an athlete monitoring device in elite sport. The OptimEye has both a Global Positioning System (GPS) and Global Navigation Satellite System (GLONASS) antenna, allowing the device to access twice the satellites to increase accuracy and decrease drop outs. Its Inertial Movement Analysis (IMA) is a scientific algorithm that removes the inherent errors of inertial sensors.</p>											

Conclusion

The company has \$26.9m in cash and has enough reserves to take it through to positive cash flow.

Brokers are forecasting revenue growth of 18% in FY20, with EBITDA up around 300% to \$13.7m.

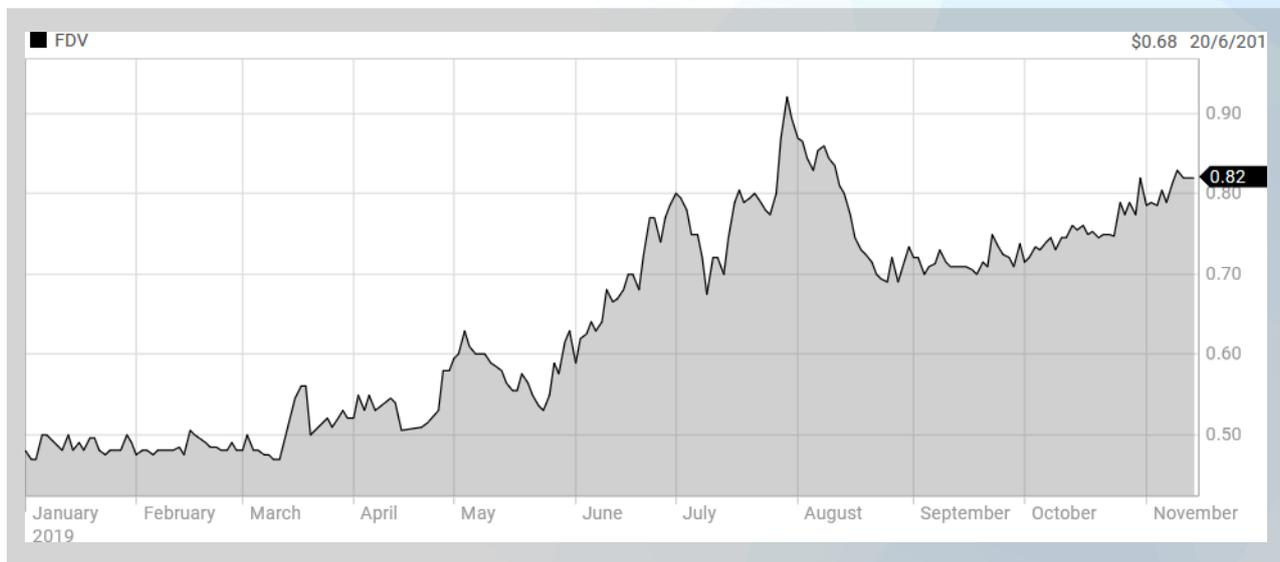
2020 could be a good year for CAT as it leverages its technology in the US and the new CEO stamps his mark on the company. Given the focus on the Olympics and the boost to sport and Prosumer sales that could bring, CAT looks to be back on track and we expect that growth and the share price will continue higher. Bell Potter has a 200c PT on the stock but there is upside to that valuation.

Read what we have previously said about **CAT**
Click [HERE](#)

Frontier Digital Ventures (FDV)

What it does

Frontier Digital Ventures (FDV) - Market Cap \$181m - At least the name covers a bunch of growth drivers; 'frontier', 'digital'. FDV is an online consumer business focused on emerging markets. That frontier stuff. It invests in local, already established businesses. The company then adds its experience and special sauce. It has a business in Ghana, Pakistan, Angola, Myanmar, Sri Lanka, Nigeria, Tanzania, Philippines, Vietnam, and Central America. The management, which is key to these stocks, is experienced, focused and has considerable skin in the game. Shaun di Gregorio is the founder, along with Patrick Grove and Luke Elliot and between Di Gregorio and Grove, 51% of the stock is tied up. Di Gregorio is an ex-REA GM, so he knows his stuff. He founded iProperty and the shares ran 400%. FDV's largest exposure is Zameen which is a Pakistani real estate site.



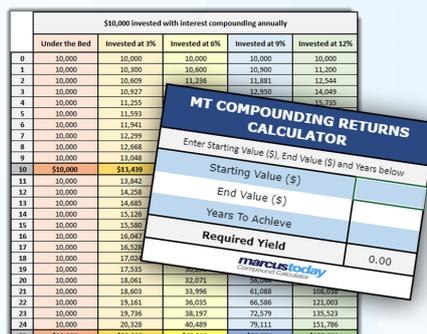
Why we like it

“Local knowledge” of buying existing businesses. FDV have previous experience of management and a proven track record in delivering positive outcomes in an area they operate in and are not “expanding” into. Focusing on their core competencies, FDV users will likely be repeat users due to the ‘trust’ nature that they will establish - all cream on the profit line.

FDV is turning from cash-burn to cash-positive. Future opportunities - profitability of existing FDV portfolio, plus also the potential of IPO or selling FDV business’ at a premium (takeover targets).



Marcus Today Tool Kit [Compound Calculator Click here](#)



Frontier Digital Ventures (FDV)

FDV	Frontier Digital Ventures Ltd		Last Updated		Price		marcustoday					
			20/11/19		80c							
SECTOR	Technology		Mkt Cap		S196m		Reports in AUD					
ACTIVITY	Interactive Media & Services		Headquarters		WILAYAH PERSEKUTUAN							
STARMINE RANKING 100 = Best	Rankings are relative to all other stocks in Australia						COMBINED FACTOR RANKING		52			
	Earnings Quality	10	Credit Ranking	67	Relative value	1	Trend - Short	70				
	Value Momentum	31	Forecast Trend	92	Insto interest	15	Trend - Medium	81				
	Price Momentum	86	Intrinsic Value	-	Est Surprise	-4.8%	Trend - Long	90				
ROE	FY-2	FY-1	FY0	FY1	FY2	FY3	FY4	ROE Now	-15.2%	ROA	-17%	
	-10.4%	-30.2%	-18.2%	-15.2%	-6.5%	1.6%	10.3%	Average ROE	-16.1%	NTA	21c	
REVENUE	2m	10m	13m	16m	25m	31m	45m	Sales Growth	22%	Price to Sales		
REVENUE %	-	+376%	+28%	+22%	+57%	+26%	+46%	PEG Ratio	-1.3	PSR	15.3x	
EPS	-3.2c	-6.4c	-3.5c	-2.7c	-2.2c	0.0c	3.0c	PE	-29.6x	Ave PE	-13.1x	
EPS GROWTH	-	-100%	+45%	+23%	+19%	+100%	-	Yield	0.0%	High	26.7x	
PE	-	-	-	-29.6x	-36.4x	-	26.7x	Gross Yield	0.0%	Low	-36.4x	
DIVIDEND	0.0c	0.0c	0.0c	0.0c	0.0c	0.0c	0.0c	Franking	0%	Gearing		
YIELD	0.0%	-	-	0.0%	0.0%	0.0%	0.0%	Payout Ratio	-	Debt \$m		
GROSS YIELD	0.0%	-	-	0.0%	0.0%	0.0%	0.0%	Div Cover	-	-19m		
DIV GROWTH	-	-	-	-	-	-	-	Price to Book	3.8	Cash \$m		
DIV COVER	-	-	-	-	-	-	-	MT STOCK BOX ©		19m		
PAYOUT RATIO	-	0%	0%	0%	0%	-	0%	Price	1M	6M	1 Year	5 Year
Strong Buys		Mean price target	103c	Last Ex Date	-				+6%	+44%	+65%	+0%
Buys		Price v target	-22.3%	Last Dividend	-			52 Week High		97c	30/07/19	Beta
Holds		Intrinsic value	-	Franking	0%			52 Week Low		47c	21/11/18	-
Sells		Price v IV	-	Est. Results	26/02/20			From Year high		-18%	Volatility	
Strong Sells		Price target high	110c	Next Results	-			From Year low		+72%	34.0%	
Average - BUY		Price Target Low	96c	Est. Next ExDiv	-							
http://frontierdv.com/				Daily RSI (14)	62.6			Daily ATR & as %		2.8c	3.5%	
Listed	2016-08-26	Yr End	Dec-19	Weekly RSI (14)	55.5			Weekly ATR & as %		6.9c	8.6%	
BUSINESS												
<p>Frontier Digital Ventures Limited is engaged in the business of investing in and operating online classifieds businesses in underdeveloped, emerging countries or regions (target markets). The Company focuses on property and automotive verticals and general classifieds Websites. The Company's segments are Afribaba, CarsDB.com, Carwangu.com, Encuentra 24.com, IMCongo.com, iMyanmarhouse.com, LankaPropertyWeb.com, Meqasa.com, TechAfrica, ToLet.com.ng, and Corporate. The target markets on which the Company focuses for investments are clustered in five regions, including South Asia, East Africa, West Africa, Central America, and Middle East/North Africa (MENA). The Company's subsidiaries include Frontier Digital Ventures Pte Ltd, which is engaged in investment holding; Frontier Digital Ventures Sdn Bhd, which is engaged in the provision of management services, and TechAfrica, which is engaged in the operation of online property and car classifieds portals.</p>												

Conclusion

The company has recently announced a valuation uplift for its MeQasa business. This is the #1 online property market place in Ghana. The company has recently completed a funding round and raised money at a 25 x revenue multiple. This is a 4.4x uplift to the FDV valuation. It shows the potential.

Given that the EM space is moving fast in terms of growth, this company does give a diversified exposure to a number of emerging markets and should benefit as online market places become trusted and used in these countries.

Looks interesting. Speculative BUY. Liquidity maybe an issue and a substantial shareholder FMR LLC has been trading extensively in the stock this year and has now a 4.99% shareholding.

Read what we have previously said about **FDV**
Click [HERE](#)

Australian Ethical Investing (AEF)

What it does

It's a fund manager much like Magellan Funds but obviously a specialist in its aim. It invests in ethical investments meaning nil investment in fossil fuels. Nil in nuclear. Nil in tobacco. AEF invests six times more than average in renewable energy and power generation.

AEF	Australian Ethical Investment Ltd		Last Updated		Price		marcustoday				
			19/11/19		339c						
SECTOR	Financials		Mkt Cap		\$381m		Reports in AUD				
ACTIVITY	Asset Management & Custody Banks		Headquarters		NEW SOUTH WALES						
STARMINE RANKING 100 = Best	Rankings are relative to all other stocks in Australia						COMBINED FACTOR RANKING				-
	Earnings Quality	88	Credit Ranking	93	Relative value	-	Trend - Short	-	-	-	
	Value Momentum	-	Forecast Trend	-	Insto interest	-	Trend - Medium	-	-	-	
	Price Momentum	-	Intrinsic Value	-	Est Surprise	-	Trend - Long	-	-	-	
	FY-2	FY-1	FY0	FY1	FY2	FY3	FY4	ROE Now	-	ROA	-
ROE	-	-	-	-	-	-	-	Average ROE	-	NTA	16c
REVENUE	28m	-	-	-	-	-	-	Sales Growth	-	Price to Sales	-
REVENUE %	-	-	-	-	-	-	-	PEG Ratio	-	PSR	-
EPS	-	-	-	-	-	-	-	PE	-	Ave PE	31.9x
EPS GROWTH	-	-	-	-	-	-	-	Yield	-	High	36.1x
PE	36.1x	29.8x	30.0x	-	-	-	-	Gross Yield	-	Low	29.8x
DIVIDEND	-	-	-	-	-	-	-	Franking	100%	Gearing	-
YIELD	2.7%	3.0%	2.8%	-	-	-	-	Payout Ratio	-	Debt \$m	-
GROSS YIELD	3.9%	4.2%	4.0%	-	-	-	-	Div Cover	-	Cash \$m	-
DIV GROWTH	-	-	-	-	-	-	-	Price to Book	21.8	MT STOCK BOX ©	0m
DIV COVER	-	-	-	-	-	-	-				
PAYOUT RATIO	-	-	-	-	-	-	-				
Strong Buys	-	Mean price target	-	Last Ex Date	03/09/19	Price	1M	6M	1 Year	5 Year	
Buys	-	Price v target	-	Last Dividend	Final		+36%	+69%	+105%	-92%	
Holds	-	Intrinsic value	-	Franking	100%	52 Week High	349c	15/11/19	Beta		
Sells	-	Price v IV	-	Est. Results	-	52 Week Low	158c	21/12/18	0.1		
Strong Sells	-	Price target high	-	Next Results	Interim	From Year high	-3%	Volatility			
Average --	-	Price Target Low	-	Est. Next ExDiv	03/03/20	From Year low	+114%	40.4%			
https://www.australianeethical.com.au/				Daily RSI (14)	69.0	Daily ATR & as %	10.9c	3.2%			
Listed	2002-12-17	Yr End	Jun-19	Weekly RSI (14)	89.7	Weekly ATR & as %	20.3c	6.0%			
BUSINESS											
Australian Ethical Investment Limited is engaged in acting as the responsible entity for a range of ethically managed investment schemes. The Company also acts as the Trustee of the Australian Ethical Retail Superannuation Fund. It operates through fund management segment. The Company's products include Super, Managed Funds and Pensions. The Company invests in clean energy solutions, such as solar and wind; energy efficiency, such as light emitting diode (LED) lighting, motors and smart energy management technologies; Other products and activities, such as recycling, insulation and battery storage; healthcare; medical research; communication; education; information technology; Responsible Banking; Aged Care, and sustainable products. Its managed fund is a managed investment portfolio and can include investments in shares, property and fixed interest. Its subsidiaries are Australian Ethical Superannuation Pty Limited and Australian Ethical Investment Limited Employee Share Plan Trust.											

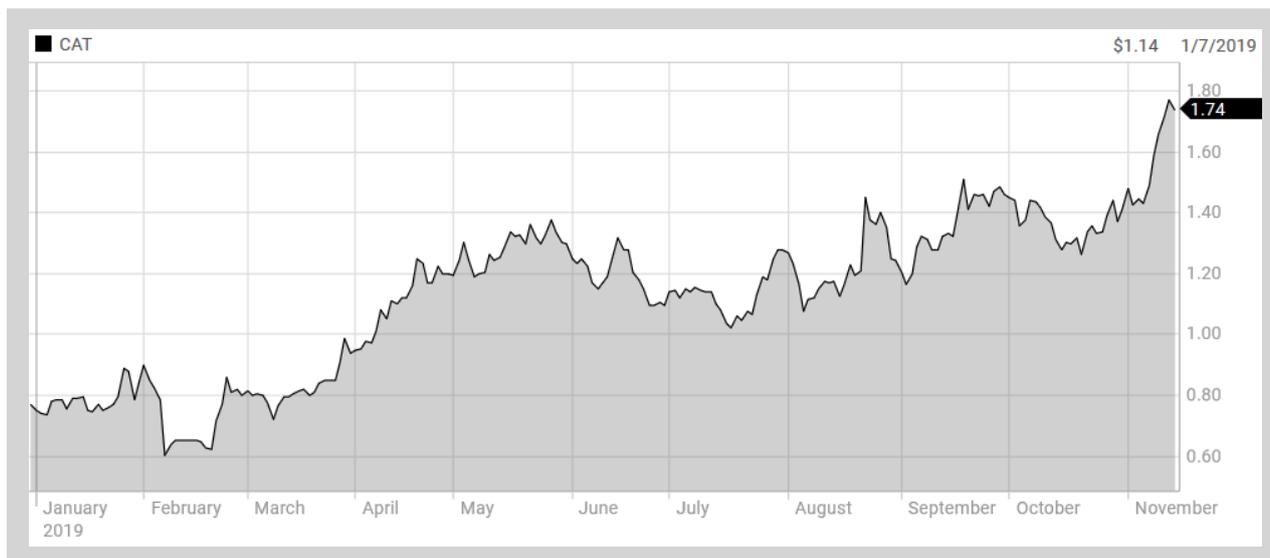
Why we like it

It has had a strong start to the year. Ongoing growth in FUM and strong inflows are expected to drive continued profit growth. Strong start to FY20 with FUM up 6.6% from 30 June, to \$3.64bn. Positive first quarter net flows of \$0.11bn. Strong first quarter investment performance of \$0.12bn. Record new member acquisition in September of 1,273 super members – mostly attributable to the highly successful Amazon campaign. Strong growth in FUM.

This is not a get rich quick investment. It is a slow burn and a thematic play with increased flows to super and more and more investors looking at ethical investments. Much like Platinum Asset Management (PTM) enjoyed a scarcity value in the early days, as no one else was looking at International or Asian investments, AEF has this advantage. Google Ethical investing and see how many fund managers are there. Not many.

Expect a slow grind higher as has been the case in 2019. 2020 should be much the same. It is valued at \$390m with FUM of \$3.4bn.

Australian Ethical Investing (AEF)



Conclusion

The stock has taken off recently as FUM has grown and it may pay to wait for a pullback after some of the exuberance wears off but for long-term investors looking for a 'feel good' exposure to a theme, it offers good upside. The big driver of fund managers' performance is having a good story to market. The actual performance of the fund must be market beating but then it is all down to marketing and having a USP. MFG has Hamish Douglass. AEF has its ethical stance.

Read what we have previously said about **FDV**
Click [HERE](#)



Marcus Today Tool Kit [Rankings Radar](#) Click here

Company Name	Code	Rank
AngloGold Ashanti Ltd	AGD	100
Penstock	PNK	100
Metala Group Ltd	AGG	100
United Overseas Australia Ltd	UOS	100
Adairs Ltd	ADN	100
Kathmandu Holdings Ltd	KND	100
Michael Hill International Ltd	MHI	100
Meyer Holdings Ltd	MHL	100
Simulgroup Corporation Ltd	SIC	100
Australian Unity Office Fund	ADP	100
Dickier Data Ltd	DDA	100
Novi B Ltd	NBL	100
Perseus Mining Ltd	PRU	100
Tollrock Resources Ltd	TBR	100
Yukon Gold Corp	YGC	100
Arcore Group Ltd	ARL	100
Cedar Ltd	CDA	100

This table values companies in the ALL ORDs based on the Combined Alpha Model (CAM) developed by StarMine and orders them from 0-100. The models used in development of this ranking include: Analyst Revisions (ARR), Relative Valuation (RV), Intrinsic Valuation (IV), Price Momentum and Earnings Quality (EQ).

Please note this information should be used in conjunction with other fundamental and technical data to help guide an investment decision and is not an exhaustive resource.

The model is based on historical data and the values should not be considered recommendations. As always it is important to remember that past performance is not a reliable indicator of future performance.

marcustoday
Rankings Radar

