

MARKET UPDATE

Weekly Update

Tempering Enthusiasm



In a bit of a topsy turvy week the market fell 116 points or 1.6%. Iron ore and gold keep falling, coking and thermal coal keep rising (coking coal at a 5-year record), and now thanks to a coup in Guinea, bauxite and alumina are rising with another 15% pop last night. Guinea is a major global bauxite supplier and accounts

for around 55% of Chinese supply. This rise in the price of bauxite (the base ore used for aluminium extraction and refining) is good for Alumina (AWC) and South 32 (S32).

The market seems to be reconciling lower growth expectations at the moment, which in my view is entirely justifiable.

Global Data Centre Group (GDC)

This week, GDC was able to clear a massive overhang of stock, allowing the share price to press towards its true value of >\$3.00.

GDC owns stakes in a number of data centres around the world, and now that the seller of 33% of the stock has been cleared out, the share price is much more likely to respond. It's already up from the mid \$1.80's to \$2.00 but should have further to go.

Today they also went into a trading halt pending an announcement regarding a capital raising; most likely to provide funding to increase stakes in their desired data centres.

See Jono's latest report on GDC below

[Global Data Centre Group - We're Going to Need a Bigger Data Centre - 25 Aug 2021](#)

Carbonxt (CG1)

Last week cleantech business CG1 provided an update on their AC Pellet technologies that I thought would result in the share price kicking ahead, but to no avail.

When a company underperforms for as long as CG1 has, it certainly can take a while to turn the 'stale bulls' around.

Instead of summarising the three technological developments, I'll just refer you to the link to the announcement [here](#).

It is worth mentioning that they are now able to solve multiple environmental issues and are moving into the global water and wastewater business expected to be worth US\$465bn within the next 7 years.

If CG1 can continue to grow their presence in this space, and the disgruntled stale bull selling dries up, look out

CV Check (CV1)

CV1 released their 2021 full year results presentation, which was largely unsurprising, but did add a little more colour to the growing opportunity this company represents.

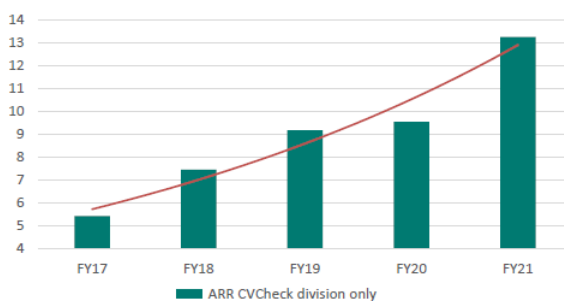
As well as providing pre-employment screening the company has been pursuing what they call 'value through the employment lifecycle'.

This includes managing compliance requirements and employee tracking (which is specifically relevant to the service provided by their recent acquisition, Bright People Technologies), all of which will generate further Software as a Solution (SaaS) recurring revenue.

HIGH QUALITY REVENUE GROWTH



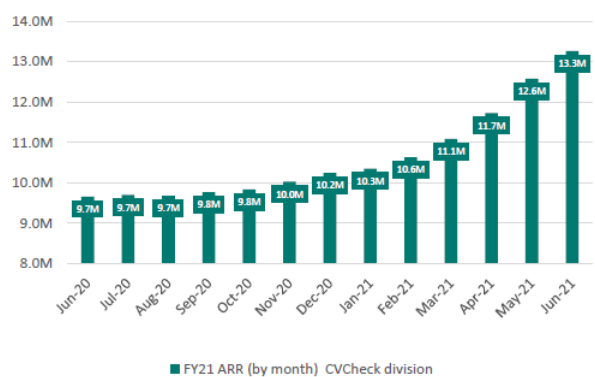
CV1 Booked ARR (CVCheck Division)



SUSTAINED ARR GROWTH *

* booked revenue over each 12-month period

CV1 Booked ARR by month (CVCheck division)



FY21 ARR (by month) CVCheck division

CV1 has a market cap of a mere \$73m, \$12m cash in the bank, a new CEO, it is now cashflow positive, wrote \$17.5m in total revenue for FY2021 of which \$13m is recurring. Although CV1's share price has recently stalled, as their results continue to improve, so will the share price.

Coventry Group (CYG)

Well I never. To my surprise Shaw has started coverage on another of our stocks, this time CYG.

I discussed CYG at length last week, so I won't go into any detail here, but encourage you to read the report below.

[Coventry Group Ltd - Earnings are flowing again \(just needed a little elbow grease\) - 08 Sep 2021](#)

Elanor Commercial Fund (ECF)

Nothing too much here just an updated report from Shaw.

Stock is still cheap with a near term target price of \$1.35 and FY2022 yield of 8.6%.

Click on link to report below

[Elanor Commercial Property Fund - FY22 – More Value Add Expected - 01 Sep 2021](#)



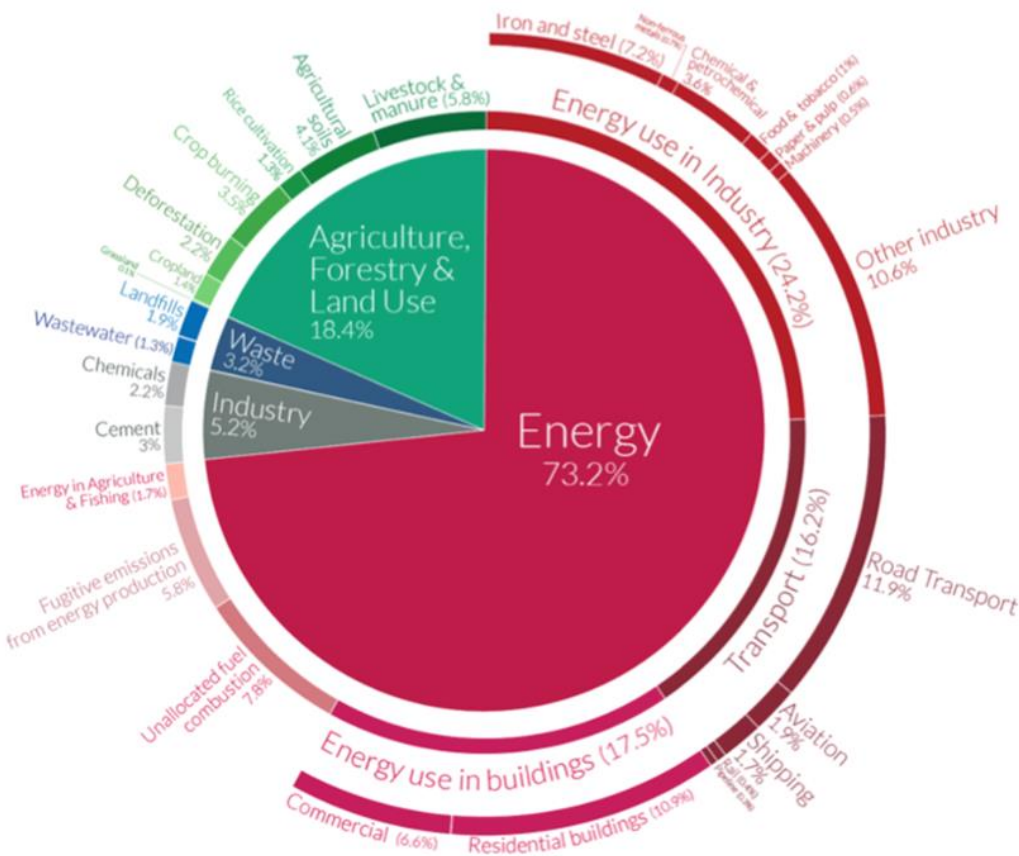
I had a chinwag with Mike Clark our energy analyst this week and we explored the many interesting issues surrounding the rise of nuclear power; well worth a listen.

[Listen to the episode](#) or [find us on Spotify](#). Tune in fortnightly for the latest economic commentary and ideas, and find more information on our website at www.morrisseygroup.net.

Finally, below is a chart detailing the different sectors and industries responsible for their respective levels of greenhouse gases to the atmosphere.

I found this particularly interesting.

Figure 2: Global greenhouse gas emissions by sector



Source: Climate Watch, the World Resources Institute (2020) and Sector by sector: where do global greenhouse gas emissions come from? by H. Ritchie, 18 September 2020 via ourworldindata.org. Note: This chart shows the breakdown of global greenhouse gas emissions in 2016. This is the latest breakdown of global emissions by sector, published by Climate Watch and the World Resources Institute.

Enjoy your weekend,

Ben and the team

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