

# SAMPLE: Australian Growth Model Portfolio Update

The Patient Investor  
Australian Growth Model Portfolio  
January 20, 2022

Stock Name	Symbol	Exch	Investment Theme	Structural Trend / Sector	11-Jan-22 (%)	Add / (Remove)	Suggested (%)	Date of Change	Chart	Value	Latest (AUD)	Fair Value	Premium / (Discount)	Current Rating	Rating Date	Key Dates/ Comment
Australia & New Zealand Banking Group	ANZ	ASX	Div & Growth	Banks	7		7		Neutral	Bull	28.48	29.43	-3%	BUY	29-Nov-21	LT hold
Appen Ltd	APX	ASX	LT Growth	Information Technology	1		1		Bear	Bull	10.38	11.53	-10%	ACCUMULATE	20-Dec-21	Rising Trend Index signals buying pressure. Buy above 11.50
		ASX	Div & Growth	Food Retail	7		7		Bear	Bull	16.35	16.10	2%	ACCUMULATE	20-Jan-22	LT hold. Buy limit 16
		ASX	Div & Growth	Info Technology	3		3		Bull	Bear	20.60	13.40	54%	HOLD	5-Oct-21	Higher interest rates promise wider interest margins
		ASX	LT Growth	Medical Technology	3	-3		20-Jan-22	Bear	Bear	270.77	132.58	104%	HOLD	25-Apr-21	Removed biotechnology from target sectors
		ASX	Precious Metals	Gold Mining	7		7		Neutral	Bull	4.18	4.60	-9%	ACCUMULATE	16-Nov-21	Respect of 4 would be bullish. Buy on recovery above 4.50
		ASX	LT Growth	Software Services	3		3		Bear	Bull	5.17	7.92	-35%	ACCUMULATE	20-Dec-21	Respect of 5 would be bullish. Buy on recovery above 5.50
		ASX	Div & Growth	REITs	2		2		Bull	Bear	1.68	1.30	29%	ACCUMULATE	6-Jul-21	LT hold. Limit 3% of portfolio value. Buy limit 1.60
		ASX	Div & Growth	Capital Markets	5		5		Bull	Bear	197.06	142.03	39%	HOLD	22-Nov-21	LT hold
		ASX	Div & Growth	Asset Management	1	2	3	20-Jan-22	Bear	Bull	20.01	34.14	-41%	BUY	20-Jan-22	Loss of \$23bn St James contract equals 18% of total FUM
		ASX	Div & Growth	Banks	5		5		Bull	Bull	28.61	26.13	9%	BUY	29-Nov-21	LT hold. Strong up-trend
		ASX	Strategic Metals	Nickel	2		2		Bull	Bear	1.60	1.07	49%	HOLD	29-Nov-21	
		ASX	Precious Metals	Gold Mining	7		7		Neutral	Bull	9.69	10.37	-7%	ACCUMULATE	16-Nov-21	Buy above 11
		ASX	Div & Growth	Plastic Packaging	3		3		Bear	Bull	2.48	2.63	-6%	HOLD	7-Dec-21	Testing support at 2.50
		ASX	LT Growth	Mobile Payments	2		2		Bear	Bull	1.14	1.28	-11%	HOLD	16-Nov-21	Increased competition for small churches squeezed margins.
		ASX	Div & Growth	Digital Connectivity	7		7		Bull	Bull	4.16	4.59	-9%	BUY	18-Oct-21	LT hold. Strong up-trend
		ASX	LT Growth	Asian Middle Class	4		4		Bear	Bull	5.34	5.31	1%	HOLD	29-Nov-21	Testing support at 5
		ASX	Strategic Metals	Lithium (EV)	1		1		Neutral	n/a	9.98	n/a	n/a	HOLD	10-Aug-21	Trend Index below zero signals selling pressure
		ASX	Div & Growth	Banks	3		3		Bear	Bull	21.11	24.02	-12%	HOLD	7-Dec-21	LT hold. Operating margins squeezed
Perth Mint Gold (Call)	PMGOLD	ASX	Precious Metals	Gold	6		6		Bull	Bull	25.20	25.44	-1%	BUY	16-Nov-21	Respected new support at 25.
<b>Sub-total</b>					<b>79</b>	<b>-1</b>	<b>78</b>									
Mortgage Investments (12 months)	OAK Capital		Income		20		20		-			n/a		HOLD	5-Jan-21	Expires 1Feb22
Call Deposits	NWLCALL		Income		1	1	2		-			n/a		HOLD		
<b>Total</b>					<b>100</b>		<b>100</b>									

Removed

DISCLOSURE: Patient Investor employees may have an interest in the securities and managed funds displayed via this service. Please refer to our Financial Services Guide for more information.

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## Australian Growth Watchlist January 20, 2022

Stock Name	Symbol	Exch	Investment Theme	Structural Trend / Sector	11-Jan-22 (%)	Add / (Remove)	Suggested (%)	Date of Change	Chart	Value	Latest (AUD)	Fair Value	Premium / (Discount)	Current Rating	Rating Date	Key Dates/ Comment
Afterpay	APT	ASX	LT Growth	Online Services					Bear	Bear	66.47	50.82	31%	SELL	2-Aug-21	Square (over-priced) buys APT in all-stock deal worth A\$39bn
Allkem (previously Orocobre)	AKE	ASX	Strategic Metals	Lithium (EV)					Bull	Bear	10.99	5.00	120%	HOLD	19-Apr-21	Galaxy (GXY) merger 25Aug21
Removed		ASX	LT Growth	Technology					Bull	Bear	38.39	17.11	124%	HOLD	29-Mar-21	
		ASX	Div & Growth	Gas Pipelines					Bull	Bear	9.93	7.69	29%	HOLD	22-Mar-21	Resistance at 10
		ASX	LT Growth	Online Services					Neutral	Bear	42.93	15.18	183%	HOLD	16-Nov-20	Gaming benefit from travel restrictions
		ASX	Div & Growth	Capital Markets					Bull	Bear	87.27	43.46	101%	HOLD	6-Jun-21	LT hold
		ASX	LT Growth	Medical Software as a Service					Neutral	Bear	0.45	0.32	41%	HOLD	31-Aug-21	Small cap. Strong selling pressure
		ASX	Div & Growth	Capital Markets					Neutral	Bear	1.73	1.36	27%	HOLD	16-Nov-20	Support at 1.60
		ASX	Div & Growth	REITs					Bear	Bear	4.05	2.77	46%	UNDERPERFORM	20-Jan-22	LT hold. Expect test of support at 3.75
		ASX	LT Growth	Online Services					Neutral	Bear	21.82	12.50	75%	HOLD	31-May-21	LT hold
		ASX	Div & Growth	Banks					Neutral	Bear	98.00	74.43	32%	ACCUMULATE	22-Nov-21	LT hold. Limit 5% of portfolio. Buy limit 80
		ASX	Div & Growth	REITs					Bull	Bear	10.83	7.53	44%	HOLD	9-May-21	Support at 10
		ASX	Div & Growth	Liquor & Gaming					Neutral	Bear	6.35	4.85	31%	ACCUMULATE	6-Jul-21	Buy limit 5.50. Limit 5% of portfolio
		ASX	LT Growth	Healthcare Devices					Bear	Bear	28.29	12.60	125%	UNDERPERFORM	12-Oct-21	Strong FY20 due to COVID19
		ASX	Strategic Metals	Rare Earth Elements					Bear	Bear	0.082	0.05	64%	UNDERPERFORM	17-Aug-21	Mining licence opposed by newly-elected government
		ASX	LT Growth	Online Financial Services					Bull	Bear	28.53	13.26	115%	HOLD	2-May-21	Strong up-trend
		ASX	Strategic Metals	Clean Energy Metals					Bull	Bear	13.36	4.60	190%	HOLD	21-Dec-20	
		ASX	Strategic Metals	Lithium (EV)					Bull	Bear	66.44	25.00	166%	HOLD	25-Apr-21	Falling iron ore prices and volumes likely to depress earnings
		ASX	LT Growth	Online Financial Services					Bull	Bear	16.72	8.60	94%	HOLD	31-Aug-21	Trend Index signals selling pressure
		ASX	Precious Metals	Gold Mining					Neutral	Bull	25.32	33.11	-24%	HOLD	21-Jun-21	Greater country risk than EVN & NST
		ASX	Div & Growth	Asset Management					Bear	Bull	5.39	6.76	-20%	HOLD	1-Nov-21	Strong selling pressure. Broke support at 6
		ASX	Strategic Metals	Lithium (EV)					Bear	Bear	0.71	0.17	319%	SELL	26-Jul-21	Gaston County, NC zoning issues. Selling pressure
		ASX	Strategic Metals	Lithium (EV)					Bull	Bear	3.77	0.35	977%	HOLD	30-Nov-20	Hard rock lithium mine in WA
		ASX	LT Growth	Medical Software as a Service					Bear	Bear	45.53	10.65	328%	UNDERPERFORM	20-Jan-22	Broke support at 50
		ASX	LT Growth	Online Services					Neutral	Bear	152.03	51.38	196%	HOLD	19-Apr-21	LT hold. Selling pressure
		ASX	Div & Growth	Digital Connectivity					Neutral	Bear	6.24	3.53	77%	HOLD	21-Dec-20	Declining interest from buyers. Support at 6
		ASX	LT Growth	Software as a Service					Bull	Bear	51.87	2.89	1695%	HOLD	9-Aug-21	Strong up-trend but poor cash flow
		ASX	Div & Growth	Food Retail					Bear	Bear	35.34	25.27	40%	ACCUMULATE	20-Dec-21	Buy limit 30. Limit 3% of portfolio
	ASX	LT Growth	Software as a Service					Bear	Bear	116.35	31.48	270%	HOLD	9-Aug-21	Expect test of support at 100	

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Australian Growth Model Portfolio  
Notes  
January 20, 2022

- A. Recommended buy limit for stocks rated as ACCUMULATE is fair value (FV) unless otherwise stated, while stocks are rated as BUY at latest prices.
- B. We sold large cap CSL Ltd (CSL) and removed Clinuvel Limited (CUV) from our watchlist as we no longer target the biotechnology sector. We also removed health funds Medibank Private (MPL) and NIB Holdings (NHF) and online jobs platform Seek Ltd (SEK) for a similar reason.
- C. We reduced our estimate of fair value for Pushpay Holdings (PPH) based on the following assumptions: long-term organic growth of 15%; EBITDA margin of 30% (previously 31.6% increasing to 35% over 7 years); capital expenditure of 1% of sales; and a tax rate of 25%. We retained the payback period of 11 years to reflect dominant market share in the churches market.
- D. We increased our weighting for Magellan Financial Group (MFG) to 3% of portfolio value. Our fair value estimate is adjusted for the loss of the St. James Place mandate (\$23 billion FUM) and is based on the following projections: FUM declining by a further \$10bn to \$85bn; long-term growth of 5%; base fees; 0.6% of FUM (0.62% in H1), performance fees: none (previously 0.17% of FUM), and other income: 0.007% of FUM; expenses rising to 0.13% of FUM (previously 0.11%); a tax rate of 25%; and franking credits based on an 80% payout ratio with 75% franking and 15% tax in super. We selected a payback period of 11 years to reflect strong market share despite current turbulence.
- E. We revised fair value estimates for Coles (COL) and Woolworths (WOW) downwards slightly, based on a more conservative estimate of franking credits based on an 80% dividend payout ratio and 100% franking.

## Legend

*CHART* indicates the long-term technical outlook: Bull, Bear or Neutral.

*TMF* reflects 13-week Twiggs Money Flow (weeks above/below[-] zero)

*VALUE* reflects the fundamental outlook -- Bull, Bear, or Neutral -- and is closely tied to the following two fields:

*FAIR VALUE* indicates our estimate of fair value.

*PREMIUM/(DISCOUNT)* reflects the *LATEST* price premium or discount to estimated *FAIR VALUE*.

Shading for *VALUE* and *FAIR VALUE* is based on the *PREMIUM/DISCOUNT*:

	> 100%	over-priced
	> 50%	expensive
	> 20%	bit expensive
	> 10%	neutral
	> 0	interesting
	> -10%	attractive pricing
	<= -10%	significantly under-priced

*CURRENT RATING* is our overall assessment of the stock: Buy, Accumulate, Hold, Underperform, or Sell.

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Australian Growth Model Portfolio  
Portfolio Allocation  
January 20, 2022

