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SE MarketWatch

HD **Sage conduct puts his house in order**

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Cape Lambert Resources (CFE) 14.5c IN two crowded weeks, Tony Sage's **mining** investment house has banished two long-running negatives hanging over the stock, which now looks valued at much less than the sum of the parts.

Last month Cape Lambert said it would receive $51.6 **million** from **China**'s MCC, as settlement of a dispute over the **sale** of Cape Lambert's eponymous **iron ore** project to the **Chinese**.

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On July 14, the **company** settled a $96m dispute with the taxman for $2.4m, over and above $33m already paid.

The fortuitous pair of events leaves Cape Lambert with $65m of cash, no debt and stakes in seven listed resources juniors and receivables worth $29m.

Cape Lambert also has $62m of tax losses and stakes in seven African exploration and development projects, the most advanced of which is the 680 **million**-tonne Marampa venture in Sierra Leone.

The **company** plans to sell Marampa, valued by broker Cannacord Genuity at $168m. Cape Lambert also owns a royalty from future production at the stalled Mayoko **iron ore** project in The Congo, which the broker values at a further $33m-$77m.

Management has promised to reward shareholders, probably with a special franked dividend.

Given Cape Lambert's $90m market cap only values the cash and the listed stuff, the stock is a **buy**.

To complete the trifecta of joy, all Sage's beloved Perth Glory needs to do is to escape the lower rungs of the A-League ladder.

Treasury **Wine** Estates (TWE) $5.15 WITH US raider Kohlberg Kravis Roberts upping its conditional proposal for the winemaker to $5.20 a share, it's almost time for Michael Clarke and his team to declare.

The Treasury**board** hasn't conceded but this time around it's letting the raiders in for due diligence and some more argy bargy to win its blessing.

Since Clarke's appointment as CEO on March 31 he has embarked on a raft of restructuring, including isolating management of the Penfolds lines from the "mass prestige" plonk.

Perhaps a more solid innings is in train, but investors have endured more than a decade of batting collapses.

Hold.

Argo Investments (ARG) $7.73 THE second-biggest listed investment **company** believes valuations look stretched if corporate earnings do not flow through as expected. Argo chief Jason Beddow reckons after gaining 40 per cent over two years, the market could do with a rest. "But I'**m** not saying it's about to collapse.'' With a $5 **billion** portfolio Argo is heavy on the usual blue chips. On the sidelines, though, it's dabbled in IPOs, acquiring stakes in Affinity Education, Ascaleo Care, Monash IVF, Pact **Group**, Steadfast **Group** and the ambitiously priced 3P Learning.

Argo reported a 12 per cent net earning surge to $196m for the year to June 30, with its portfolio matching the market with a 17 per cent return (post fees).

Argos' shares have surged over 22 per cent over this period and are trading at a 5 per cent premium to net tangible assets of $7.35 a share.

Hold.

Countplus (CUP) 14.5c Class Super (not yet listed) LIKE Penfolds' better vintages, this one promises to reward patient types. The founder of Count **Group** and the listed accounting **firm** agglomerator Countplus, Barry Lambert plans to list self-managed super funds administrator Class Super. The rub is, this won't be until at least late next year.

Super administration is about as sexy as an exotic disease, but DIY super is growing as fast as DIY pergolas and Class Super now claims a 10 per cent market share.

The Lambert-chaired Class yesterday reported "billable funds" of 54,280 for the year to June 2014, a 74 per cent increase on a year earlier. In the month of July, the total grew by a further 3395.

Lambert says it took four years to accrue 25,000 funds and only a year to sign on the next 25,000.

He estimates the total SMSF market at 528,000 funds. The biggest player is the private BGL and competition has become fevered as the providers seek to convert clients to their cloud-based wares.

In a recent prezzo to Class holders — mainly accountants, advisers and SMSF administrators — the **board** reported a 286 per cent surge in underlying earnings to $2.35m. Lambert says a lot can change in the next 18 months but it's expected the current holders will sell 20 per cent of their **stake** into the IPO.

In the meantime, stick with the solid CountPlus, which owns 4 per cent of Class and may **acquire** more. Long-term **buy**.The Australian accepts no responsibility for stock recommendations. Readers should contact a licensed financial adviser. The author holds Treasury shares.

CO hamill : Cape Lambert Resources Limited

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